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Post Hearing Information Pack of

BHCC Holding Limited

(the "Company")

(Incorporated in the Cayman Islands with limited liability)

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BHCC Holding Limited

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED]	**:**	**[REDACTED] Shares**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation)**
[REDACTED]	**:**	**Not more than [REDACTED] per [REDACTED] and not less than [REDACTED] per [REDACTED], plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**[REDACTED]**

Sole Sponsor

Vinco Capital Limited

[REDACTED] and [REDACTED]		**[REDACTED]**
[REDACTED]	[REDACTED]	[REDACTED]

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The [REDACTED] is expected to be fixed by agreement between the [REDACTED] (for themselves and on behalf of the Underwriters) and our Company on the [REDACTED]. The [REDACTED] is expected to be on or before [REDACTED] or such later time as may be agreed by our Company and the [REDACTED] (for themselves and on behalf of the Underwriters) and, in any event, not later than [REDACTED]. The [REDACTED] will be not more than [REDACTED] per [REDACTED] and is currently expected to be not less than [REDACTED] unless otherwise announced. Investors applying for [REDACTED] must pay, on application, the maximum indicative [REDACTED] of [REDACTED] for each [REDACTED] together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the [REDACTED] is less than [REDACTED] per [REDACTED].

The [REDACTED] (for themselves and on behalf of the Underwriters), may, with the consent of our Company, reduce the indicative [REDACTED] range and/or the number of [REDACTED] stated in this document at any time on or prior to the morning of the last day for lodging applications under the [REDACTED]. In such a case, an announcement of the reduction in the number of [REDACTED] and/or the indicative [REDACTED] range will be made on our Company's website at **www.bhcc.com.sg** and the website of the Stock Exchange at **www.hkexnews.hk** not later than the morning of the day which is the last day for lodging applications under the [REDACTED].

If, for any reason, the [REDACTED] is not agreed between our Company and the [REDACTED] (for themselves and on behalf of the Underwriters) at or before [REDACTED], the [REDACTED] will not proceed and will lapse.

Pursuant to the force majeure provisions contained in the Underwriting Agreements, the [REDACTED] (for themselves and on behalf of the Underwriters) have the right, in certain circumstances, subject to their sole and absolute opinion, to terminate the obligations of the Underwriters at any time prior to 8:00 a.m. (Hong Kong time) on [REDACTED] (which is expected to be on [REDACTED]). Such circumstances are set out in the section headed "Underwriting — [REDACTED] underwriting arrangements — Grounds for termination" in this document. Should the [REDACTED] (for themselves and on behalf of the Underwriters) terminate the obligations of the Underwriters under the Underwriting Agreements in accordance with their terms, the [REDACTED] will not become unconditional and will lapse immediately.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk factors" in this document.

No information on any website forms part of this document.

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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IMPORTANT NOTICE TO INVESTORS

This document is issued by our Company solely in connection with the [REDACTED] and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the [REDACTED]. This document may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public [REDACTED] of the [REDACTED] or the distribution of this document in any jurisdiction other than in Hong Kong. The distribution of this document and the [REDACTED] and sale of the [REDACTED] in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this document and the [REDACTED] to make your investment decision. Our Company, the Sole Sponsor, the [REDACTED], the [REDACTED] and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the [REDACTED], the [REDACTED], the Underwriters, any of their respective directors, employees, agents or professional advisers or any other person or party involved in the [REDACTED].

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SUMMARY

This summary aims at giving you an overview of the information contained in this document and should be read in conjunction with the full text of this document. As the following is only a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed "Risk factors" in this document. You should read that section carefully before you decide to invest in the [REDACTED]. Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of technical terms" in this document.

OVERVIEW

Our Group is principally engaged as a main contractor in the provision of building and construction works in Singapore. We are also specialised in reinforcement concrete works which we undertake on a selected basis in our subcontractor projects. We have more than 13 years of experience in building and construction works for various types of buildings including educational institutions, residential, commercial and industrial buildings in both the public and private sectors. Our experienced management team under the leadership of our founder, Mr. Yang, contributed to our successful growth from undertaking reinforcement concrete subcontractor works to becoming a main contractor for the entire building construction works. Our high contract value projects secured during the Track Record Period included a public residential project of approximately S$79.9 million, for a project duration of approximately 4 years and an educational institution project of approximately S$36.3 million, for a project duration of approximately 2 years (both of which we were acting as the main contractor). The following table sets forth a breakdown of our revenue during the Track Record Period:

	For the year ended 31 December									For the four months ended 30 April					
	2014			2015			2016			2016 (unaudited)			2017		
	S$ million	*HK$ million*	*%*	*S$ million*	*HK$ million*	*%*	*S$ million*	*HK$ million*	*%*	*S$ million*	*HK$ million*	*%*	*S$ million*	*HK$ million*	*%*
Main contractor															
— Singapore Government agencies	34.3	188.6	44.4%	55.5	305.3	41.9%	89.6	492.8	50.8%	22.8	125.4	44.5%	37.2	204.6	72.7%
— Private customers	13.2	72.6	17.1%	15.7	86.3	11.8%	57.4	315.7	32.5%	17.5	96.3	34.1%	2.1	11.6	4.0%
Subcontractor															
— All private customers	29.7	163.4	38.5%	61.2	336.6	46.3%	29.4	161.7	16.7%	11.0	60.5	21.4%	11.9	65.4	23.3%
Total	**77.2**	**424.6**	**100.0%**	**132.4**	**728.2**	**100.0%**	**176.4**	**970.2**	**100.0%**	**51.3**	**282.2**	**100.0%**	**51.2**	**281.6**	**100.0%**

OUR PRINCIPAL BUSINESS ACTIVITIES

As a main contractor, we are involved in the day-to-day management and implementation of the construction projects awarded to us. Typically as a main contractor, we will delegate most of the construction works to our subcontractors, and focus on project management that includes coordination with our customers or consultants, subcontractors and suppliers to ensure timely and quality construction works. We may also undertake reinforcement concrete works in our main contractor projects; reinforcement concrete works is our area of expertise, and we may undertake such works in-house instead of engaging concrete works subcontractors after considering the availability of resources, the complexity of the building structure, the construction schedule amongst other factors. During the Track Record Period, we have completed 8 main contractor projects out of which 5 are educational institutions and the remaining 3 are residential projects and the duration of such projects ranged between 1 to 3 years with an average duration of approximately 2 years. The contract values of our main contractor projects during the Track Record Period ranged from approximately S$0.6 million to approximately S$79.9 million, with an average contract value of approximately S$27.1 million.

The following table sets out the movement of the number of main contractor projects with revenue contribution to us:

	For the year ended 31 December			For the four months ended
	2014	**2015**	**2016**	**30 April 2017**
Projects brought forward from prior year(s)	4	6	7	8
Number of new projects that contributed revenue to us during the year/period	4	3	3	0
Number of projects completed during the year/period	2	2	2	2
Projects carried forward to next year/period	6	7	8	6

The following table sets out the movement of the contract values of main contractor projects with revenue contribution to us:

	For the year ended 31 December			For the four months ended
	2014	**2015**	**2016**	**30 April 2017**
	S$'million	*S$'million*	*S$'million*	*S$'million*
Outstanding contract value as at the beginning of the year	25.4	113.1	222.0	185.6
New contracts secured or variation order during the year/period	135.2	180.0	110.6	1.8
Revenue recognised during the year/period	(47.5)	(71.1)	(147.0)	(39.3)
Outstanding contract value as at the end of the year/period	113.1	222.0	185.6	148.1

For projects where we are engaged as a subcontractor, we principally provide reinforcement concrete works which broadly encompasses formwork, steel reinforcement works and concreting works. Our Executive Directors believe that our expertise in reinforcement concrete works have led to us being invited to tender for private sector projects. During the Track Record Period, we have completed 11 subcontractor projects out of which 9 are industrial buildings, with the remaining 2 projects being a media complex and an educational institution and the duration of such projects ranged between 9 months to 3 years with an average duration of approximately 21 months. The aggregate contract values of our subcontractor projects during the Track Record Period ranged from approximately S$1.6 million to approximately S$34.4 million, with an average contract value of approximately S$11.6 million.

The following table sets out the movement of the number of subcontractor projects with revenue contribution to us:

	For the year ended 31 December			For the four months ended
	2014	**2015**	**2016**	**30 April 2017**
Projects brought forward from prior year(s)	8	6	4	4
Number of new projects that contributed revenue during the year/period	3	2	2	2
Number of projects completed during the year/period	5	4	2	0
Project carried forward to next year/period	6	4	4	6

The following table sets out the movement of the contract values of subcontractor projects with revenue contribution to us:

	For the year ended 31 December			For the four months ended
	2014	**2015**	**2016**	**30 April 2017**
	S$'million	*S$'million*	*S$'million*	*S$'million*
Outstanding contract value as at the beginning of the year	14.4	45.8	27.8	10.0
New contracts secured or variation order during the year/period	61.1	43.2	11.6	8.7
Revenue recognised during the year/period	(29.7)	(61.2)	(29.4)	(11.9)
Outstanding contract value as at the end of the year/period	45.8	27.8	10.0	6.8

CUSTOMERS

Our customers comprise mainly (i) Singapore government agencies such as those governing educational institutions and public housing development, (ii) main construction contractors and (iii) property developers/owners in Singapore. All our contracts are on a project basis and non-recurring. Our contracts with customers typically have a fixed and pre-determined fee throughout the contract period or do not permit any price adjustment. For the three years ended 31 December 2016 and four months ended 30 April 2017, we had 9, 11, 9 and 8 customers with revenue contribution to us respectively.

For the three years ended 31 December 2016 and four months ended 30 April 2017, revenue from our five largest customers accounted for approximately 88.4%, 84.6%, 91.3% and 93.8% of our revenue respectively. Our largest customer for the three years ended 31 December 2016 and four months ended 30 April 2017 contributed approximately 36.0%, 33.2%, 35.5% and 56.0% of our revenue respectively, and revenue was contributed by projects with Singapore Government agencies. Despite our five largest customers contributing more than 80% of our revenue during the Track Record Period, our Directors consider that our Group's business model is sustainable given that (i) our established track record would put us in an advantageous position when tendering for both public and private sector projects; (ii) our experience working on more than 10 public sector projects during the Track Record Period allowed us to be familiar with the requirements of the respective

Singapore Government agencies, and place us in a better position when tendering for future project opportunities; and (iii) our expertise in reinforcement concrete works in various types of building projects had resulted in us being invited for tenders by established main construction contractors in Singapore. Please refer to the section headed "Business — Customers" on pages 145 to 150 of this document for details.

MAIN LICENCES AND REGISTRATIONS

Our Group is issued with a GB1 Licence by BCA which enables us to undertake contracts for general building works in both public and private sector projects whereby contract value for public sector projects will be subject to the limit set by the BCA (with no limit on contract value for private sector projects). In addition, our Group is also registered under the (i) CW01 workhead for "General Building" at A1 Grade which would enable us to tender directly for Singapore public sector projects of unlimited contract value; (ii) CW02 workhead for "Civil Engineering" at B2 Grade which would enable us to tender directly for Singapore public sector projects of up to S$13.0 million; (iii) CR13 workhead for "Waterproofing Installation" at L1 Grade which would enable us to tender directly for Singapore public sector projects of up to S$0.65 million; and (iv) ME05 workhead for "Electrical Engineering" at L3 Grade which would enable us to tender directly for Singapore public sector projects of up to S$4.0 million. We also hold the Green and Gracious Builder Award (Merit) in adopting green and gracious practices in construction site management. For further details and a listing of all the construction workheads we are registered under, please refer to the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" on pages 80 to 86 of this document.

SUPPLIERS

Our purchases are mainly from suppliers in Singapore and our main purchases are concrete, reinforcing bars, rental of machineries, hardware such as wiring and tools, and earth disposal fee. For the three years ended 31 December 2016 and four months ended 30 April 2017, purchases from our five largest suppliers accounted for approximately 8.4%, 13.1%, 6.8% and 11.3% of our total cost of services respectively. Purchases from our largest supplier for the same periods accounted for approximately 3.7%, 4.2%, 3.3% and 7.3% of our total costs of services respectively. Please refer to the section headed "Business — Suppliers" on pages 153 to 157 of this document for details.

SUBCONTRACTORS

We engage subcontractors on a project basis for specialised works such as piling works, electrical works, plumbing works, reinforcement concrete works, steelworks and aluminium and metal works. As a main contractor, we generally delegate most of the construction works to our subcontractors. We may also undertake reinforcement concrete works in our main contractor projects but we may undertake such works in-house instead of engaging concrete works subcontractors after considering the availability of resources, the complexity of the building structure, the construction schedule amongst other factors. For the three years ended 31 December 2016 and four months ended 30 April 2017, our five largest subcontractors accounted for approximately 14.3%, 11.8%, 26.0% and 30.9% of our total costs of services respectively. Our largest subcontractor for the same periods accounted for approximately 4.0%, 3.7%, 15.3% and 14.5% of our total cost of services respectively. Please refer to the section headed "Business — Subcontractors" on pages 158 to 162 of this document.

COMPETITIVE LANDSCAPE AND MARKET SHARE

The market for the building construction works industry is highly fragmented and competitive, with each market player having a fraction of the market share. As at 4 July 2017, there were 1,846 contractors registered under CW01 workhead for "General Building", with 81 contractors graded under A1 and 48 contractors graded under A2.

Our competitors are generally established contractors who also tender for projects of similar nature and scale as us.

SUMMARY

Based on reported revenues for 2016, we were ranked in the Ipsos Report as 14th among the 20 contractors graded under A1 and A2 under the CW01 workhead for "General Building" with reported revenue in 2016 in Singapore. This represented a market share of approximately 0.5%. Please refer to the section headed "Industry overview — Competitive landscape — Market share and ranking analysis" on pages 72 to 74 of this document.

COMPETITIVE STRENGTHS

We believe our competitive strengths are:

— We have a solid track record in building construction works in Singapore with approximately 13 years of experience, with strong project management expertise that enable us to provide timely and reliable construction works.

— We are specialised in reinforcement concrete works that allow us to undertake such subcontracted work scope profitably.

— We have in-house technical team that is focused on value engineering, and this process is in-built into our project implementation process. We will evaluate and propose to our customers recommended construction methodologies and systems for their building projects with the view to reduce cost, shorten construction schedule, improve quality and/or lower the building maintenance costs.

— We have an established management system to ensure safety and quality in our building and construction works.

— We have an experienced and dedicated management team and each of our Executive Directors has over 20 years of experience in the construction industry in Singapore.

Please refer to the section headed "Business — Competitive strengths" on pages 130 to 132 of this document.

MARKETING AND PRICING

We did not engage in material marketing activities during the Track Record Period as our project opportunities were either via GeBIZ, the Singapore Government's one-stop e-procurement portal or via private tenders. We monitor GeBIZ daily for suitable project opportunities, as public sector projects are posted on GeBIZ by the respective Singapore Government agencies. Moreover, we are often approached by our repeat customers, architects or external consultants to tender for their projects. Our Executive Directors' contact with our private sector customers will also allow us to be invited for available tender opportunities. Our Executive Directors consider that reputation (in particular our reputation for strong project management and quality), track record, expertise in reinforcement concrete works and word-of-mouth are important factors in being invited for private tenders.

Our pricing is determined based on various factors, including the scale and complexity of the project, construction schedule, competitive environment, our available resources, site conditions and restraints and proximity to concurrent projects. Please refer to the section headed "Business — Sales and marketing" on pages 135 to 138 of this document for further details.

TENDER SUCCESS RATES

All our projects are non-recurring and awarded through competitive tendering, whether via open tender for contracts from Singapore Government agencies or invited tender for private sector projects. The table below illustrates our tender success rates during the Track Record Period.

	For the year ended 31 December						For the four months ended 30 April 2017	
	2014		2015		2016			
	Invited tenders (%)	Open tenders (%)	Invited tenders (%)	Open tenders (%)	Invited tenders (%)	Open tenders (%)	Invited tenders (%)	Open tenders (%)
Main contractor — Singapore Government agencies	N/A	20%	N/A	14%	N/A	11%	N/A	20%
Main contractor — Private customers	25%	N/A	50%	N/A	0%	N/A	N/A	N/A
Subcontractor — All private customers	20%	N/A	18%	N/A	44%	N/A	14%	N/A
Total	**21%**	**20%**	**23%**	**14%**	**33%**	**11%**	**14%**	**20%**

Notes:

1. Tender success rate is computed based on the number of contracts awarded (whether awarded in the same period or subsequently) in respect of tenders submitted during the respective period. As such, for tenders submitted for the four months ended 30 April 2017, six subcontractor contracts with private customers and one main contractor contract with Singapore Government agency are pending results of award of tender as at the Latest Practicable Date.

2. N/A means that there were no tenders submitted by us during the financial year/period.

Our tender success rates for main contractor projects with Singapore Government agencies on open tender basis were approximately 20%, 14%, 11% and 20% and that from invited tenders were approximately 21%, 23%, 33% and 14% respectively during the Track Record Period. For the four months ended 30 April 2017, our Executive Directors consider that our tender success rate of approximately 20% for main contractor projects with Singapore Government agencies was in line with our historical tender success rates, which fluctuated based on various factors including but not limited to our pricing, the assessment by the Singapore Government agency that awarded us the contract (during this period, it was the Singapore Government agency tasked with public housing development) and the competitive environment. For the same period, our tender success rates for subcontractor projects was approximately 14%, as out of seven subcontractor projects tendered, six projects were still pending results of tender as at the Latest Practicable Date. Our tendering strategy depends on the number of projects we have on hand, our available capacity in terms of manpower and budgeted profit margin which in turn depends on numerous factors pertaining to the project and the competitive environment. In general, our tendering strategy is to submit more tenders than we have available capacity for to allow us to keep abreast of latest market environment, customers' and/or project requirements and pricing level of our competitors which are useful for our strategic planning and securing future tenders in similar projects. Moreover, it is unlikely that our tender success rate will be 100% and as such, we will tender for more projects in order to secure sufficient projects for optimisation of our resources. Our Executive Directors consider that our tender success rates during the Track Record Period were satisfactory given that we have secured a stable number of contracts, from six to seven projects, in each of the years ended 31 December 2016. For further information, please refer to the section headed "Business — Project management and operations — Tender phase" on pages 140 to 141 of this document.

SUMMARY

SUMMARY OF FINANCIAL INFORMATION

The tables below summarise our combined financial information for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively, and should be read in conjunction with our financial information included in the Accountants' Report set forth in Appendix I to this document, including the notes thereto.

Highlight of combined statements of profit or loss and other comprehensive income

	For the year ended 31 December						For the four months ended 30 April			
	2014		2015		2016		2016 (unaudited)		2017	
	S$ 'million	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*
Revenue	77.2	424.6	132.4	728.2	176.4	970.2	51.3	282.2	51.2	281.6
Gross profit	5.1	28.1	9.5	52.3	11.2	61.6	5.9	32.5	7.5	41.3
Profit before taxation	3.4	18.7	7.6	41.8	9.4	51.7	5.4	29.7	5.6	30.8
Profit and other comprehensive income for the year/period	3.4	18.7	7.0	38.5	7.8	42.9	4.5	24.8	4.5	24.8

Highlight of combined statements of financial position

	As at 31 December						As at 30 April	
	2014		2015		2016		2017	
	S$ 'million	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*
Non-current assets	4.8	26.4	8.4	46.2	11.9	65.5	15.3	84.2
Current assets	40.5	222.8	55.0	302.5	65.5	360.3	55.2	303.6
Current liabilities	(36.9)	(203.0)	(51.7)	(284.4)	(50.8)	(279.4)	(42.3)	(232.7)
Net current assets	3.6	19.8	3.3	18.2	14.7	80.9	12.9	71.0
Non-current liabilities	(0.2)	(1.1)	(1.0)	(5.5)	(4.3)	(23.7)	(6.4)	(35.2)
Net assets	8.2	45.1	10.8	59.4	22.3	122.7	21.8	119.9

Highlight of combined statement of cash flows

	For the year ended 31 December						For the four months ended 30 April			
	2014		2015		2016		2016 (unaudited)		2017	
	S$ 'million	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*
Operating cash flow before movement in working capital	3.8	20.9	8.1	44.6	10.0	55.0	5.6	30.8	5.9	32.5
Net cash from (used in) operating activities	7.6	41.8	15.6	85.8	10.6	58.3	(2.5)	(13.8)	4.8	26.4
Net cash used in investing activities	(2.9)	(16.0)	(1.4)	(7.7)	(0.6)	(3.3)	(0.2)	(1.1)	(0.5)	(2.8)
Net cash from (used in) financing activities	(0.7)	(3.9)	(2.1)	(11.6)	1.2	6.6	(2.4)	(13.2)	(5.1)	(28.1)
Cash and cash equivalents at the end of the year/period	6.3	34.7	18.5	101.8	29.7	163.4	13.4	73.7	29.0	159.5

The differences between our profit before taxation and our net cash from (used in) operating activities in the respective periods were mainly due to the amount and timing of receipts from our customers and the amount and timing of payments to our suppliers and subcontractors.

Revenue

We derive our revenue mainly from the provision of building construction works in Singapore. The increase in our revenue for the year ended 31 December 2015 as compared to the year ended 31 December 2014 was principally due to (i) increase in revenue contributed by our main contractor projects for Singapore Government agencies as a result of more works completed for two educational institution projects and two new public residential projects in 2015; and (ii) increase in revenue contributed by our subcontractor projects as a result of more works completed for two industrial building projects and one new industrial building project in 2015. The increase in our revenue for the year ended 31 December 2016 as compared to the year ended 31 December 2015 was mainly due to increase in revenue for our main contractor projects as (i) more works completed in 2016 for the aforementioned two new public residential projects in 2015; (ii) one new public residential project, and one new educational institution project in 2016; and (iii) more works completed in 2016 for an educational institution main contractor project secured directly with the private school. Our revenue was relatively stable at approximately S$51.3 million and S$51.2 million for the four months ended 30 April 2016 and 2017 respectively. For details, please refer to the section headed "Financial information — Period to period comparison of results of operations" on pages 233 to 246 of this document.

We recorded the abovementioned growth in revenue, at CAGR of approximately 51.1% from 2014 to 2016. This was despite relatively flat growth in building construction sector as reflected in the Ipsos Report as our historical growth had been mainly driven by our competitive strengths and also the upgrade of our CW01 workhead for "General Building" under the CRS to grade A2 in June 2014 which has increased our tender limit from S$40 million to S$85 million and led to the (i) revenue growth from our main contractor projects; (ii) new projects secured annually; and (iii) revenue contributed by subcontractor projects which served to provide a more diversified portfolio of projects. For details of our competitive strengths, please refer to the section headed "Business — Competitive strengths" on pages 130 to 132 of this document.

Key financial ratios

	As at 31 December			As at 30 April
	2014	**2015**	**2016**	**2017**
	(times)	*(times)*	*(times)*	*(times)*
Current ratio	1.1	1.1	1.3	1.3
Gearing ratio[(1)]	0.1	0.1	0.2	0.3

	For the year ended 31 December			For the four months ended 30 April
	2014	**2015**	**2016**	**2017**
	(%)	*(%)*	*(%)*	*(%)*
Gross profit margin	6.6	7.2	6.4	14.6
Profit before taxation margin	4.3	5.8	5.3	11.0
Profit for the year/period margin	4.3	5.3	4.4	8.8
Return on total assets	7.4	11.0	10.1	N/A[(2)]
Return on equity	41.0	65.0	35.2	N/A[(2)]

Notes:

(1) Gearing ratio is calculated as total borrowings (bank borrowings and finance lease obligations) divided by total equity as at the respective reporting dates.

(2) N/A denotes not applicable as the ratios are not meaningful given the recorded net profit only represented amount for four months ended 30 April 2017.

COST STRUCTURE

Our costs of services by nature is shown in the table below:

	For the year ended 31 December						For the four months ended 30 April			
	2014		2015		2016		2016 (unaudited)		2017	
	S$ 'million	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*	*S$ 'million*	*HK$ 'million*
Subcontracting costs	25.1	138.1	54.2	298.1	113.8	625.9	27.6	151.8	25.2	138.5
Materials costs	18.7	102.9	32.0	176.0	27.2	149.6	8.8	48.4	10.2	56.1
Staff costs	17.3	95.2	23.7	130.4	14.0	77.0	5.6	30.8	5.7	31.4
Rental of machineries	5.4	29.7	6.7	36.9	5.1	28.1	1.7	9.4	0.9	5.0
Overheads	5.6	30.8	6.3	34.7	5.1	28.1	1.8	9.9	1.7	9.4
Total	72.1	396.6	122.9	676.0	165.2	908.6	45.5	250.3	43.7	240.4

MARGINS

During the Track Record Period, we recorded gross profits and gross profit margins as follows:

	For the year ended 31 December						For the four months ended 30 April			
	2014		2015		2016		2016 (unaudited)		2017	
	Gross profit *S$' million*	**Gross profit margin** *Approximate %*	**Gross profit** *S$' million*	**Gross profit margin** *Approximate %*	**Gross profit** *S$' million*	**Gross profit margin** *Approximate %*	**Gross profit** *S$' million*	**Gross profit margin** *Approximate %*	**Gross profit** *S$' million*	**Gross profit margin** *Approximate %*
Main contractor — Singapore Government agencies	1.3	3.8%	(0.5)	(1.0)%	4.2	4.6%	2.1	9.3%	2.4	6.6%
Main contractor — Private customers	0.2	1.7%	0.4	2.6%	2.0	3.5%	0.6	3.5%	1.4	65.9%
Subcontractor — All private customers	3.6	12.1%	9.6	15.7%	5.0	17.2%	3.2	28.5%	3.7	30.9%
TOTAL	5.1	6.6%	9.5	7.2%	11.2	6.4%	5.9	11.4%	7.5	14.6%

Our overall gross profit margins were approximately 6.6%, 7.2%, 6.4% and 14.6% during the Track Record Period, with generally higher gross profit margins for our subcontractor projects as compared to our main contractor projects. Subcontractor projects were more profitable as our scope of works were mainly in specialised reinforced concrete works, which we perform in-house and a narrower work scope meant that we need not engage as many subcontractors.

Furthermore, as reported in the section headed "Industry overview — Competitive landscape" on page 74 of this document, the industry gross profit margin ranged from negative 6.4% to positive 30.0% with an average of approximately 10.5% (for year 2016 published data), and our gross profit margin of approximately 6.4% for the year ended 31 December 2016 was in the low end of the abovementioned range and below the industry average. Our Executive Directors are of the view that this was due to a significant portion of our project portfolio being in public residential and public educational sectors.

The negative gross profit margin of approximately 1.0% for our main contractor project with Singapore Government agency for the year ended 31 December 2015 was due to a public residential project, of contract value of approximately S$25.6 million, for duration from January 2012 to January 2015 (referenced as Project #1 under the section headed "Business — Our business model — Main contractor") on page 122 of this document. For this project, gross losses were approximately S$1.3 million for the year ended 31 December 2015 with an overall gross loss of approximately S$5.5 million, or approximately negative 21.8% over the project duration. This was mainly due to the

inability of our supplier for precast products to deliver the contracted sum of approximately S$5.3 million of precast products, as there was a shortage of precast products during that time. As a result, we engaged an alternative supplier but due to shortage of precast products, we had to deploy additional labour for construction on-site and incurred aggregate additional costs of approximately S$6.5 million.

Our profit before taxation margins were approximately 4.3%, 5.8%, 5.3% and 11.0% during the Track Record Period. As reported in the section headed "Industry overview — Competitive landscape" on page 74 of this document, the industry net profit before tax margin ranged from negative 15.9% to positive 63.5% with an average of approximately 8.9% (for year 2016 published data), and our net profit before taxation margin of approximately 5.3% for the year ended 31 December 2016 was in the low end of the abovementioned range and below the industry average.

For further details, please refer to the section headed "Financial information — Period to period comparison of results of operations" on pages 233 to 246 of this document.

IMPACT OF [REDACTED] ON THE FINANCIAL PERFORMANCE OF OUR GROUP FOR THE YEAR ENDING 31 DECEMBER 2017

During the Track Record Period, we had incurred and recognised approximately [REDACTED] [REDACTED] in the profit and loss account. The total estimated expenses in relation to [REDACTED] (based on the mid-point of our indicative [REDACTED] of [REDACTED] per Share) are approximately [REDACTED]. For further details, please refer to section headed "Financial information — [REDACTED]" on page 281 of this document. For the amount borne by our Group of approximately [REDACTED], it is estimated that approximately [REDACTED] is directly attributable to the issue of [REDACTED] to the public and is to be accounted for as an equity deduction [REDACTED]. The remaining amount of approximately [REDACTED] is expected to be charged to the profit and loss of our Group for the year ending 31 December 2017 (approximately [REDACTED] has been recognised in the profit and loss account during the year ended 31 December 2016). **The recognition of the [REDACTED] is expected to materially affect our financial results for the year ending 31 December 2017.** The estimated [REDACTED] of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of [REDACTED].

ONGOING PROJECTS

As at the Latest Practicable Date, we have 7 ongoing main contractor projects with an aggregate contract sum of approximately S$355.2 million, of which approximately S$150.6 million has been recognised as revenue during the Track Record Period. As at the Latest Practicable Date, we have 6 ongoing subcontractor projects and 1 completed subcontractor project after the Track Record Period with an aggregate contract sum of approximately S$84.4 million, of which approximately S$67.3 million has been recognised as revenue during the Track Record Period. The remaining balance is expected to be recognised in the following periods:

	For the two months ending	For the six months ending							
	30 June 2017	31 December 2017	30 June 2018	31 December 2018	30 June 2019	31 December 2019	30 June 2020	31 December 2020	30 June 2021
	S$'million	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*
Main contractor	16.8	74.1	42.0	24.3	20.6	12.6	8.0	4.5	1.7
Subcontractor	3.3	9.0	4.8	—	—	—	—	—	—
Total	**20.1**	**83.1**	**46.8**	**24.3**	**20.6**	**12.6**	**8.0**	**4.5**	**1.7**

For further information, please refer to the section headed "Business — Our business model" on pages 120 to 129 of this document.

RECENT DEVELOPMENT

We have continued to focus on strengthening our market position for our building construction works in Singapore. As far as we are aware, our industry remained relatively stable after the Track Record Period, with no material adverse change in the general economic and market conditions in Singapore or the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely. From 1 May 2017 up to the date of this document, we did not experience any significant drop in revenue or increase in costs of services or other costs (apart from [REDACTED] incurred) as there were no significant changes to the general business model of our Group. From 1 May 2017 up to the Latest Practicable Date, we are in the midst of finalising a new subcontractor project of contract value of S$8.5 million for which we have received notification from customer of our award. We have also submitted five tenders out of which two tenders were unsuccessful and three tenders are still pending award results with an estimated total contract value of S$246.0 million. Including the tenders we submitted during the Track Record Period, as at the Latest Practicable Date, we have ten tenders still pending results with an estimated total contract value of approximately S$361.2 million.

Apart from the abovementioned impact of [REDACTED], and based on our ongoing projects and our business operations subsequent to the Track Record Period and up to the date of this document, our Executive Directors do not foresee any material adverse change in our revenue for the year ending 31 December 2017. Our Executive Directors further confirm that save for the impact of the [REDACTED], there has been no event, nor material adverse change in our financial or trading position or prospects since 30 April 2017, which would have materially affected the information presented in our combined financial statements included in the Accountants' Report set forth in Appendix I of this document.

BUSINESS STRATEGIES AND USE OF PROCEEDS

We intend to achieve sustainable growth in our business and create long-term shareholders' value by (i) expanding our business and strengthening our market position in the construction industry in Singapore, (ii) initial capital contribution required for larger value contracts in relation to initial payments to subcontractors and for materials purchases, (iii) expanding our workforce to support our business expansion, and (iv) improving productivity with investments in BIM and ERP software.

Our Directors intend to apply the [REDACTED] of approximately [REDACTED] (based on the [REDACTED] of our indicative [REDACTED] of [REDACTED] per Share) from the [REDACTED] as follows:

Approximate amount of [REDACTED] utilised by year ending	**Intended applications**
[REDACTED]	[REDACTED]

[REDACTED]

Please refer to the sections headed "Business — Business strategies" on pages 132 to 133 "Future plans and use of proceeds" on pages 283 to 287 of this document for further details.

REASONS [REDACTED]

Our Executive Directors believe that [REDACTED] on the Stock Exchange will benefit our Group as it will (i) provide another source of funds for our Group; (ii) enhance our credibility and visibility in particular with property developers/owners that have a regional or international presence, who may view a public listed contractor as one with higher standards of corporate governance and financial disclosure; and (iii) the use of the proceeds from the [REDACTED] for the implementation of our business strategies.

Our Executive Directors have evaluated various avenues [REDACTED], including Singapore, and decided that Hong Kong is the most suitable venue for our Group giving consideration to the ease of access to capital market funding and a more active market based on turnover of shares on the Hong Kong Stock Exchange. In particular, the average daily turnover of stocks was higher in Hong Kong, for the two years ended 31 December 2016, and also higher average daily turnover of stocks for companies within the construction and engineering category for stocks listed in Hong Kong than in Singapore for the year ended 31 December 2016. Our Executive Directors confirmed that other than [REDACTED], no application has been submitted [REDACTED] on any other stock exchange. Our Directors have confirmed that to the best of their knowledge and belief, there would be no impediments for our Company if we were to list on Catalist of the Singapore Exchange Securities Trading Limited. Please refer to the section headed "History, Reorganisation and corporate structure — Reasons [REDACTED]" on pages 117 to 118 of this document.

SUMMARY

[REDACTED]

[REDACTED]

DIVIDENDS

For the three years ended 31 December 2016 and four months ended 30 April 2017, aggregate dividends of approximately S$1.1 million, S$4.4 million, S$1.5 million and S$5.0 million respectively have been declared, out of the distributable profits of BHCC Construction. All dividends declared had been paid as at the Latest Practicable Date. Dividends declared and paid in the past should not be regarded as an indication of the dividend policy to be adopted by our Company following [REDACTED]. So long as our Company maintains a consolidated group adjusted net worth of not less than S$18,000,000 and the leverage ratio does not exceed 2.5 times as required under the bank loan documents, our Directors shall have the full discretion (without seeking for the bank's consent) to determine the payment and amount of dividends after considering our Group's earnings, cash flow, financial condition, capital requirements and any other conditions that our Directors consider relevant. We do not have any dividend policy nor a predetermined dividend payout ratio. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars. For further details, please refer to the section headed "Financial information — Dividends" in this document on pages 280 to 281 of this document.

RISK FACTORS

There are risks associated with any investment. The material risks relating to our business relate to (i) our susceptibility to various factors which may adversely affect our financial performance, (ii) failure to secure new projects given the non-recurring nature of our projects, (iii) a loss of key management, (iv) decrease in projects secured from our five largest customers which accounted for over 80% of our revenue during the Track Record Period, and (v) failure to complete our projects on a timely basis. The material risks relating to our industry are (i) reduction in the pipeline of new construction projects, (ii) cyclical fluctuation in Singapore's construction industry and (iii) shortage of skilled workers. For further details, please refer to section headed "Risk factors" on pages 31 to 47 of this document.

SUMMARY

LITIGATION AND CLAIMS

During the Track Record Period and up to the Latest Practicable Date, our Group had been involved in a number of claims, litigations and arbitrations. As at the Latest Practicable Date, there were three pending litigations, all of which were in relation to industrial or motor accident (none of which resulted in fatalities), and confirmed to be covered by our insurance or third party's insurance. The details of which are set out under the paragraph headed "Business — Litigation and claims" on pages 184 to 186 of this document.

REGULATORY NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we were involved in non-compliances relating to, among others, environmental matters. All of the non-compliances have been rectified and additional measures have been adopted to prevent recurrence. For further details, please refer to section headed "Business — Environmental, health and workplace safety ("EHS") policy — Environmental non-compliance" on pages 170 to 172 of this document.

SHAREHOLDING INFORMATION

Following the completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares that may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), Huada Developments (a company which is owned as to 80% by Mr. Yang and as to 20% by Mrs. Yang) will hold [REDACTED], representing [REDACTED] of the enlarged issued share capital of our Company and Eagle Soar (a company wholly owned by Mdm. Han) will hold [REDACTED], representing [REDACTED] of the enlarged issued share capital of our Company. Upon the entering into of the Concert Party Deed, Huada Developments, Mr. Yang, Mrs. Yang, Eagle Soar and Mdm. Han become a group of controlling shareholders of our Company under the Listing Rules. Save as disclosed above, there is no other person who will, immediately following the completion of the Capitalisation Issue and [REDACTED], be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity. For further details, please refer to section headed "History, Reorganisation and corporate structure" on pages 104 to 118 of this document.

[REDACTED] INVESTMENT

On 29 August 2016, Mr. Zhan was allotted and issued [REDACTED] in BHCC Construction pursuant to the Financing Investment Agreement. Upon completion of the Reorganisation and the Capitalisation Issue (but without taking into account any Shares which may be allotted and issued upon the exercise of any options that may be granted under the Share Option Scheme), Mr. Zhan, through his wholly-owned company, Wai Tian, would own [REDACTED] of the entire issued share capital in our Company, and [REDACTED] of the entire issued share capital in our Company [REDACTED]. The Shares held by Wai Tian will be subject to a lock-up period of 12 months from [REDACTED]. Please refer to the section headed "History, Reorganisation and corporate structure — [REDACTED] investment" on pages 109 to 113 of this document for further details of Mr. Zhan's background and his investment.

DEFINITIONS

In this document, unless the context otherwise requires, the following terms shall have the meanings set out below.

[REDACTED]

"Articles of Association" or "Articles"	the amended and restated articles of association of our Company conditionally adopted on 17 August 2017, and to take effect on [REDACTED], a summary of which is set out in Appendix IV to this document, as amended, supplemented or otherwise modified from time to time
"associate(s) or "close associates"	has the same meanings ascribed thereto under the Listing Rules
"BCA"	the Building and Construction Authority of Singapore, an agency under the Ministry of National Development of Singapore
"BCA Academy"	the education and research arm of BCA
"BHCC Construction"	BHCC Construction Pte. Ltd., a private company limited by shares incorporated in Singapore on 26 November 2003, formerly known as BCEG Construction Singapore Pte. Ltd., and changed to its current name on 11 February 2008, and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"BHCC Space"	BHCC Space Pte. Ltd., a private company limited by shares incorporated in Singapore on 7 June 2017, formerly known as BHCC Investment (Tampines) Pte. Ltd., and changed to its current name on 12 July 2017, and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"bizSAFE"	a five-step programme to assist companies build up their workplace safety and health capabilities in order to achieve quantum improvements in safety and health standards at the workplace, and organised under the Workplace Safety and Health Council of Singapore
"BLS"	the Builders Licensing Scheme administered by BCA, which aims to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency

"Board of Directors" or "Board"	the board of Directors
"Business Day"	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of [REDACTED] new Shares to our Shareholders to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed "A. Further information about our Group — 3. Written resolutions of all Shareholders dated 17 August 2017" in Appendix V to this document
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant(s)"	a person admitted to participate in CCASS as a broker participant
"CCASS Clearing Participant(s)"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant(s)"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant(s)"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant(s)"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
[REDACTED]	
"Companies Law" or "Cayman Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

DEFINITIONS

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	BHCC Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability on 21 February 2017 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 20 March 2017
"Concert Party Deed"	a confirmatory deed dated 31 March 2017 executed by Mr. Yang, Mrs. Yang and Mdm. Han
"connected person(s)" or "core connected person(s)	has the same meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and in the context of our Company, means, Huada Developments and its beneficial shareholders, being Mr. Yang and Mrs. Yang; and Eagle Soar and its beneficial shareholder, namely Mdm. Han
"CPF"	Central Provident Fund of Singapore which is a security savings scheme funded by contributions from employers and employees
"CRS"	Contractors Registration System of BCA, which serves the construction and construction-related procurement needs of the public sector including government ministries and statutory boards. Companies wishing to participate in construction tenders or as subcontractors for the public sector are required to register under this system
"CWUMPO"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Deed of Indemnity"	the deed of indemnity dated 21 August 2017 entered into by our Controlling Shareholders as indemnifiers in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), particulars of which are set out in the section headed "E. Other information — 1. Tax and other indemnities" in Appendix V to this document
"Deed of Non-competition"	the deed of non-competition dated 21 August 2017 entered into by our Controlling Shareholders as covenantors in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) as further described in the section headed "Relationship with our Controlling Shareholders" in this document

"Director(s)"	the director(s) of our Company
"Eagle Soar"	Eagle Soar Global Limited (鷹騰環球有限公司), a company incorporated in the BVI with limited liability on 28 November 2016, which is wholly-owned by Mdm. Han, and one of our Controlling Shareholders
"Executive Director(s)"	the executive Director(s)
"Financing Investment Agreement"	the financing investment agreement dated 20 July 2016 entered into among BHCC Construction, Mr. Zhan, Mr. Yang, Mrs. Yang and Mdm. Han, in relation to, among other things, the subscription of [REDACTED] in BHCC Construction by Mr. Zhan, which was terminated on 17 August 2017 pursuant to the Financing Investment Termination Agreement
"Financing Investment Termination Agreement"	the termination agreement dated 17 August 2017 entered into among BHCC Construction, Mr. Zhan, Mr. Yang, Mrs. Yang and Mdm. Han in relation to the termination of the Financing Investment Agreement in full effect
"FWL"	Foreign Worker Levy, which is a pricing mechanism administered by the Singapore Government to regulate the number of foreign workers (including foreign domestic workers) in Singapore
"GB Licence(s)"	general builder's licence(s) issued by the BCA under the BLS whereby "GB1 Licence" refers to Class 1 General Builder Licence and a builder with such a licence is allowed to undertake projects of any value; and "GB2 Licence" refers to Class 2 General Builder Licence and a builder with such licence is restricted to undertake projects of S$6 million or less; further details of which are set forth in the section headed "Regulatory overview" in this document
"GeBIZ"	the Singapore Government's one-stop e-procurement portal where all public sector's invitations for quotations and tenders are posted by individual Singapore Government agencies
"Green and Gracious Builder Award"	an award given to builders which meet the requirements and are certified under the Green and Gracious Builder Scheme
"Green and Gracious Builder Scheme"	a scheme launched by the BCA to promote environmental protection and gracious practices during construction phases of projects

"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries or, where the context otherwise requires, in respect of the period before our Company becoming the holding company of our present subsidiaries and the businesses carried on by them or their predecessors (as the case may be)
"HDB"	the Housing & Development Board of Singapore, which is Singapore's public housing authority and a statutory board under the Ministry of National Development
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKAS(s)"	Hong Kong Accounting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"HNS"	Head & Shoulders Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
[REDACTED]	
"Hong Chwee"	Hong Chwee Real Estate Pte. Ltd., a company incorporated in Singapore with limited liability on 21 September 2010, which is wholly-owned by Mr. Yang
"Huada Developments"	Huada Developments Limited (華達發展有限公司), a company incorporated in the BVI with limited liability on 15 December 2016, which is owned as to 80% by Mr. Yang and as to 20% by Mrs. Yang, and one of our Controlling Shareholders
"IAS"	International Accounting Standards
"IFRS"	International Financial Reporting Standards
"Independent Non-Executive Director(s)"	our independent non-executive Director(s)

"Independent Third Party(ies)"	individual(s) or company(ies) which is/are independent of and not connected with any of the directors, chief executive, the controlling shareholders or the substantial shareholders of our Company or our subsidiaries or any of their respective associates within the meaning of the Listing Rules
"Ipsos"	Ipsos Pte. Ltd., an Independent Third Party and an independent market research expert
"Ipsos Report"	the industry report prepared by Ipsos and commissioned by our Company, the content of which is quoted in this document
"ISO 9001:2008"	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
"ISO 14001:2004"	an environmental management system standard that maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved
"Issue Mandate"	the general mandate to allot, issue and deal with new Shares given to our Directors by our Shareholders, a summary of which is contained in the section headed "A. Further information about our Group — 3. Written resolutions of all Shareholders dated 17 August 2017" in Appendix V to this document
[REDACTED]	
[REDACTED]	
"Latest Practicable Date"	21 August 2017, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document
"Lion Metro"	Lion Metro Holdings Limited (獅城控股有限公司), a company incorporated in the BVI with limited liability on 6 January 2017, and a direct wholly-owned subsidiary of our Company upon completion of the Reorganisation
[REDACTED]	
"Listing Committee"	the listing committee of the Stock Exchange

[REDACTED]

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the main board of the Stock Exchange
"Mdm. Han"	Ms. Han Yuying (韓玉英), an Executive Director and one of the Controlling Shareholders
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted on 17 August 2017, a summary of which is contained in Appendix IV to this document, as supplemented, amended or otherwise modified from time to time
"MOE"	Ministry of Education of Singapore
"MOM"	Ministry of Manpower of Singapore
"Mr. Liu"	Mr. Liu Hai (劉海), spouse of Mdm. Han, a connected person of our Company
"Mr. Yang"	Mr. Yang Xinping (楊新平), our founder, one of our Controlling Shareholders, an Executive Director and spouse of Mrs. Yang
"Mr. Zhan"	Mr. Zhan Lixiong (詹立雄), the sole shareholder of Wai Tian
"Mrs. Yang"	Ms. Chao Jie (晁杰), one of our Controlling Shareholders, an employee of our Group and spouse of Mr. Yang
"NTA"	the net tangible assets

[REDACTED]

[REDACTED]

[REDACTED]

"OHSAS 18001"	an international standard setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

"PRC" or "China"	the People's Republic of China, which for the purpose of this document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

[REDACTED]

[REDACTED]	
[REDACTED]	
"Property Valuer"	Greater China Appraisal Limited, an Independent Third Party that specialises in property valuation, which prepared the letter, summary of values and valuation certificates relating to the properties of our Group, the text of which is set out in Appendix III to this document
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
[REDACTED]	
"Reorganisation"	the [REDACTED] reorganisation of our Group, further details of which are described under the section headed "History, Reorganisation and corporate structure — Reorganisation" in this document

"Repurchase Mandate"	the general mandate to repurchase Shares given to our Directors by our Shareholders, a summary of which is contained in the section headed "A. Further information about our Group — 3. Written resolutions of all Shareholders dated 17 August 2017" in Appendix V to this document
"S$" or "SGD"	Singapore dollars, the lawful currency of Singapore
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the issued Share(s)
[REDACTED]	
"Share Option Scheme"	the share option scheme conditionally approved and adopted by our Company pursuant to a resolution passed by the Shareholders on 17 August 2017 as described in the section headed "D. Share Option Scheme" in Appendix V to this document
"Sin Hill"	Sin Hill International Pte. Ltd., a company incorporated in Singapore with limited liability on 18 June 2008, which is wholly-owned by Mr. Liu, the spouse of Mdm. Han who is our Executive Director
"Singapore"	the Republic of Singapore
"Singapore Government"	the government of Singapore
"Sole Sponsor" or "Vinco Capital"	Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor to the [REDACTED]
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules

"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by the SFC as amended, supplemented or otherwise modified from time to time
"Top Star"	Top Star Builder Pte. Ltd., a private company limited by shares incorporated in Singapore on 13 July 2012, formerly known as BHCC Builder Pte. Ltd., and changed to its current name on 16 December 2016
"Track Record Period"	the three years ended 31 December 2016 and four months ended 30 April 2017
[REDACTED]	
[REDACTED]	
"United States" or "U.S."	the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Wai Tian"	Wai Tian Holdings Limited (威天控股有限公司), a company incorporated in the BVI with limited liability on 8 March 2017, which is wholly-owned by Mr. Zhan
"Wan Yoong"	Wan Yoong Construction Pte. Ltd., a private company limited by shares incorporated in Singapore on 21 September 2010, formerly known as Hong Chwee Construction Pte. Ltd., and changed to its current name on 2 April 2015, and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
"Wanda"	Wanda Airconditioning Pte. Ltd., a company incorporated in Singapore with limited liability on 27 February 2007, which was wholly-owned by Mr. Liu, the spouse of Mdm. Han who is our Executive Director, as at the Latest Practicable Date
[REDACTED]	

DEFINITIONS

[REDACTED]

"Workplace and Health Auditor"	CCIS Singapore Pte Ltd, an independent safety and health auditing organisation approved by the MOM, which is engaged by us to perform review procedures on our workplace safety and environmental system

[REDACTED]

"%"	per cent.

Unless otherwise stated, the conversion of S$ into HK$ in this document is based on the approximate exchange rate of S$1.00 to [REDACTED].

Such conversions shall not be construed as representations that amounts in HK$ will be or may have been converted into S$ at such rates or any other exchange rates, or vice versa.

Any discrepancies in any table between the total shown and the sum of the amount (including the percentage) listed are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

If there is any inconsistency between the English names and their Chinese translations, the English names should prevail. The Chinese translation of the names in English or another language which are marked with "" are translations provided for identification purpose only.*

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this document in connection with our Group's business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"A&A"	additions and alterations works
"BIM" or "Building Information Modelling"	3D model-based process that equips architecture, engineering and construction professionals with the insight and tools to more efficiently plan, design, construct and manage building and infrastructure
"CAGR"	compound annual growth rate
"concrete works"	works which include the pouring of concrete into the formwork
"CONQUAS" or "Construction Quality Assessment System"	a standard quality assessment system developed by the BCA in conjunction with major public sector agencies and various leading industry professional bodies, organisations and firms to measure the quality level achieved in a completed construction project; please refer to the section headed "Industry overview" in this document for further details
"ERP" or "Enterprise Resource Planning"	business process management software that allows organisation to use a system of integrated applications to manage various facets of an operation
"finalisation of accounts"	refers to the completion of billing for the works completed under a project
"formwork"	either temporary or permanent molds into which concrete or similar materials are poured
"GDP"	gross domestic product
"method statement"	a document that details the way a work task of process is to be completed. The method statement should outline the hazards involved and include a step-by-step guide on how to do the job safely
"precast"	a structural member, especially of concrete, that has been cast into form before being transported to site for installation
"rebar" or "reinforcing bar"	steel bar or mesh of steel wires used as a tension device in reinforced concrete and reinforced masonry structures to strengthen and hold the concrete in tension

GLOSSARY OF TECHNICAL TERMS

"reinforced concrete"	a composite material in which concrete's relatively low tensile strength and ductility are counteracted by the inclusion of reinforcement having higher tensile strength or ductility. The reinforcement is usually, though not necessarily, rebar and is usually embedded passively in the concrete before the concrete sets
"scaffolds"	a temporary structure used to support a work crew and materials to aid in the construction works
"shop drawing"	a detailed sets of drawing produced by contractor, supplier, manufacturer, subcontractor or fabricator that show the proposed material, shape, size and assembly of the parts and how the construction works will be done or installed
"steel reinforcement works"	works which include the use of rebars in reinforced concrete
"valuation certificate"	a written document evidencing the construction works assessed in terms of percentage achieved or completion, and forms the basis for payments to the contractors as per agreed contract payment milestones
"value engineering"	a systematic method to improve the "value" of the construction works, via an evaluation of the construction materials, construction systems, construction methodology, site limitations or restrictions, etc. with the objective(s) of cost reduction, shortening of construction schedule, quality improvement, reduction of environmental impact and/or the reduction of building life cycle and/or maintenance costs
"variation order(s)"	such additional works, omissions or changes requested by the customer for specifications not included in the original contract

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DOCUMENT MAY NOT MATERIALISE

We have included in this document forward-looking statements that are not historical facts, but relate to our intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections headed "Summary", "Risk factors", "Industry overview", "Business", and "Financial information", which are, by their nature, subject to risks and uncertainties.

In some cases, we use the words "aim", "anticipate", "believe", "consider", "continue", "could", "estimate", "expect", "intend", "may", "might", "ought", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would" or similar expressions or the negative of these words or other similar expressions or statements to identify forward-looking statements, are forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the following:

— our business prospects, operating strategies and plan of operation;

— our dividend policy;

— our capital expenditure plans;

— the amount and nature of, potential for and future development of our business;

— our operations and business prospects, including new locations of expansion;

— our overall financial condition and performance;

— our planned projects;

— the regulatory environment of our industry in general and restrictions that may affect the industry in which we operate;

— the general industry outlook, competition for our business activities and future development in our industry;

— macroeconomic measures taken by the Singapore government to manage economic growth and general economic trends in Singapore;

— general political and economic conditions in Singapore, Hong Kong and overseas;

— other statements in this document that are not historical facts;

— realisation of the benefits or our future plans and strategies; and

— other factors beyond our Group's control.

We believe that the sources of information and assumptions contained in such forward-looking statements are appropriate sources for such statements and we have taken reasonable care in extracting and reproducing such information and assumptions. We have no reason to believe that information and assumptions contained in such forward-looking statements are fake or misleading or that any fact has been omitted that would render such forward-looking statements fake or misleading in any material respect. These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect the current views of our Company with respect to future events and are not a guarantee of future performance.

The information and assumptions contained in the forward-looking statements have not been independently verified by us, the Controlling Shareholders, the Sole Sponsor, the [REDACTED], the [REDACTED], the Underwriters, any other party involved in the [REDACTED] or their respective directors, officers, employees, advisers or agents and no representation is given as to the accuracy or completeness of such information or assumptions on which the forward-looking statements are made. Additional factors that could cause actual performance or achievements of our Group to differ materially include, but are not limited to, those discussed under the section headed "Risk factors" and elsewhere in this document.

These forward-looking statements are based on current plans and estimates, and apply only as of the date they are made. Our Company undertakes no obligations to update or revise any forward-looking statements in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond our control. Our Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to these cautionary statements.

In this document, statement of or references to our intentions or those of any of our Directors are made as at the date of this document. Any such intentions may change in light of future developments.

Potential investors of the [REDACTED] should carefully consider all of the information set out in this document and, in particular, the following risks and special considerations associated with an investment in our Company before making any investment decisions in relation to our Company. If any of the possible events as described below materialises, our Group's business, financial position and prospects could be materially and adversely affected and the market price of the [REDACTED] could fall significantly.

This document contains certain forward-looking statements relating to our Group's plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results may differ materially from those as discussed in this document. Factors that could contribute to such differences are set out below as well as in other parts in this document.

RISK RELATING TO OUR BUSINESS

Our business is susceptible to various factors which may adversely affect our financial performance

Our business is susceptible to various factors including but not limited to (i) failure to secure new projects; (ii) loss of any of our five largest customers; (iii) failure to complete our projects on a timely basis; (iv) failure to maintain our licences and registrations; (v) non-compliances at our work sites; (vi) incorrect estimation of our project costs and cost overruns; and (vii) increases in our bad debts which may adversely affect our financial performance. Further details on each risk factors are explained in the following paragraphs.

Our gross profit margins were approximately 6.6%, 7.2%, 6.4% and 14.6% and our profit before taxation margins were approximately 4.3%, 5.8%, 5.3% and 11.0% during the Track Record Period. As reported in the section headed "Industry overview — Competitive landscape" in this document, the industry gross profit margin ranged from negative 6.4% to positive 30.0% with an average of approximately 10.5% (based on 2016 published data), and our gross profit margin of approximately 6.4% for the year ended 31 December 2016 was therefore at the low end of the abovementioned range and below the industry average. Furthermore, it was reported that the industry net profit before tax margin ranged from negative 15.9% to positive 63.5% with an average of approximately 8.9% (based on 2016 published data), and our net profit before taxation of approximately 5.3% for the year ended 31 December 2016 was also at the low end of the abovementioned range and below the industry average. Our Executive Directors are of the view that our below industry average gross profit margin and profit before tax margin was due to a significant portion of our project portfolio being in public residential and public educational sectors. Should we be unable to diversify into other sectors that are more profitable, or the competition increased for the sectors that we are currently engaged in, our profitability may be adversely affected.

Failure to secure new projects given the non-recurring nature of our projects could materially affect our financial performance

Our contracts are on a project basis. The duration of our completed construction projects of which we are the main contractor typically ranges from 1 to 3 years with an average duration of approximately 2 years. The duration of our completed construction projects of which we are a subcontractor typically ranges from 9 months to 3 years with an average duration of approximately 21 months. As our revenue is not recurring in nature, we cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing awarded projects. Our Group has to go through a competitive tendering process to secure new contracts. Our tender success rates were approximately 20%, 14%, 11% and 20% for open tenders with Singapore Government agencies and approximately 21%, 23%, 33% and 14% from private sector invited tenders for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively. In the event that we are unable to maintain business relationship with our existing customers, or unable to secure new projects or obtain similar number of projects and maintain our tender success rate, our financial performance will be adversely affected.

In addition, so far as our Executive Directors are aware, most of our customers (including Singapore Government agencies) have maintained some forms of evaluation system to track their contractors' performance, financial capability, reputation and certifications. If a contractor receives a poor safety performance review or an accident occurs due to workplace safety negligence, it may lead to a poor evaluation and affect our tender success rate. In serious cases, the contractor may be suspended from tendering for new contracts. Moreover, our CONQUAS scorings were 88.6, 79.7 and 81.6 for 2014, 2015 and 2016 respectively which were at the industry average for 2014 but lower than the industry averages for 2015 and 2016 of 88.5 and 88.7 respectively. CONQUAS scorings are public information, and considered by Singapore Government agencies during tender evaluation. There is no assurance that our overall score under the evaluation system of our customers will not reduce because of possible fatal accidents in our projects, failure to perform up to customers' expectations, or material breaches of relevant laws and regulations. In such events, we may not be awarded in future tender and furthermore, our reputation, business operations, financial results and profitability may be adversely affected.

Failure to attract and/or retain management staff may adversely affect our business, operations and financial performance

Mr. Yang, our founder, a Controlling Shareholder and an Executive Director, and Mdm. Han, also a Controlling Shareholder and an Executive Director, provide significant contributions to various key aspects of our business, including but not limited to, maintenance of customer relationships, formation of tender strategy and project management. We also rely on our experienced senior management team to ensure the smooth operation of our projects. Our Group's success and growth therefore depends on our ability to identify, hire, train and retain suitable, skilled and qualified key personnel. If

any of our key personnel ceases to be involved in our Group in the future and we are unable to find suitable replacements in a timely manner, there will be an adverse impact on our business, operations and overall financial performance.

Our five largest customers accounted for over 80% of our revenue during our Track Record Period and any significant decrease in projects secured from any one of them may affect our business, operations and financial results

Our largest customer accounted for approximately 36.0%, 33.2%, 35.5% and 56.0% of our revenue, and our five largest customers accounted for approximately 88.4%, 84.6%, 91.3% and 93.8% of our revenue for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively. As at the Latest Practicable Date, we did not enter into any long-term contract with any of our customers. As such, there is no assurance that these major customers will continue to engage us at fees acceptable to our Group or our Group can maintain our relationship with them in the future. Furthermore, our largest customer for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively were Singapore Government agencies and contracts from Singapore Government agencies are awarded via an open tendering process. As such, there is no assurance that we will continue to secure contracts from Singapore Government agencies or maintain our tender success rate in the future. In the event that our Group is unable to secure new projects from these customers, or seek replacement customers, our business, operations, profitability and liquidity may be adversely affected.

Failure to complete our projects on a timely basis could materially affect our financial performance and reputation and could lead to claims from customers

A delay in project can be due to various factors, including but not limited to, a shortage of manpower and construction materials, delays by our subcontractors, adverse weather conditions or industrial accidents. As our revenue is recognised based on the percentage of completion method, and billing is based on monthly progress claims, delay in a project will therefore affect our financial performance in terms of revenue and operational cash flows. In addition, our contracts with customers would normally include a clause relating to the payment of liquidated damages by us in the event of project delay. If such a claim for payment of liquidated damages arises, it may materially and adversely affect our reputation, business operations and financial position.

Failure to renew or any suspension or cancellation of our licences and registrations could materially affect our operations and financial performance

Our Group holds a number of licences and registrations which enable us to carry on our business and construction activities in Singapore. In particular, we are registered under the CW01 workhead for "General Building" in the CRS with a "A1" grading, which allows us to tender for building projects in the public sector in Singapore of unlimited contract value, and we also hold a GB1 Licence granted under the BLS, which allows us to undertake general building contracts of any value in Singapore. For further details of our licences and registrations, please refer to the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this document.

Our ability to maintain our registrations under the CRS and BLS are crucial to our business operations. For instance, in order to maintain our workhead grading, we have to meet the various requirements laid down by the BCA such as (i) minimum paid-up capital and net worth; (ii) qualified personnel with the necessary professional qualifications and experience; (iii) the necessary performance track records; (iv) contracts' profile; and (v) requirements to maintain other certifications such as ISO and OHSAS, which are set out in the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this document. The requirements laid down by the BCA may change from time to time.

If we fail to comply with the applicable requirements or any required conditions, our qualifications and licences may be downgraded, suspended or cancelled. Delay or refusal may occur when we renew such qualifications and licences upon expiry. The renewal or maintenance of our BCA gradings is crucial to our business operation because we can only participate in tenders for public sector projects if we meet the minimum BCA grading level stipulated. For projects with private customers, they may take our BCA gradings into consideration. As such, an inability to renew or maintain our BCA gradings may reduce the number of project opportunities for our Group and have an adverse impact on our operations and financial performance. Failure to keep or renew our existing BCA workhead categories could result in suspension of our business operations, restriction or prohibition of certain business activities, or commencement of new business, thereby materially and adversely affecting our business, financial position, results of operations and prospects.

We had been involved in certain non-compliances at our work sites during the Track Record Period

Our operation is subject to various laws and regulations, in particular pertaining to management of our work sites. For details, please refer to the section headed "Environmental laws and regulations", "Workplace safety and health laws and regulations" under "Regulatory overview" in this document. We were issued two stop work orders during the Track Record Period, specifically a stop work order from 24 July 2014 to 30 July 2014, and another stop work order from 4 September 2014 to 9 September 2014, both in relation to control of mosquito breeding at work sites. No demerit points were issued against us during the Track Record Period. Further details are set out under the section headed "Business — Environmental, health and workplace safety ("EHS") policy — Environmental non-compliance" in this document.

Despite our safety and environmental management system that conforms to the OHSAS 18001:2007 standard as disclosed in the section headed "Business — Environmental, health and workplace safety ("EHS") policy" in this document, there is no assurance that non-compliance will never occur in the future due to human error or the weather affecting the adherence of workplace safety procedures and the likelihood of water stagnation at the work sites. If any non-compliance of similar or other nature occurs in the future, we may be subject to fines, demerit points, stop work orders, and/or other legal and operational consequences, which may adversely and materially affect our business operation and financial position.

We are dependent on suppliers and subcontractors to implement our construction contracts

Our five largest suppliers accounted for approximately 8.4%, 13.1%, 6.8% and 11.3% of our total costs of services for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively. Our five largest subcontractors accounted for approximately 14.3%, 11.8%, 26.0% and 30.9% of our total costs of services for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively. Furthermore for main contractor projects where we subcontract most of the construction works and focus on project management, we are dependent on the respective subcontractors engaged to complete their works in a timely and reliable manner. As we do not sign any long term contracts with our suppliers and subcontractors, there is no assurance that they will be able to continue to provide supplies and services to our Group at prices acceptable to our Group or our Group can maintain our relationship with them in the future. In the event that any of the major suppliers and subcontractors is unable to provide the required supplies and services to our Group and we are unable to obtain alternative providers on similar or more favourable terms to us, our business, results of operations, profitability and liquidity may be adversely affected.

For projects where we are the main contractor, we generally delegate most of the construction works to subcontractors to provide services such as piling works, electrical works, plumbing works, reinforced concrete works, steelworks and aluminium and metal works. The engagement of subcontractors is subject to certain risks, such as difficulties in overseeing the performance of subcontractors in a direct and effective manner, possibilities of failing to complete the contracted scope of works or inability to hire suitable subcontractors. As the subcontractors have no direct contractual relationships with our customers, we are subject to risks associated with non-performance, late performance or poor performance by our subcontractors. As a result, we may experience deterioration in the quality of our works, incur additional costs, or be exposed to liability in relation to the performance of subcontractors, which may impact our profitability, financial performance and reputation, and may result in litigation or damages claims.

In addition, we may also subject to claims arising from defective work performed by subcontractors. While we may attempt to seek compensation from the relevant subcontractors, who are be unable to perform their obligations in a timely manner, we may be required to compensate our customers before receiving such compensation from the subcontractors. If no corresponding claim can be asserted against a subcontractor, or the amounts of the claim cannot be recovered in full or at all from the subcontractors, we may be required to bear some or all the costs of the claims, in which case our business, financial position, results of operations and prospects could be materially and adversely affected.

Over 70% of our workforce is made up of foreign labour and inability to recruit and/or retain foreign labour could materially affect our operations and financial performance

Our business is highly dependent on foreign workers as the local construction labour force is limited and more costly. As at the Latest Practicable Date, approximately 79.3% of our workforce is made up of foreign employees (including site workers as well as other employees). Any shortage in the supply of foreign workers or increase in FWL for foreign

workers, or any restriction on the number of foreign workers that we can employ will adversely affect our operations and financial performance. For instance, the MOM imposes FWL for foreign workers (subject to changes as and when announced by the Singapore government) whereby the FWL for basic skilled workers under the construction sector had increased from S$650 to S$700 with effect from 1 July 2017. The increase in FWL will increase our operating expenses and will affect our financial performance. The employment of foreign labour in Singapore is subject to laws and regulations as summarised in the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Employment of foreign manpower" in this document. Any material difficulties in recruiting and/or retaining foreign labour in Singapore or any material adverse change in the relevant laws and regulations in relation to employment of foreign labour in Singapore could adversely affect our operations and financial position.

Incorrect estimation of our project costs and cost overruns will affect our costs and materially affect our financial performance

Our contracts with customers typically have a fixed and pre-determined fee throughout the contract period or do not permit any price adjustment. Please refer to the section headed "Business — Sales and marketing — Pricing and tender strategies" in this document for details of our pricing. Except in instances of variation orders initiated by our customers, unilateral adjustments to the contract price or scope of works on our own are not accepted. Accordingly, we generally have to bear the risk of cost fluctuations. Therefore, cost management is critical in ensuring that the project meets its budgeted profit margin.

Cost overrun may be resulted from inaccurate estimation of costs, unanticipated increase in costs of materials and wages of our workers, changes in regulatory requirements, disputes with subcontractors, labour disputes as well as accidents, delays and other unforeseeable problems. During the Track Record Period, there were no material cost overruns leading to a negative gross profit save for one main contractor project in relation to a public residential project. Please refer to the section headed "Financial information — Period to period comparison of results of operations" in this document for further explanations.

Our customers or consultants may also have the right to request for a replacement of subcontractor due to various reasons such as unsatisfactory performance. Should the replacement subcontractor charges a higher fee, it will also increase our costs of services. The risk of cost overruns also increases with the duration of a project, due to the possible increases in the cost of materials and labour. If we are unable to keep our costs (including costs to be paid to our suppliers and subcontractors) within our original estimates, or the price adjustment mechanisms are not provided, or we are not able to fully cover the increases in costs during the project, our business operations, financial results and profitability will be adversely affected.

We may experience delays or defaults in collecting our receivables, and failure to receive payment on time and in full, or that delay in the release of retention monies or that retention monies are not fully released to us after expiry of the defect liability period may affect our liquidity position

As at 31 December 2014, 31 December 2015, 31 December 2016 and 30 April 2017, our trade receivables were approximately S$9.4 million, S$9.3 million, S$7.3 million and S$3.7 million respectively. For the three years ended 31 December 2016 and four months ended 30 April 2017, there were no provision for impairment of trade receivables.

As of 31 December 2014, 31 December 2015, 31 December 2016 and 30 April 2017, retention money of approximately S$5.7 million, S$8.6 million, S$5.6 million and S$4.6 million respectively, was retained by our customers. If a client delays payment, or fails to release our retention monies as scheduled, our cash flow and working capital may be materially and adversely affected. Even where we are able to recover any losses incurred pursuant to the terms of the contract, the process of such recovery is usually time-consuming and requires financial and other resources to settle the disputes. Furthermore, there can be no assurance that any outcome will be in our favour or that any dispute will be resolved in a timely manner. Failure to secure adequate payments in time or to manage past due debts effectively could have a material and adverse effect on our business, financial position, results of operations and prospects. Please refer to the section headed "Business — Key contract terms with customers" in this document for further details on our terms of payment.

During the Track Record Period, we have not encountered any material delay in progress payment and retention money by our customers. However, there can be no assurance that such payment will be made on time by our customers in the future. Any failure by our customers to make payment to us in a timely manner may have an adverse effect on our future liquidity position.

Our revenue, profitability and cash flows may fluctuate

Our contracts are on a project basis and the duration of our completed construction projects which we are the main contractors typically ranges from 1 to 3 years while the duration of our completed subcontractor projects typically ranges from 9 months to 3 years. As such, our revenue may be recognised across financial years, depending on the percentage of completion of each project. The revenue and profitability varies for each project depending on (i) our construction progress; and (ii) our pricing and tender strategy. There is no assurance that our short-term results of operations will be indicative of our long-term results of operations.

Further, our projects normally incur net cash outflows at the early stage of our contract works before the receipt of progress payments. Please refer to the section headed "Business — Risk management and internal control systems — Liquidity risk management" in this document for details of our project cashflows. In the event that our Group undertakes a few high-value projects with similar commencement date which require substantial initial cash outflows, our cash flow position may be adversely affected.

Our ability to secure performance bond or provide a security deposit for the performance of our obligations will affect our ability to undertake projects

Our contract typically requires us to provide a security deposit amounting to 5% of the total contract value for the performance of our obligation under the contract. Alternatively, we are required to arrange for a performance bond to be furnished by a bank or an acceptable financial institution to guarantee our contractual performance of the project. Our ability to secure such a performance bond is critical to fulfil the conditions of and undertake such contracts. In the event that we are unable to secure the requisite performance bonds for any reason, our award of these construction projects will be revoked. This may materially and adversely affect our revenue and profitability.

Our operations may subject us to litigations, claims or other disputes

As a main contractor, we are principally responsible for the implementation of the entire project and we may from time to time encounter disputes arising from contracts with customers, subcontractors, suppliers or other third parties, which may involve claims against them or us. Claims against us by our customers may involve defective works, substandard works, unfinished works or delays in the completion of contracts, casualties, property damages which may result in us incurring liquidated damages under the terms of our contracts with our customers. Claims may also arise after disputes with suppliers and subcontractors due to any delay of payment to subcontractors or suppliers. We are also liable under the Work Injury Compensation Act for the injuries of our employees and our subcontractors' employees while engaged in our projects. Should any claims against us fall outside the scope and/or limit of our insurance coverage, our financial position may be adversely affected. Claims involving us could result in time-consuming and costly litigations, arbitration, administrative proceedings or other legal procedures. Expenses we incur in legal proceedings or arising from claims brought by or against us could have a material and adverse effect on our business, financial position, results of operations and prospects. Moreover, legal proceedings resulting in unfavourable judgment or findings may harm our reputation, cause financial losses and damage our prospects of winning future contracts, thereby materially and adversely affecting our business, financial position, results of operations and prospects. For details of our litigation and claims, please refer to the section headed "Business — Litigation and claims" in this document.

Our business plans may not be implemented successfully which may adversely affect our prospects

Our Directors are of the view that the future plan of our Group has been prepared after due and careful enquiry by reference to, among other matters, the expected future prospects of the construction industry in Singapore and the continuation of our competitive advantages and other factors considered relevant. Some of our future business plans are based on certain assumptions. The successful implementation of our business plan may be affected by a number of factors including the availability of sufficient funds, government policies relevant to our industry, micro- and macro-economic conditions, our ability to maintain existing competitive advantages, our relationships with customers and the threat of substitutes and new market entrants. There is no assurance that our business plans can be

successfully implemented. Should there be any material adverse change in our operating environment which results in our failure to implement any part of our business plans, our prospects may be adversely affected.

We may face liquidity risk in relation to the potential increase in staff costs upon our planned recruitment of additional staff, and our increased depreciation charges due to our planned purchases which may adversely affect our financial performance if our revenue fail to increase proportionately

Our business strategies include the purchase of new equipment and machinery such as boom lifts, mini excavators and cranes, hardware and software to improve our productivity as well as hiring of additional staff to manage higher value contract with larger scale. The new equipment and machinery as well as the hardware and software were expected to increase our depreciation charges by approximately S$0.1 million, S$0.8 million and S$1.5 million for the three years ending 31 December 2019 respectively. Further, hiring of additional staff to expand our workforce and skilled in BIM is estimated to be approximately S$0.2 million, S$1.3 million and S$1.8 million for the three years ending 31 December 2019 respectively. Should we fail to secure new projects or sufficient profitable projects, we may have to take measures to reduce our staff costs and/or reduce our workforce. If we fail to do so in a timely manner, our profitability will be adversely affected and we may also face liquidity risk as payment of salaries are required on a recurring basis irrespective of cash inflows from our projects. The abovementioned increased costs without a corresponding increase in revenue will adversely affect our financial performance.

Our insurance coverage may not be sufficient to cover all losses and/or potential claims and insurance premiums may increase

We have purchased contractors' all risks insurance for our projects, and the required policies for our staff, such as work injury compensation, medical and personal accident policies. However, we may be subject to liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured, including risks mentioned in this section headed "Risk Factors" such as our ability to obtain new contracts, to recruit and retain key personnel and to maintain our licenses and certifications. Should any significant property damage or personal injury occur in our facilities or to our employees due to accidents, natural disasters, or similar events which are not covered or inadequately covered by our insurance, our business may be adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss.

We cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. In addition, our insurers will review our policies each year and we cannot guarantee that we can renew our policies or can renew our policies on similar or other acceptable terms. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects. For example, insurance covering losses from acts of war, terrorism, or natural catastrophes is either unavailable or cost prohibitive. Any losses that we may incur which we are not insured against may adversely affect our business, financial condition and results of operations.

Our business involves inherent industrial risks and occupational hazards and the materialisation of such risks will affect our business operations and financial results

Our business involves inherent industrial risks and occupational hazards, which may not be eliminated through implementing safety measures. We participate in certain activities presenting risks and dangers, among which are work at height at the construction sites. Our employees will also have to work with machinery and tools that have to be handled appropriately. Thus, we are exposed to risks related to activities such as equipment failure, industrial accidents and fire. We cannot ensure that such risks will not cause a material and adverse impact to us in the future. The materialisation of any of the risks mentioned above in the worst case scenario may disrupt our business and damage our reputation, which may also affect the validity of our relevant qualifications, business operations and results of operations.

Cessation of government grants or schemes may adversely affect our financial performance

Singapore Government provided various grants and schemes to encourage business organisations to improve productivity. For further details, please refer to section headed "Regulatory overview" in this document on Productivity and Innovation Credit ("**PIC**") scheme, Productivity Innovation Project ("**PIP**") scheme and Mechanisation Credit ("**MechC**") scheme. Our effective tax rate was lower than the statutory tax rate for the years ended 31 December 2015 and 2016 mainly due to tax effect of enhanced allowances under the PIC scheme in Singapore (see section headed "Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Income tax expense" in this document). In addition, we also received government grants for the three years ended 31 December 2016 under the PIP scheme and/or MechC scheme (see section headed "Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Other income" in this document). The PIC scheme will be applicable until the year of assessment 2018. As for PIP scheme and MechC scheme, they are part of the S$800 million Construction Productivity and Capability Fund introduced by the BCA as part of the Singapore Government's efforts to help the construction industry improve productivity and strengthen its capability. Should the Singapore Government do not extend the PIC scheme or the Construction Productivity and Capability Fund has been exhausted, our financial performance may be adversely affected as we will be required to pay more tax and we may have to bear the full expenses to improve our productivity and capability.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

A reduction in the pipeline of new building construction projects could materially affect our financial performance

Our Group is highly dependent on the pipeline of new building construction projects. New building construction projects are in part affected by the general economic conditions, construction industry, government spending, resale prices and rental yields (as the case may be), and factors which are beyond our control. As reported in the Ipsos Report, the construction demand for public sector is expected to reach approximately S$20.0 billion for the year ending 31 December 2017 (approximately S$15.8 billion for year ended 31

December 2016) and corresponding for the private sector, approximately S$8 billion for the year ending 31 December 2017 (approximately S$10.3 billion for the year ended 31 December 2016). In particular, construction demand in the private residential sector is forecasted to decline by approximately 32.7% and the institutional and others sector is forecasted to increase by more than 87% by the year ending 31 December 2017. Fewer available projects will result in more intense competition and a downturn in our industry may lead to tighter liquidity, delay and/or cancellation of projects and slower collection and/or recovery of trade receivables. Should the economic and commercial conditions reduce the pipeline of new building construction projects, our financial performance will be adversely affected.

A cyclical fluctuation in the Singapore market, particularly the construction industry, will affect our financial performance

During the Track Record Period, our revenue was derived solely from our operations in Singapore. Any unforeseeable circumstances, such as natural disasters in Singapore, recession in Singapore economy, outbreak of an epidemic in Singapore and any other incidents happened in Singapore may adversely affect our business, prospects, financial conditions and results of operations. For instance, the Zika virus outbreak in Singapore has led to doubled and reinforced measures such as doubling the number of mosquito traps at the construction sites, taking temperature of the workers on a daily basis and provide additional mosquito repellent as well as arm sleeves to keep the employees covered at all times. Such measures may lead to additional costs in doubling measure for prevention and may cause a delay in the project should our workers be infected and unable to work.

Our Group is dependent on the construction industry in Singapore, which is subject to cyclical and seasonal fluctuations. A downturn in the Singapore construction industry is likely to have an adverse impact on our business and profitability due to the possibility of postponement, delay or cancellation of construction projects and delay in recovery of receivables. Further, projects are often slower in the first quarter of the year which may lead to an adverse impact on our business and profitability due to the possible postponement of the projects.

There is a material shortage of skilled workers in the construction industry in Singapore. If we are unable to retain or replace skilled workers, it may affect our business and there is no assurance that our labour costs will not increase

According to the Ipsos Report, one of the challenges to the construction industry in Singapore is the material shortage of workers, which is attributable to factors such as the Singapore Government's policy measures restricting foreign manpower hiring. Even without such shortage, we generally compete with similar businesses for skilled workers. Given that we are in a labour intensive industry, we rely on our workers for our business operations and if we are unable to retain or replace skilled workers, we may be forced to increase our reliance on subcontractors or otherwise be unable to maintain the quality of our services. We cannot assure you that we will be able to maintain a sufficient labour force

necessary for us to execute our business, nor can we guarantee that our staff costs will not increase to attract or maintain workers. If this occurs, it could have a material and adverse effect on our results of operations and inhibit our future growth and expansion plans.

The construction industry which we operate in is highly competitive

The construction industry in which we operate in is highly competitive, with many competitors and some of whom may have greater manpower, resources, licences and qualifications and brand names. As listed on the website of the Building and Construction Authority, as at 4 July 2017, there were 81 contractors registered under the CW01 workhead for "General Building" with an A1 grading and 48 contractors under an A2 grading. The Ipsos Report states that the landscape for construction industry in Singapore is generally competitive and fragmented, with a total of 1,846 contractors registered under CW01 workhead for "General Building" with gradings from the highest tendering limit of A1 grade to the lowest tendering limit of C3 grade. There is no assurance that there will not be an increase in the number of construction contractors, nor an increase in the number of contractors who are able to obtain the A1 and A2 gradings under CW01 workhead for "General Building", or contractors who have developed significant expertise and track record in reinforcement concrete works or in project management for building projects of a similar scale as our track record.

Should we face increased competition or if we cannot adapt effectively to market conditions, customer preferences and/or competitive environment, our Group and our tender proposals may not be competitive and our tender success rates, our revenue and our profitability will be materially and adversely affected. Our competitors may also adopt aggressive pricing policies or develop relationships with our customers in a manner that could significantly harm our ability to secure contracts. We may also compete in other areas such as subcontractors and qualified employees. If we unable to compete for resources and manpower with our competitors, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Changes in regulatory requirements in Singapore may affect our operating costs and profitability

Our operations are subject to laws and regulations that relate to matters such as licensing, employment of foreign workers, workplace health and safety, and environmental protection in Singapore, with certain material ones summarised in the section headed "Regulatory overview" in this document. In the event that our operations fail to meet them, we may be subject to fines or required to take remedial measures. It may also affect our ability to obtain new projects. If any of these events occurs, it may adversely affect our reputation, business, financial condition and results of operations. Additionally, any changes in such requirements may result in our Group incurring additional costs to comply and thereby increase our operating costs and adversely affect our profitability.

Since 2001, BCA had implemented the buildability legislation for all building projects to raise site productivity and reduce its reliance on foreign workers. The mandatory requirements for adoption of buildable designs had also been progressively raised over the years. A revision was made in 2015 whereby BCA raised the minimum buildability

standards and introduced the mandatory adoption of standard components and building system such as precast staircases and drywall for residential non-landed developments. At the same time, minimum prefabrication levels, minimum adoption rate of prefabricated bathroom units and prefabricated prefinished volumetric construction were mandated for specific government land sales sites to encourage off-site construction as part of the larger drive towards design for manufacturing and assembly. The latest revision was made in 2017 which further enhanced the buildability legislative framework to raise construction productivity. The requirements under the CRS and BLS are also subject to amendments from time to time by the BCA and will affect our ability to maintain our licences should we be unable to meet the new requirements (if any).

Further, as explained in the above risk factors on foreign workers, MOM also imposes FWL for foreign workers (subject to changes as and when announced by the Singapore Government) whereby the FWL for basic skilled workers under the construction sector had increased from S$650 to S$700 from 1 July 2017. In view that our contracts are generally fixed, we may be required to absorb the additional costs arising from the changes in the regulations which may adversely affect our business operations, financial results and profitability may be adversely affected.

RISKS RELATING TO THE [REDACTED]

No assurance of liquidity and possible price and trading volume volatility of our Shares

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the [REDACTED], there has been no public market for the Shares. The [REDACTED] range has been determined through negotiation between our Company and the [REDACTED] (for themselves and on behalf of the Underwriters) and the final [REDACTED] may not be indicative of the price at which the Shares will be traded following the completion of the [REDACTED]. In addition, there is no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the [REDACTED], or that the trading price of the Shares will not decline below the [REDACTED].

The pricing and trading volume of the Shares may be volatile. The market price of the Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control:

— variations in our operating results;

— changes in the analysis and recommendations of securities analysts;

— announcements made by us or our competitors;

— changes in investors' perception of our Group and the investment environment generally;

— addition or departure of key management;

— developments in the Singapore construction industry;

— changes in Singapore Government spending;

— changes in pricing made by us or our competitors;

— fluctuations in market prices and trading volume of the Shares;

— involvement in litigation; and

— general economic environment and other factors.

These broad market and industry fluctuations may adversely affect the market price of the Shares.

Historical dividends are not indicative of our Group's future dividends

For each of the three years ended 31 December 2016 and four months ended 30 April 2017, aggregate dividends have been declared of approximately S$1.1 million, S$4.4 million, S$1.5 million and S$5.0 million respectively, out of the distributable profits of BHCC Construction. All dividends declared had been paid as at the Latest Practicable Date. The value of dividends declared and paid in previous years should not be relied on by potential investors as a guide to the future dividend policy of our Group or as a reference or basis to determine the amount of dividends payable in the future. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions (if any) and other factors which our Directors deem relevant.

In any event, there is no assurance that our Company will receive sufficient distribution from our subsidiaries to support any future profit distribution to our Shareholders, or that the amounts of any dividends declared by our Company in the future, if any, will be of a level comparable to dividends declared and paid by us in the past, or by other listed companies in the same industry as our Group.

Termination of the Underwriting Agreements

Prospective investors should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by the [REDACTED] (for themselves and on behalf of the Underwriters) by giving written notice to our Company upon the occurrence of any of the events stated in the section headed "Underwriting — [REDACTED] underwriting arrangements — Grounds for termination" in this document at any time prior to 8:00 a.m. (Hong Kong time) on [REDACTED]. Such events include, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, pandemic, act of terrorism, earthquake, strike or lock-out.

Should the [REDACTED] (for themselves and on behalf of the Underwriters) exercises its rights and terminate the Underwriting Agreements, the [REDACTED] will not proceed and will lapse.

Future sales of substantial amounts of the Shares in the public market may adversely affect the prevailing market price of the Shares

Except for the Shares issued in the [REDACTED], our Company has agreed with the [REDACTED] (for themselves and on behalf of the Underwriters) not to issue any of the Shares or securities convertible into or exchangeable for the Shares during the period beginning from the date of this document and continuing through the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, except with the prior written consent of the [REDACTED] (for themselves and on behalf of the Underwriters). Further, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this document and up to 12 months from [REDACTED]. After these restrictions lapse, the market price of the Shares may decline as a result of sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of the new Shares or other securities relating to the Shares, or the perception that such sales or issuances may occur. This may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

Shareholders' interests may be diluted as a result of additional equity fund-raising

We may need to raise additional funds in the future to finance further expansion of our business. If additional funds are raised through the issuance of new equity or equity-linked securities of us other than on a pro rata basis to existing Shareholders, the percentage of ownership of such Shareholders in our Company may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by our Shares.

The interests of our Controlling Shareholders may conflict with the interests of our Company's public shareholders

Immediately upon the completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares that may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will own [REDACTED] of our enlarged issued share capital. Therefore, our Controlling Shareholders will be able to exercise substantial control or influence over our business by directly or indirectly voting at shareholders' meetings in matters that are significant to us and our public Shareholders. For example, they may perform significant corporate actions, affect composition of the Board and affect the issue of dividends. Our Controlling Shareholders may take actions, and exercise influence that favours their interests over the interests of our Company or our public Shareholders. We cannot assure you that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interests of our other Shareholders.

Risk of impact of granting options under the Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme although no options have been granted thereunder as at the Latest Practicable Date. Any exercise of the option to be granted under the Share Option Scheme in the future and issue of Shares thereunder would result in the reduction in the ownership percentage of the Shareholders and may result in a dilution in the earnings per share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issue.

Under the IFRS, the costs of the options to be granted to staff under the Share Option Scheme will be charged to our statements of comprehensive income over the vesting period by reference to the fair value at the date on which the options are granted under the Share Option Scheme. As a result, our profitability and financial results may be adversely affected.

Proceeds from the [REDACTED] may be subject to foreign exchange risk

Our headquarters and principal place of business is in Singapore with our sales and purchases mainly denominated in Singapore dollars while the proceeds from the [REDACTED] will be denominated in HK dollars. Since 1 January 2014 up to the Latest Practicable Date, Singapore dollar has depreciated by approximately 6.4% against the HK dollars, from S$1.00 to [REDACTED] as at 1 January 2014, to S$1.00 to [REDACTED] as at the Latest Practicable Date. As such, we may be exposed to fluctuations in exchange rate and any unfavourable fluctuation against our Group may adversely affect the underlying value of our proceeds from the [REDACTED].

RISKS RELATING TO INFORMATION CONTAINED IN THIS DOCUMENT

Investors should not place undue reliance on facts, statistics and data contained in this document with respect to the economies and our industry

Certain facts, statistics and data in this document are derived from various sources including various official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the Underwriters or any of their respective directors, affiliates or advisers. Therefore none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this document may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

RISK FACTORS

You should read the entire document and we strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the [REDACTED]

There may be press and media coverage regarding us or the [REDACTED], which may include certain events, financial information, financial projections and other information about us that do not appear in this document. We have not authorised the disclosure of any other information not contained in this document. We do not accept any responsibility for any such press or media coverage and we make no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this document is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase our Shares, you should rely only on the financial, operational and other information included in this document.

Forward-looking statements contained in this document are subject to risks and uncertainties

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology such as "anticipate", "believe", "could", "estimate", "expect", "may", "ought to", "should" or "will" or similar terms. Those statements include, among other things, the discussion of our Group's growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect.

The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are not within our Group's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by our Company that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise. Please refer to the section headed "Forward-looking statements" in this document for further details.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for [REDACTED], our Company has sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules provides that a new applicant applying for a primary [REDACTED] must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. The core business and operations of our Group are primarily located, managed and conducted in Singapore. Our assets are located in Singapore. All of our Executive Directors are ordinarily based in Singapore and our Company does not and, in the foreseeable future, will not have any management presence in Hong Kong.

In view of that, the Sole Sponsor has, on behalf of our Company, applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules.

In order to ensure that regular communication is effectively maintained between the Stock Exchange and our Company, we will put in place the following measures:

(a) we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange and ensure that our Group complies with the Listing Rules at all times. The two authorised representatives are Mr. Yang, our Executive Director and Ms. Chan So Fun, our company secretary. Ms. Chan So Fun is ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email (if applicable). Each of the two authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange. Ms. Chan So Fun, the company secretary of our Company, has also been authorised to accept service of process and notices in Hong Kong on behalf of our Company for the purpose of the Companies Ordinance;

(b) each of the authorised representatives has means to contact all members of the Board and the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives and our Directors, we will implement a policy that (a) each Director will have to provide their respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses (if applicable) to the authorised representatives and his/her respective alternates; and (b) in the event that a Director expects to travel and be out of office, he/she will endeavour to provide the phone number of the place of his/her accommodation to the authorised representatives or maintain an open line of communication via his/her telephone;

(c) in addition, all Directors will provide their mobile phone numbers, residential phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange to ensure that they will be readily contactable when necessary to deal promptly with enquiries from the Stock Exchange; and

(d) furthermore, all Directors have confirmed that they possess valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet the Stock Exchange upon reasonable notice.

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Vinco Capital as the compliance adviser to act as the alternate channel of communication with the Stock Exchange for the period commencing on [REDACTED] and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing [REDACTED]. Vinco Capital will provide professional advice on matters relating to compliance with the Listing Rules and other obligations for companies listed in Hong Kong. Vinco Capital will, in addition to the authorised representatives and alternative authorised representative, act as an additional channel of communication with the Stock Exchange.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Yang Xinping (楊新平)	6 Bishan Street 25 #32-15 Clover By The Park Singapore 573975	Singaporean
Ms. Han Yuying (韓玉英)	Block 834, Yishun Street 81 #10-428 Singapore 760834	Singaporean
Independent Non-Executive Directors		
Ms. Chan Bee Leng (曾美玲)	Block 84A, Lorong 2 Toa Payoh #18-309 Singapore 311084	Singaporean
Mr. Ooi Soo Liat (黃書烈)	11 Countryside Place Singapore 789882	Singaporean
Ms. Li Xueling, Sharlene (李祢鈴)	Apt Blk 180, Bukit Batok West Avenue 8 #05-191 Singapore 650180	Singaporean

Further information of the Directors can be found in the section headed "Directors and senior management" in this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor

Vinco Capital Limited
Units 4909–4910, 49/F, The Center
99 Queen's Road Central
Hong Kong

[REDACTED]

[REDACTED]

Legal advisers to our Company

As to Hong Kong laws
Michael Li & Co.
19th Floor, Prosperity Tower
39 Queen's Road Central
Central
Hong Kong

As to Singapore laws
Dentons Rodyk & Davidson LLP
80 Raffles Place
#33–00 UOB Plaza 1
Singapore 048624

As to Cayman Islands laws
Conyers Dill and Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

[REDACTED]

Legal advisers to the Sole Sponsor and [REDACTED]	*As to Hong Kong laws* Fairbairn Catley Low & Kong 23/F, Shui On Centre 6–8 Harbour Road Hong Kong
Reporting accountants	Deloitte Touche Tohmatsu *Certified Public Accountants* 35/F, One Pacific Place 88 Queensway Hong Kong
Auditors	Deloitte & Touche LLP *Public Accountants and Chartered Accountants* 6 Shenton Way, OUE Downtown 2 #33-00 Singapore 068809
Compliance adviser	Vinco Capital Limited Units 4909–4910, 49/F, The Center 99 Queen's Road Central Hong Kong

[REDACTED]

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Headquarters and principal place of business	20 Sin Ming Lane #06-66 Midview City Singapore 573968
Company secretary	Ms. Chan So Fun *Solicitor, Hong Kong* 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Authorised representatives	Ms. Chan So Fun *Solicitor, Hong Kong* 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong Mr. Yang Xinping 6 Bishan Street 25 #32-15 Clover By The Park Singapore 573975
Audit committee	Ms. Chan Bee Leng *(Chairwoman)* Mr. Ooi Soo Liat Ms. Li Xueling, Sharlene
Remuneration committee	Mr. Ooi Soo Liat *(Chairman)* Ms. Chan Bee Leng Ms. Li Xueling, Sharlene Ms. Han Yuying

CORPORATE INFORMATION

Nomination committee	Ms. Li Xueling, Sharlene *(Chairwoman)* Ms. Chan Bee Leng Mr. Ooi Soo Liat Mr. Yang Xinping
[REDACTED]	
[REDACTED]	
Principal banker	DBS Bank Ltd 12 Marina Boulevard Marina Bay Financial Centre Tower 3 Singapore 018982 United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624 Malayan Banking Berhad 2 Battery Road Maybank Tower Singapore 049907
Company website	www.bhcc.com.sg *(Note: The contents of this website do not form part of this document)*

INDUSTRY OVERVIEW

Unless otherwise indicated, the information presented in this section is derived from the Ipsos Report prepared by Ipsos, which was commissioned by us and is prepared primarily as a market research tool. References to Ipsos should not be considered as its opinion as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. Our Directors have no reason to believe that such information and statistics is false or misleading or that any material fact has been omitted that would render such information and statistics false or misleading in any material respect. The information prepared by Ipsos and set out in this section has not been independently verified by our Group, the Sole Sponsor, the [REDACTED], the [REDACTED], the Underwriters or any other party involved in the [REDACTED] or their respective directors, officers, employees, advisers and agents, and no representation is given as to its accuracy and completeness. Accordingly, such information should not be unduly relied upon. So far as our Directors are aware of, there is no adverse change in the market information since the date of the Ipsos Report which may qualify, contradict or have an impact on the information in this section.

SOURCE OF INFORMATION

Ipsos is part of Ipsos SA which was founded in Paris, France in 1975 and was listed on the Paris stock exchange (NYSE Euronext Paris) since 1999. In October 2011, Ipsos SA acquired Synovate Limited and has become the third largest research company in the world which employs approximately 16,000 personnel worldwide across 85 countries. Ipsos conducts research on market profiles, market size, share and segmentation analysis, distribution and value analyses, competitor tracking and corporate intelligence.

As an independent market research and consulting company, Ipsos was commissioned to conduct an analysis of, and to report on the industry, developments trends and competitive landscape of the building construction works market in Singapore for the period from 2011 to 2020, for a fee of SGD64,200 (inclusive of tax).

The information contained in the Ipsos Report is derived by means of fact-based analysis and information sourcing which include: 1) Conducting both primary and secondary researches obtained from numerous sources within the global and Singapore's construction industry; 2) Conducting primary researches involved interviewing leading industry participants and secondary researches involved reviewing publicly available documents, company reports, independent research reports and Ipsos' proprietary database built up over the past decades and; 3) Forecast data obtained from historical data analyses plotted against macroeconomic data as well as specific industry-related drivers, such as, amongst others, economic growth in all reviewed countries.

The following parameters and assumptions were considered when analysing the market in the preparation of the Ipsos Report:

- Available published data for the construction industry in Singapore
- Available published trade data on the economy and related industries
- All calculations for market sizing incorporate information from published records and estimations based on Ipsos analysis.

In addition, all analyses, projections and data relating to future periods in the Ipsos Report are based on the following bases and assumptions:

- General growth of the economy in accordance to published data
- Trends in consumer expenditure and population growth in accordance to published data

Singapore Economic Outlook

Singapore's economic competitiveness is strengthened by its strong judicial framework, excellent infrastructure, proficient workforce, stable political climate and favourable tax systems. Its economy is predominantly contributed by service industries such as wholesale, retail, transportation, storage, accommodation, food, information, communication, finance, insurance and business services; of which accounted for approximately 69.4% of the economy in 2016. Goods producing industries such as manufacturing, construction, utilities and other goods on the other hand accounted for approximately 26.2% of the economy for the same year.

GDP and GDP per capita

Singapore's GDP grew at a CAGR of approximately 3.09% from SGD342.4 billion in 2011 to SGD398.4 billion in 2016. By 2021, GDP is forecasted to grow at a CAGR of approximately 2.00% to reach approximately SGD439.9 billion. Although uncertainty remains on a global front, the growth of Singapore's economy will be largely spurred by government's continuous support for productivity driven growth within all its major sectors. Its economy is based on a proactive approach to attract foreign investment through its trade liberalization. Factors that have contributed to the success of Singapore's economy include transparency in its regulatory system and a sustained corruption free business environment. These developments have led to Singapore to successfully attract continuous foreign investment and to be recognized as easiest country to conduct business in.

Singapore's GDP per capita increased from SGD66,781 in 2011 to SGD74,202 in 2016 at a CAGR of approximately 2.13%. By the end of 2016, GDP per capita reached approximately SGD74,202. Beyond 2016, similar growth trend is expected and by 2021, GDP per capita is forecasted to exceed SGD82,000.

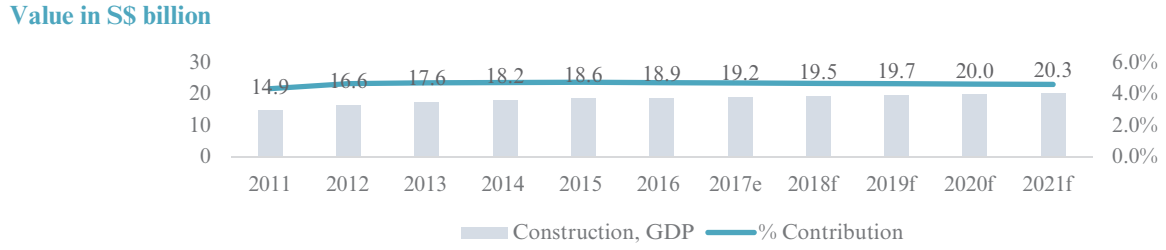
OVERVIEW, PROSPECTS AND OUTLOOK OF THE CONSTRUCTION INDUSTRY, SINGAPORE

Industry Outlook

1. Recent Developments

Singapore's construction sector has been a key contributor to its economy for many years. Through the developments across the public and private sector, the construction sector grew moderately and its contribution to the country's GDP consistently accounted for more than 4% of the Singapore's overall GDP. By the end of 2016, the construction GDP grew from S$14.9 billion in 2011 to reach S$18.9 billion in 2016, at a CAGR of approximately 4.87% from the year 2011 to 2016. This growth was largely attributed by the recent developments in the public sector, which had undertaken major infrastructure projects over recent years. Some of these projects include the construction of the Sengkang General and Community Hospitals, Tampines Town Hub project and other various major contracts for the construction of the upcoming Thomson-East Coast MRT Line. Public sector projects, particularly residential and civil engineering projects have over the years been the driving force behind the growth of the construction industry in Singapore and this trend is expected to continue for the next five years. By 2021, the construction GDP is forecasted to grow at a CAGR of approximately 1.40% from 2017 to 2021 to reach S$20.3 billion.

Construction GDP and % Contribution, 2011–2021f



Source: Ministry of Trade and Industry, Ipsos analysis

2. Construction Demand and Supply, Singapore

2.1 Construction Demand by Value of Contracts Awarded

In 2015, construction demand by value of contracts awarded was recorded at approximately SGD27.0 billion, down from an exceptionally solid performance achieved in 2014, where total construction demand was at SGD38.8 billion. By the end of 2016, construction demand by value of contracts awarded reached SGD26.1 billion[1], in 2015, largely attributed to the subsequent rescheduling of several major infrastructure contracts from one year to another, as longer preparation is needed to implement these large-scale projects.

2.2 Construction Supply by Project Completion

In 2015, construction supply was recorded at 63,415 units, increased slightly from 2014, where total construction supply was at 62,101 units. By the end of 2016, construction supply reached 69,052 units, increased by 5,637 units from the previous year.

3. Construction Output Value, Singapore

Construction output by certified payments increased by a CAGR of approximately 3.96% from S$28.9 billion in 2011 to reach approximately S$35.1 billion in 2016. This positive progress was largely attributed to the on-going construction activities in the building construction as well as civil engineering construction works in Singapore.

4. Construction Investment, Singapore

Singapore over the years has advanced to be an attractive market for global construction and infrastructure developments due to its robust business environment, healthy pipeline of development works and a developing economy. Foreign direct investment (FDI) in the construction industry in Singapore grew at a CAGR of approximately 7.21% from SGD2.52 billion in 2011 to SGD3.57 billion in 2016. Beyond 2017, FDI is expected to remain positive and by the end of 2021, FDI is projected to grow at a CAGR of approximately 2.50% to reach slightly more than S$4 billion.

[1] *Department of Statistics Singapore, BCA Publication, Ipsos Analysis; All sum of balances, construction values or economic values may differ due to rounding of decimals*

Construction Workforce, Singapore

Total labour force in Singapore stood at 3.67 million persons in 2016, comprising 2.27 million residents and slightly more than 1.40 million non-residents[5]. In 2016, more than 480,000 of the total labour force in Singapore was recorded as 'working' in the construction sector, increased from a recorded number of 404,600 in 2011. Foreign workers encompass a sizable proportion of the total workforce in the construction sector, with more than 60% consistently since year 2011. Although in recent years, the Singapore government has introduced a large number of schemes to reduce the dependency of foreign manpower in the construction sector, foreign workers are likely to maintain its vital foothold as the nation is highly reliant on foreign workers where local workers are lacking.

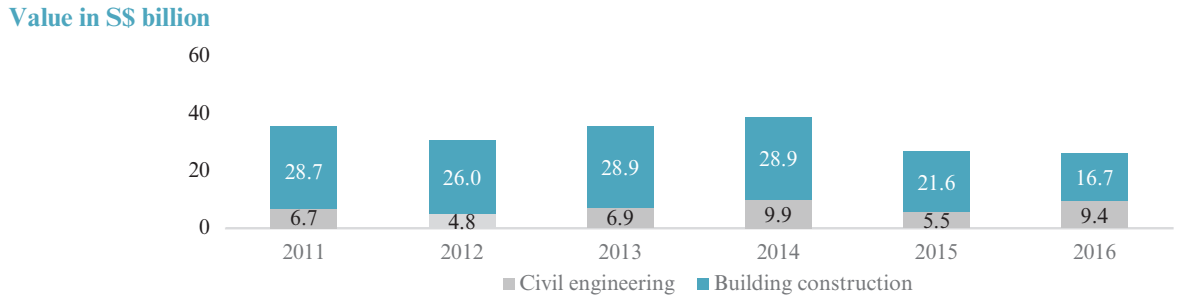
OVERVIEW OF BUILDING CONSTRUCTION WORKS, SINGAPORE

Industry Overview

1. Recent Developments

In the past five years, construction activities grew moderately through recent developments and its contribution to the country's construction GDP remained stable. Construction activities in Singapore generally consist of building construction and civil engineering activities. Building construction activities include residential, commercial industrial and institutional projects; while civil engineering works include road and bridges, sewerage and drainages, mechanical and engineering works, and others such as earthworks, infrastructure works and utilities. In 2016, building construction activities valued at SGD16.7 billion, decreased by 22.77% from SGD21.6 billion in 2015. Civil engineering construction activities on the hand increased more than 70% from SGD5.5 billion in 2015 to SGD9.4 billion in 2016[6].

Building Construction Vs. Civil Engineering Activities, 2011–2016



Source: Department of Statistics, Singapore; BCA

[5] *Ministry of Manpower, Singapore*

[6] *Department of Statistics Singapore, BCA Publication, Ipsos Analysis*

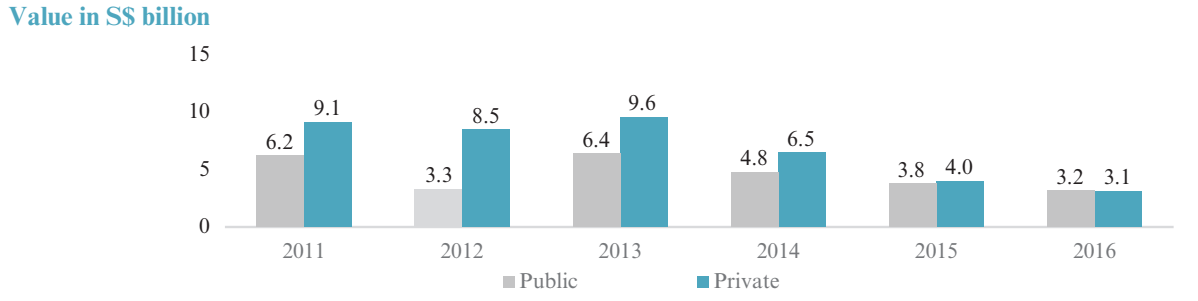
2. *Demand and Supply*

Building Construction Activities

a. Residential Segment Construction Demand

The public housing market decreased at a negative CAGR of approximately 12.25% from S$6.1 billion in 2011 to S$3.2 billion in 2016, largely attributed to the changes imposed by the government for homeowners to reduce property speculation and prevent consumers from taking loans they cannot afford to pay back. This subsequently lead to a slowdown in demand for new homes in Singapore. As real estate prices in Singapore are projected to gradually decline and stabilise in view of the changes implemented by the government, home purchases are expected to be more affordable. Further, construction activities for residential projects from the public sector will be largely supported by one of government's initiative (i.e. the Home Improvement Programme (HIP)) to continue upgrading existing older flats and to refresh older estates. As such, demand for construction activities is expected to be positive for the public residential segment beyond 2016. Similarly, total private housing construction demand decreased a negative CAGR of approximately 19.21% from S$9.1 billion in 2011 to reach S$3.1 billion in 2016. This trend is expected to decelerate further beyond 2017 as developers react to fewer private housing development and in tandem with the development of the public housing sector over the years. In general, construction activities in the residential segment reached S$6.4 billion in 2016, a decrease of 18.10% year-on-year from S$7.8 billion in 2015[1].

Residential Public vs. Private Construction Sector, 2011–2016



	2010	2011	2012	2013	2014	2015	2016
% attribution of residential construction to total building construction demand	46.8%	53.2%	45.6%	55.3%	39.1%	36.0%	38.2%

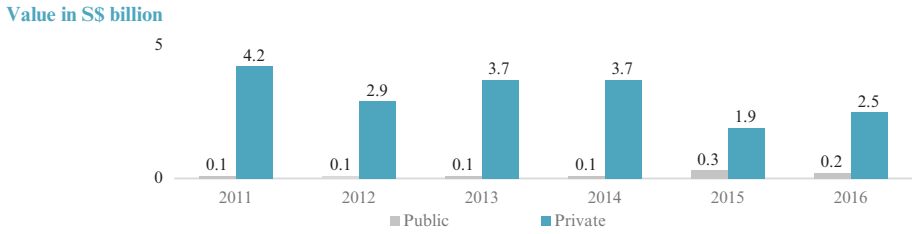
Source: Department of Statistics, Singapore; BCA

[1] *Department of Statistics Singapore; BCA*

b. Commercial Segment Construction Demand

From 2011 to 2016, construction demand for commercial developments in general were passive with a negative CAGR growth of approximately 8.94% over this period. Beyond 2017 however, construction demand is forecasted to increase slightly mainly attributed by redevelopment projects that are scheduled for the year (e.g. redevelopment projects for Funan DigitaLife Mall at North Bridge Road, Golden Shoe Carpark at Market Street and CPF Building at Robinson Road).

Commercial Public vs. Private Construction Sector, 2011–2016



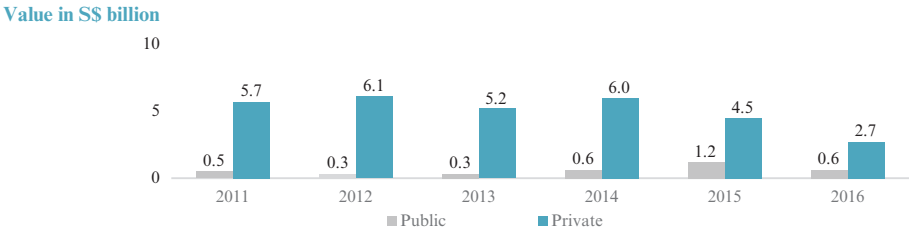
	2011	2012	2013	2014	2015	2016
% attribution of commercial construction to total building construction demand	14.6%	11.5%	12.9%	13.2%	10.1%	15.8%

Source: Department of Statistics, Singapore; BCA

c. Industrial Segment Construction Demand

From 2011 to 2016, construction demand for industrial developments in Singapore recorded a negative CAGR of approximately 11.95%. Beyond 2017, construction demand is forecasted to remain subdued although projects such as the development of HDB's Defu Industrial City and JTC's Logistics Hub @ Gul are scheduled for construction.

Industrial Public vs. Private Construction Sector, 2011–2016



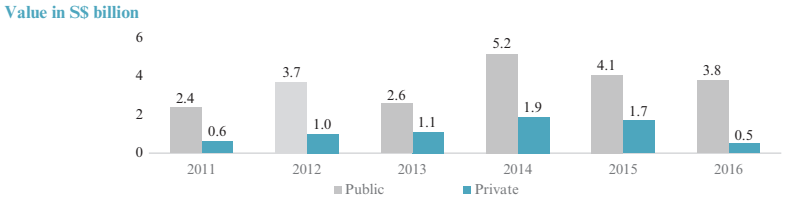
	2011	2012	2013	2014	2015	2016
% attribution of industrial construction to total building construction demand	21.6%	24.7%	19.0%	23.0%	26.8%	19.8%

Source: Department of Statistics, Singapore; BCA

d. Institutional and Other Building Segment Construction Demand

Construction demand for institutional and other building developments grew at a CAGR of approximately 7.64%, from S$3.0 billion in 2011 to S$4.4 billion in 2016. This trend is expected to continue beyond 2017 spurred by demand from the public sector. Some projects that are scheduled for construction include healthcare facilities such as the new National Cancer Centre at Outram, an Integrated Intermediate Care Hub at Jalan Tan Tock Seng as well as various educational facilities.

Institutional Public vs. Private Construction Sector, 2011–2016



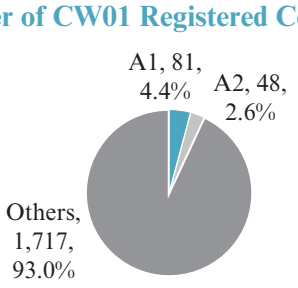
	2011	2012	2013	2014	2015	2016
% attribution of institutional and other building construction to total building construction demand	10.5%	18.1%	12.8%	24.7%	27.0%	26.2%

Source: Department of Statistics, Singapore; BCA

Contractors and Specialists, Singapore

As of 4th July 2017, there were 1,846 contractors registered under the construction workhead of CW01, with 81 contractors under A1 grading and 48 contractors under A2 grading[11]. The number of contractors is periodically updated when new contractors are registered under each respective construction workheads.

Contractors and Specialist, 2016/2017



Source: Building Construction Authority, BCA; Contractors Registration System, CRS; Ipsos analysis

Raw Materials, Singapore

In general, the main raw materials in the construction industry in Singapore consist of cement, concrete, granite and steel bars. Prices for all raw materials recorded a negative CAGR over 2011 to 2016; with lowest prices recorded in 2016 compared to the last five years. This may be attributed to the slowing down of construction works in the country for the same period of time.

Construction Raw Material Prices, 2011–2016

	2011	2012	2013	2014	2015	2016
Cement in bulk *(S$/tonne)*	93.8	100.9	100.2	97.9	93.0	82.9
Steel bars *(S$/tonne)*	931.3	887.1	766.9	653.9	501.4	500.6
Granite *(S$/tonne)*	21.6	21.3	20.6	22.5	19.7	15.4
Ready mix concrete *(S$/$m^3$)*	109.0	110.2	106.9	111.2	99.5	85.0

Source: Department of Statistics, Singapore

[11] *BCA*

Annual Changes in Percentage, Raw Material Prices, 2011–2016

	2011	2012	2013	2014	2015	2016
Cement in bulk *(S$/tonne)*	5.2%	7.6%	–0.6%	–2.3%	–5.1%	–10.8%
Steel bars *(S$/tonne)*	11.7%	–4.7%	–13.6%	–14.7%	–23.3%	–0.2%
Granite *(S$/tonne)*	9.9%	–1.5%	–3.1%	8.9%	–12.2%	–21.7%
Ready mix concrete *(S$/$m^3$)*	14.2%	1.1%	–3.1%	4.0%	–10.5%	–14.6%

Source: Department of Statistics, Singapore; Ipsos analysis

CONQUAS

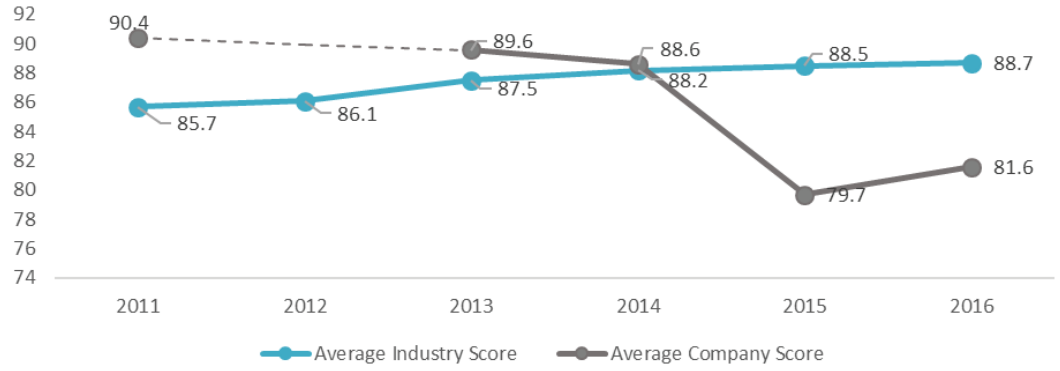
BCA has developed the CONQUAS scoring which is used as a construction quality assessment system. In CONQUAS, the weightages for structural works, architectural works and mechanical and electrical works are allocated according to categories of building as follows:

Components	Commercial, industrial, institution and others[(1)]	Commercial, industrial, institution and others	Private housing	Public housing	Landed housing
Structural works	25%	30%	25%	35%	30%
Architectural works	55%	60%	65%	60%	65%
Mechanical and electrical works	20%	10%	10%	5%	5%
CONQUAS score	**100%**	**100%**	**100%**	**100%**	**100%**

Note 1: Generally for projects with central cooling system having cooling tower, chiller system, etc.

The average CONQUAS score of the industry and BHCC Construction from year 2011 to 2016 is depicted in the chart below.

Average Industry CONQUAS Score[12A] vs. Average Company CONQUAS Score, 2011–2016



Note: No company score was available for the year 2012. The BCA generally takes up to 6 months or more to issue a CONQUAS score certificate to a participating company. Although in 2012, the company completed two government projects, the CONQUAS score was released the following year. As such, these scores were captured in 2013 instead and not in 2012.

BHCC Construction's projects' CONQUAS score in general were above the industry average from year 2011 to 2014. For year 2015 and 2016 however, BHCC Construction's projects' CONQUAS scores were below the average industry score, mainly attributed to stricter assessment by the BCA in recent years. BHCC Construction's scoring of 79.7 and 81.6 for 2015 and 2016 were based on additions and alteration (A&A) works related to educational institutions, as these were the only two projects for which the CONQUAS scorings were assessed and available (as CONQUAS assessments were not compulsory for private sector projects, and other public sector projects' scorings were not published in 2015 and 2016). The average industry CONQUAS score for similar A&A works comparable to BHCC Construction's projects assessed in 2015 and 2016 were 87.6 and 81.4 respectively. As such BHCC Construction's CONQUAS score falls at the industry average of similar projects in 2016. Please refer to the section headed "Business — Sales and marketing — Pricing and tender strategy" in this document for the reason for the lower CONQUAS scoring of 79.7 in 2015.

[12A] *BCA; Ipsos' analysis*

Future Outlook

Construction demand in Singapore is expected to be slightly higher in 2017, with the value of contracts awarded to reach at least SGD28.0 billion. The public sector construction remains the main driver for the construction industry in Singapore and demand is anticipated to reach at least SGD20.0 billion[13], boosted by an increase in demand for civil engineering works. Private sector however is expected to remain passive in light of the slowdown of demand in the property market and economic uncertainties; and as such for 2017, the private sector construction demand is expected to value at SGD8.0 billion[14]. Key projects in the country's construction industry pipeline for 2017 include residential projects such as new public housing construction, continuous upgrading of HDB flats and upcoming condominium projects on various government land sites; commercial projects such as redevelopments of commercial building such as the Funan DigitaLife Mall and CPF building; industrial projects such as the development of JTC's Logistic Hub and; other mega civil engineering projects such as the second phase of the Deep Tunnel Sewerage System (DTSS phase 2) and North-South Corridor[15]. Beyond 2017, construction demand is projected to grow at a CAGR of 2.58%[16] to reach at least SGD31.0 billion[17] by 2021 as demand will continue to be supported by a strong pipeline of public sector construction projects.

Building construction activities are expected to increase slightly by less than 1% to value at SGD16.7 billion[18] in 2017 year-on-year; while civil engineering activities to increase by an estimated 20.1% to value SGD11.3 billion[19] for the same year. The construction demand for public sector is expected to reach approximately SGD20.0 billion for year 2017 (up from SGD15.8 billion for the year 2016). Private sector on the other hand is expected to reach approximately SGD8 billion for the year 2017 (down from SGD10.3 billion for the year 2016). In particular, construction demand in the private residential sector is forecasted to decline by approximately 32.7% and the institutional and others sector is forecasted to increase by more than 87% by the end of 2017. Progressively by 2021, construction demand for building and civil engineering construction activities are projected to value at least SGD17.4 billion and SGD13.6 billion[20] respectively.

[13] *Ibid*

[14] *Ibid*

[15] *BCA publication*

[16] *Ipsos' analysis*

[17] *Ibid*

[18] *BCA; Ipsos Analysis*

[19] *Ibid*

[20] *Ipsos estimation only*

COMPETITIVE LANDSCAPE

The market for the building construction works industry is highly fragmented and competitive, with each market player having a fraction of the market share. By the end of 2016, more than 6,000 contractors were registered under CRS, regulated by the BCA, of which 1,846[21] were registered as CW01 contractors. Although the industry is highly regulated, contractors are able to registered under any construction workheads as long as they fulfil the requirements stipulated by the BCA in Singapore.

Market Share and Ranking Analysis

a. Estimated Market Output

By the end of 2016, the output of certified payments for the construction industry in Singapore was estimated to value at approximately S$35.1 billion[22]. For the same period, the company's revenue recorded approximately S$176.4 million. As such, the company's market share is estimated to be approximately 0.5% in this highly fragmented industry based on the company's revenue by end of 2016.

b. Estimated Market Ranking

Based on information available via public domain, 1,846 companies were registered under the construction workhead of CW01; with 81 contractors registered under A1 and 48 contractors under A2 grading[23]. Of the 129 A1 and A2 contractors, only 20 contractors[24] were noted to report their revenues for year 2016 and had similar business activities as the company. As such, based on the reported revenues for 2016, BHCC Construction is ranked 14th amongst these 20 contractors in Singapore for 2016.

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[21] *Latest information as of 4th July 2017, BCA*

[22] *Ipsos analysis*

[23] *BCA*

[24] *Number of contractors with reported revenues in public domain, including the company;*

Comparable Construction Companies, 2016

Rank	Companies	Estimated Revenue *S$ Million*	% Estimated Market Share to Total Industry[2]	Products and Services
1	**Company A**	840.0	2.4%	Specialises in general construction and earth works in Singapore
2	**Company B**	380.0	1.1%	Specialises in the construction of residential, commercial, mix-developments and property management with regional presence in countries like Malaysia, Indonesia, Thailand and Singapore
3	**Company C**	350.0	1.0%	Specialises in the construction of residential, commercial, mix-developments, design and build and construction management
4	**Company D**	330.0	0.9%	Specialises in design and build services and construction management
5	**Company E**	290.0	0.8%	Specialises in building construction, retrofitting and refurbishment projects
14	**The Group**	176.4	0.5%	Management and implementation of construction projects as main or subcontractors; Core business include building construction activities
	Others		**93.3%(1)**	

Source: Secondary research; Published records only; Ipsos analysis

Notes:

1) The remaining 93.3% of the market represents all other companies and is not limited to the selected comparable used for market ranking purposes

2) Total industry for the market ranking segment is noted as total construction output of certified payments for the construction industry in Singapore for 2016 (S$35.1 billion)

3) The above list of companies is selected with reference to available published revenues of present year with Ipsos assumptions, which are then subsequently ranked for the purpose of market ranking comparison only. Thus, the above figures only provide an indication and are not considered directly comparable due to the following reasons:

   a. Not all market players have the same financial year end; and

   b. Not all companies carry out activities that are completely similar to each other.

4) Out of the abovementioned 19 comparable companies' published financial records — 16 companies' financial records include both gross profit and profit before tax information; 2 companies' financial records include only profit before tax information; and 1 company's financial record include only gross profit information. Average gross profit margin was approximately 10.5%, ranging from -6.4% to 30.0%; while average profit before tax margin was approximately 8.9%, ranging from -15.9% to 63.5%. These 19 comparable companies do not include the Group.

Key Factors of Competition

As the market for the building construction works industry is highly fragmented, industrial players are constantly competing to differentiate from each other to increase their market share by improving efficiency, technology and services provided to meet the demands of the growing industry. Some key differentiating factors include:

a. Structure of the Company

Larger construction companies/contractors often have a good system in place to support the different demands of their clientele. The maturity of their builders (i.e. on-site workers), skilled management team as well as a structured internal management system could help their clients to save time and cost while achieving efficiency in product/service delivery. With recent technology advancements over the last decade, it is only time that companies adopt new and sophisticated technology to keep up with the growing complexity and competition of the industry. Such competition will continue to be the driving force for companies to invest in high-tech solutions to manage, execute and implement effective construction building methods or strategies to maintain being relevant in the industry. As such, as companies grow, their structure becomes well developed, thus handing them an upper hand to negotiate on matters such as rates, contract terms and volume as to compared to other smaller companies.

b. Cost of materials, construction process and labour

For most customers, keeping cost to a minimum remains a top priority in conducting their businesses. Cost is always the primary factor in selecting or differentiating between construction or construction related service companies/ contractors.

c. Products and Services

Products, services and experiences of these construction companies/contractors also play important roles in helping customers to decide on which companies or contractors to select for their projects. As such, products, services and related experiences in the construction sector will thus limit the pool of eligible construction companies/contractors for the customer to select.

d. Security and Safety

Security and safety factors place weight for customers selecting construction companies/contractors in the construction industry. Security factors are not only crucial to ensure the safety of a building or infrastructure being constructed but are also important to ensure the safety of all workers and employees throughout the construction process. Companies or contractors with good track records will often be trusted and selected to participate in their customer's projects.

Market Drivers

a. Population Growth and Urbanisation

Population size and urbanisation help to spur growth and demand for public housing and infrastructure, as the number of citizens and residents would increase over time. This would drive demand for residential and infrastructure projects, which will in turn directly or indirectly create opportunities for construction activities.

By mid-2016, Singapore citizens numbered approximately 3.4 million. Along with 0.5 million permanent residents, there were about 3.9 million residents. Non-residents totalled 1.7 million. In total, Singapore's population stood at 5.6 million. Compared to 2015, the resident and citizen population growth for 2016 remained the same at 0.8% and 1.0% respectively. Total population growth has remained relatively stable at about 1.2% to 1.3% since 2014.

b. Government Initiatives

To support the population growth, there has been an increase in construction developments in Singapore over the last 10 years. For instance, new HDB projects have been developed in residential areas such as Sengkang, Bukit Batok, Hougang, Punggol, Bishan, Sembawang and Bukit Panjang. The HDB has also introduced the Build to Order (BTO) System for sales of apartments to Singaporeans. The BTO System offers flexibility in location and transaction timing for HDB apartment buyers enabling the individual to choose the preferred date of moving in and the location for their unit. Tenders for construction are called when approximately 65% to 70% of the apartment building units have been booked. The BTO system also guarantees sufficient construction of new apartments to support the residential demand. The number of public residential units ready for occupation is expected to increase substantially over the next few years due to a government plan to roll out at least 700,000 new housing units by 2030; most of which will be built in the central region that includes areas such as the former Bukit Turf Club,

Kallang Riverside, Bukit Brown, and the waterfront area around Keppel[25]. This would drive construction demand for the residential sector and infrastructure projects, which will in turn provide opportunities for construction activities indirectly. In addition, an increase in population will likely lead to an increase in more social and economic activities, which in turn will likely increase the number of both private and public buildings and facilities for educational, recreational, social, commercial, industrial and other purposes. Such potential increase in the number of buildings and facilities in connection with a possible increase in population is expected to drive the demand for the construction industry.

c. Stable Economy

Although uncertainty remains on a global front, the growth within Singapore's economy will be largely spurred by government's continuous support for productivity driven growth within all sector. Its economy is based on a proactive approach to attract foreign investment through its trade liberalization. Factors that have contributed to the success of Singapore's economy include transparency in its regulatory system and a sustained corruption free business environment. The stability of Singapore's economy will continue to become a platform for growth and sustainability for the construction sector.

Market Barriers

a. Experienced industry players have mature construction networks, skilled workforce and management system across the globe

Companies like BHCC Construction has over 10 years of experience, building reliable and skilled construction workforce over the years, capable of handling large construction building projects. Such networks and skilled workforce grew over the years with significant investments and management. Newer industry players will have to compete against industry players who have mature company setup and networks and will likely not be able to develop solid building experiences in a short period of time.

b. Large capital investment required to be competitive with the current industry players

Newer industry players will less likely to have the proper infrastructure and enough investments in place to compete with the current construction companies/contractors and will likely find it difficult to procure contracts with potential clients in the industry.

c. Rising cost and foreign worker levies

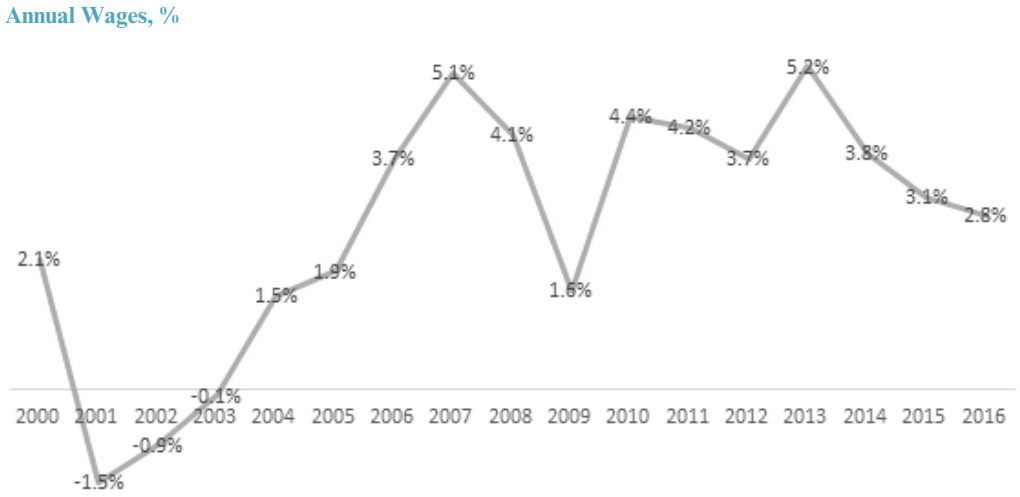
Construction costs are on the rise and is mainly attributed by shortage in labour. The construction industry in Singapore is relatively labour intensive, therefore labour shortage presents a weighty shift in the industry. Suitable construction workers are now more expensive as compensation will reflect labour shortage, cost of training will increase etc. This is depicted in the country's construction unit labour cost index (ULC), whereby the construction ULC has risen at a CAGR of 5.6% from 2010 to 2015. The ULC is expected to further increase as Singapore continues to face challenges to hire local workforce into the

[25] *BCA Publication*

industry. In addition, as Singapore thrives to reduce its dependency on foreign workers, work permit quota and levy were amended over the years, adding further to the strain on the labour costs.

From year 2000 to 2015, total wage growth in the construction industry grew steadily and changes in annual wages was recorded at an average 2.62%. By the end of 2016, total wages are expected to fluctuate further by 2.8%.

Changes in Annual Wages, Construction Industry, 2000–2016



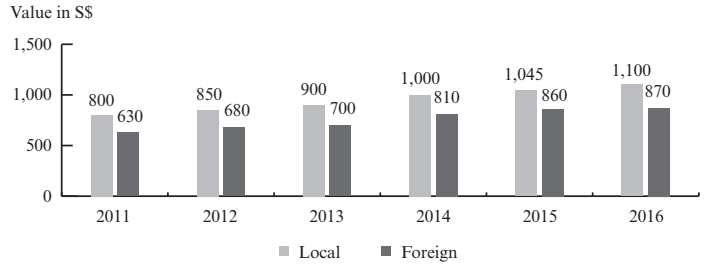
Source: *Survey on Annual Wage Changes, Manpower Research and Statistics Department, Ministry of Manpower*

Note: Figures are total wage changes from all employee levels for full-time Singapore Citizens and Singapore Permanent Resident employees in continuous employment of at least one year. The Construction Industry also includes the Integrated Building Service sector.

On average, monthly basic wages for local construction workers in Singapore increased from S$800 in 2011 to an estimated S$1,100 in 2016, representing a CAGR of approximately 6.6%, reflecting the shortage in local workforce in the construction industry. Average monthly basic wages for foreign workers on the other hand increased from S$630 in 2011 to an estimated S$870 in 2016, representing a CAGR of approximately 6.7%[26]. In general, basic wages paid to foreign workers were on average 20% lower compared to wages paid to local workers.

[26] *Basic wage for foreign workforce is estimated based on Ipsos analysis from information gathered from various media sources and Ipsos interviews. This excludes levy imposed by the Singapore Government.*

Average monthly basic wages, local vs. foreign workforce, 2011–2016



Source: Ministry of Manpower Singapore (MOM); Department of Statistics Singapore (SINGSTAT); Ipsos interviews; Ipsos analysis

Market Opportunities

a. Economic Development and Diversification

Singapore is encouraging economic diversification in areas such as medical sciences, financial services etc. to attract investments into the country. As these industries grow, demand for proper infrastructure, housing etc. will increase in tandem thus creating opportunities for the construction and building industry. Opportunities remain positive at large as the government is continuously structuring and developing plans to promote these new industrial areas.

b. Political Stability

Singapore's stable political environment is a solid platform for leaders to confidently lead and make sustainable decisions for the country, therefore boosting confidence for investors and regional countries to conduct their business or regional developments in Singapore. In addition, Singapore has about 20 regional bilateral Free Trade Agreements (FTAs) with 32 trading partners, covering majority of its merchandise trade.

c. Infrastructure Developments

Singapore over the years has placed high importance in structuring and developing the right infrastructure and housing plans to strengthen and enhance Singapore's connectivity and quality of life for its citizens and residents. Structured and careful planning were implemented along the years covering all aspects such as water, land, industrial infrastructure and sustainable environment to ensure the country progresses and remains as one of the world's liveable cities. For the next few years, the construction industry of Singapore is expected to benefit from the country's development in a wide range of infrastructure projects, mostly from the significant government funding for road and rail networks improvements and housing enhancements.

d. Funding and monetary support by the Singapore Government to support building and construction contractors in Singapore

To support the progress and development of the construction industry in Singapore, BCA introduced a Construction Productivity and Capability Fund (CPCF), amounting to approximately S$800 million, focusing on workforce development, technology adoption and capacity development. Examples of funds under the CPCF include Building Information Model (BIM) fund, Mechanisation Credit (MechC) and Productivity Innovation Projects (PIP). Singapore construction contractors can apply for funding or monetary support from the Singapore Government through such initiative to help improve productivity and capacity of their organisations[1]. As such, opportunities remain positive as the Singapore Government continues to provide support through monetary funding to strengthen its building and construction industry.

Market Threats

Regional Competition and Susceptibility to Global Economic Headwinds

Although the construction industry in Singapore is one of the most structured and well managed system in the region, its position is subsequently threatened by the growth and entry of other construction companies from countries like China. As such, Singapore's construction companies/contractors are constantly adapting to competition not only from local but foreign companies at large. In addition, Singapore's economy is also vulnerable to any developments in the global economy. This is evidently depicted in its construction GDP whereby the pace of growth in the construction industry is anticipated to moderate due to the slowing down of global economy.

[1] *It is a common practice for construction contractors in Singapore to apply for funding or monetary support from the Singapore Government, and the approval of such funding or monetary support will be subjected to the criteria of the initiatives by the Singapore Government from time to time.*

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN SINGAPORE

The following is a summary of the laws and regulations that are material and specific to our business as at the Latest Practicable Date, other than those generally applicable to companies incorporated and/or operating in Singapore.

Licensing regime for contractors in Singapore

General Builder's Licence

The building and construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. The Building Control Act (Chapter 29) of Singapore ("**Building Control Act**") and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for the licensing of builders. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control ("**CBC**") and builders who work in specialist areas which have a high impact on public safety will require a builder's licence. The requirement applies to both public and private construction projects.

There are two types of builder's licences, namely, the GB Licence and the specialist builder's licence. Further, there are two classes of GB Licence: a GB1 Licence authorises the builder to carry on the business of a general builder generally, while a GB2 Licence authorises the builder to carry on the business of a general builder restricted to contracts or engagements for an estimated final price each of not more than S$6 million. Any person who advertises or holds himself out or conducts himself in any way or by any means as a person who is authorised to carry on the business of a general builder or a specialist builder, or carries on the business of a general builder or specialist builder, without a valid GB Licence or a specialist builder's licence, shall be guilty of an offence and liable on conviction to: (a) a fine not exceeding S$20,000 or to imprisonment for a term not exceeding 12 months or to both; (b) a further fine not exceeding S$500 for each day or part thereof the person fails, without reasonable excuse, to comply with the relevant requirements; and (c) in the case of a continuing offence after conviction, to a further fine not exceeding S$1,000 for every day or part thereof during which the offence continues after conviction.

As at the Latest Practicable Date, our subsidiary, BHCC Construction, holds a GB1 Licence, the expiry date of which is 16 June 2018.

Builders who hold a GB1 Licence are required to comply with requirements of the Construction Registration of Tradesmen Scheme ("**CoreTrade**") on construction personnel. CoreTrade is a registration scheme, administered by the BCA, for skilled and experienced construction personnel in the various key construction trades. All contractors holding a GB1 Licence carrying out building works with project contract values of S$20 million and above will be required to deploy a minimum number of CoreTrade personnel in such projects. The builder is required to lodge with the CBC a manpower programme. Such manpower programme will set out the number and proportion of registered construction personnel to be deployed for the project. Failure to lodge a manpower programme or comply with the manpower programme lodged may result in the revocation of the builder's GB Licence by the CBC.

The CBC may by order revoke any GB Licence or specialist builder's licence if he is satisfied that, among others: (i) the licensed builder has failed to comply with certain conditions of the builder's licence; (ii) the licensed builder has been convicted of an offence under the Building Control Act; or (iii) the conduct of any director, manager or employee of the licensed builder (which is a corporation) affords grounds for believing that the licensed builder will not be able to carry on the business of a general builder or specialist builder, as the case may be, in Singapore in accordance with any written law and with honesty and integrity. The CBC may, in any case which he considers that there is no cause of sufficient gravity for revoking any builder's licence, suspend the licence for a period not exceeding six (6) months, impose the builder with a financial penalty not exceeding S$20,000, censure the builder or impose such other direction or restriction as he considers appropriate on the builder's business as a general builder or specialist builder, as the case may be.

Contractor's Registration System ("CRS")

The CRS is administered by the BCA. While business entities which are not registered with the BCA are not restricted from conducting business as contractors or suppliers outside the public sector, registration with the CRS is a pre-requisite to tendering for projects in the public sector in Singapore. At present, there are seven major categories of registration under the CRS, which are each further subdivided into two or more sub-categories, and registered contractors may be assigned grades under their relevant sub-category.

Registration of a contractor with the BCA and the grade assigned to it is dependent on the contractor fulfilling the requisite grade requirements relating to, among others, track record and performance, financial capacity and personnel resources.

As at the Latest Practicable Date, our subsidiary, BHCC Construction, is registered with the BCA under the following workheads:

Workheads	Title	Scope of work	Grade	Expiry Date
CW01	General Building	(a) All types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes the construction of multi-storey carparks, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants. (b) Addition and alteration works on buildings involving structural changes. (c) Installation of roofs.	A1	1 July 2019
CW02	Civil Engineering	(a) Works involving concrete, masonry and steel in bridges, sewers, culverts, reservoirs, retaining walls, canals, drainage systems, underground structures, cutting and filling of embankment, river banks, excavation of deep trenches, scraping of sub-soil, surface drainage works, flexible pavement, rigid pavement or laterite roads, bus bays, open carparks and related works such as kerbs and footways. (b) Works involving dredging in canal, river and offshore for the purpose of deepening and extraction of mineral or construction material. It also includes reclamation works. (c) Works involving marine piling and the construction of marine structures such as jetties, wharves, sea and river walls. The head does not cover the construction and fabrication of marine crafts, pontoons and oil rigs or any floating platform.	B2	1 July 2019

Workheads	Title	Scope of work	Grade	Expiry Date
CR13	Waterproofing Installation	Waterproofing of basements, roofs and walls.	L1	1 July 2019
ME05	Electrical Engineering	The installation, testing, commissioning, maintenance and repair of electrical based systems such as switchgears, transformers and large generators. It also includes the electrical installations (e.g. lightings) in building and marine vessels.	L3	1 July 2019

The tendering limits for different grades of major categories that BHCC Construction is registered under the CRS are as summarised below:

Construction Workheads (CW01 and CW02)

Tendering limit (S$ million)	A1	A2	B1	B2	C1	C2	C3
1 July 2017 to 30 June 2018	Unlimited	85	40	13	4	1.3	0.65

Specialist Workheads (CR13 and ME05)

Tendering limit (S$ million)	Single grade	L6	L5	L4	L3	L2	L1
1 July 2017 to 30 June 2018	Unlimited	Unlimited	13	6.5	4	1.3	0.65

To maintain its existing workheads and grades, BHCC Construction is required to comply with, among others, the following requirements:

Workheads	Requirements
CW01 (General Building) A1 grade	• Have a minimum paid-up share capital and minimum net worth of S$15 million. • Secure, over a three (3) year period, projects with an aggregate contract value of at least S$150 million, of which a minimum of S$75 million worth of the projects are executed in Singapore, S$112.5 million worth of the projects are executed from main contracts, and S$37.5 million worth of the projects are from a single main contract or nominated sub-contract (the percentage of the sub-contract value taken into consideration shall be 50%). • Employ at least 24 registered professionals[(1)] ("**RP**"), professionals[(2)] ("**P**") or technicians[(3)] ("**T**") with the requisite qualifications, with a minimum of eight (8) RPs and one (1) RP, P or T who have obtained a Specialist Diploma in Construction Productivity conducted by the BCA Academy or being a Certified Construction Productivity Personnel. At least one third of the RP, P or T are required to have a minimum of 24 months of relevant experience in Singapore; out of the 24 months, at least 12 months of such relevant experience in Singapore must be within the last three (3) years. All personnel are required to submit annual continuing education and training ("**CET**") declarations to the CRS. • Hold a GB1 Licence. • Obtain the following certifications: (i) ISO 9001:2008; (ii) ISO 14001 (iii) OHSAS 18001; and (iv) Green and Gracious Builders Scheme.
CW02 (Civil Engineering) B2 grade	• Have a minimum paid-up share capital and minimum net worth of S$1.0 million. • Secure, over a three (3) year period, projects with an aggregate contract value of at least S$10.0 million, of which a minimum of S$5.0 million worth of the projects are executed from main contracts and S$2.5 million worth of the projects are from a single main contract or nominated sub-contract (the percentage of the sub-contract value taken into consideration shall be 75%). • Employ at least three (3) RP/P/T, with a minimum of one (1) RP and one (1) RP/P/T who has obtained a Advanced Certificate of Construction Productivity conducted by the BCA Academy.

Workheads	Requirements
	• Obtain the following certifications: (i) ISO 9001:2008; (ii) ISO 14001; (iii) OHSAS 18001; and (iv) Green and Gracious Builders Scheme.
	• Hold a GB1 Licence.
CR13 (Waterproofing Installation) L1 grade	• Have a minimum paid-up share capital and minimum net worth of S$10,000.
	• Secure, over a three (3) year period, projects with an aggregate contract value of at least S$100,000.
	• Employ at least one (1) T who has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy.
ME05 (Electrical Engineering) L3 grade	• Have a minimum paid-up share capital and minimum net worth of S$150,000.
	• Secure, over a three (3) year period, projects with an aggregate contract value of at least S$3.0 million.
	• Employ at least two (2) Ts, with at least one RP/P/T who has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy.
	• Obtain bizSAFE Level 3 or OHSAS 18001 certification.

Notes:

(1) A registered professional must have a minimum qualification of a degree in civil/structural, mechanical or electrical engineering recognised by the Professional Engineers Board or the BCA, or a degree in architecture recognised by the Board of Architects Singapore.

(2) A professional must have a minimum qualification of a recognised degree in civil/structural, mechanical or electrical engineering, architecture, building or equivalent.

(3) A technician must have a minimum technical qualification of any of the following:

(a) a diploma in civil/structural, mechanical or electrical engineering, architecture, building or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic;

(b) a National Certificate in Construction Supervision or Advanced National Building Qualification/Specialist Diploma in M&E Coordination awarded by the BCA Academy; or

(c) such other diplomas or qualifications as approved by the BCA from time to time.

As at the Latest Practicable Date, our subsidiary, BHCC Construction, has obtained the requisite certifications as set out in the table above.

Building Control Act

Under the Building Control Act which is administered by the BCA, the plans of any building works must be submitted to the CBC for approval and in the case of structural works, a permit must be granted by the CBC prior to carrying out of such structural works. Before an application to the CBC for approval of the plans of the building works is made, every person for whom any relevant building works are or are to be carried out, or the builder of such building works, shall appoint either a registered architect or professional engineer ("**Qualified Person**") to prepare the said plans, and to supervise the building works. The carrying out of concreting, piling, pre-stressing, tightening of high-friction grip bolts or other critical structural works of a prescribed class of building works would also require the supervision of a Qualified Person or a site supervisor appointed by him.

Under the Building Control Act, a builder undertaking any building works shall, among other duties: (a) ensure that the building works are carried out in accordance with the provisions of the Building Control Act, the plans approved by the CBC and supplied to it by a Qualified Person and with any terms or conditions imposed by the CBC; (b) notify the CBC of any contravention of the Building Control Act or the building regulations relating to those building works; (c) keep at the premises on which the building works are carried all plans of those building works approved by the CBC and supplied to him by a Qualified Person; and (d) within seven (7) days from the completion of the building works, certify that the new building has been erected or the building works have been carried out in accordance with the Building Control Act and the building regulations and deliver such certificate to the CBC.

Minimum buildability and productivity standards are also prescribed under the Building Control (Buildability and Productivity) Regulations and the Code of Practice on Buildability.

The Building Control Regulations 2003 sets out certain requirements of the BCA relating to, among others, submission and approval of plans of building works, design and construction of buildings and installation of external features.

If the CBC is of the opinion that any building works are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property; (ii) will cause, or will be likely to cause, or may have caused a total or partial collapse of the building in respect of which building works are or have been carried out or any building, street or natural formation opposite, parallel, adjacent or in otherwise close proximity to those building works, or any part of such building, street or land; or (iii) will render, or will be likely to render, or may have rendered the building in respect of which the building works are or have been carried out or any building, street, slope or natural formation opposite, parallel, adjacent or in otherwise close proximity to those building works so unstable or so dangerous that it

will collapse or be likely to collapse (whether totally or partially), he may, by order, direct the developer of those building works to immediately stop the building works or to take such remedial or other measures as he may specify.

Building and Construction Industry Security of Payment Act

The Building and Construction Industry Security of Payment Act (Chapter 30B) of Singapore ("**BCISPA**") is administered by the BCA and facilitates payments for construction work done or for related goods or services supplied in the building and construction industry.

Any person who has carried out any construction work, or has supplied any goods or services, under a construction or supply contract is entitled to a progress payment. The BCISPA provides for, among others, the amount of progress payment to which a person is entitled to under a construction or supply contract, the valuation of the construction work carried out or goods and services supplied, and the due date of payment for progress payments.

The introduction of the BCISPA has rendered unenforceable "pay when paid" provisions in construction or supply contracts. In addition, the BCISPA endorses the following rights:

(a) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The BCISPA has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;

(b) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, or to enforce the adjudication determination as if it were a judgment debt, if, amongst others, such claimant is not paid after the adjudicator has determined that the respondent shall pay an adjudicated amount to the claimant; and

(c) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

Generally, our contracts with customers and subcontractors contain terms relating to progress payments. For further details, please refer to the sections headed "Business — Key contract terms with customers" and "Business — Key contract terms with subcontractors".

Public Sector Standard Conditions of Contract for Construction Works

The Public Sector Standard Conditions of Contract ("**PSSCOC**") for Construction Works was developed by the BCA to enable a common contract form to be used in all public sector construction projects. The PSSCOC contains terms relating to, among others, the general obligations of the contractor, programme for the works, quality in construction, possession of site and commencement of works, suspension of works, time for completion, liquidated damages, defects, variations to the works, valuation of variations, procedures for claims, indemnity provisions, insurance, progress payments and final account and settlement of disputes.

Environmental laws and regulations

The Environmental Public Health Act (Chapter 95) of Singapore ("**EPHA**") is administered by the National Environment Agency ("**NEA**"). Under the EPHA, a person who, during the erection, alteration, construction or demolition of any building or at any time, fails to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance shall be guilty of an offence. Further, under the EPHA, the Director-General of Public Health may, on receipt of any information respecting the existence of a nuisance liable to be dealt with summarily under the EPHA and if satisfied of the existence of a nuisance, serve a nuisance order on the person by whose act, default or sufferance the nuisance arises or continues, or if the person cannot be found, on the owner or occupier of the premises on which the nuisance arises.

Some of the nuisances which are liable to be dealt with summarily under the EPHA include any factory or workplace which is not kept in a clean state, any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety. The EPHA also requires the occupier of any construction site to employ a competent person to act as an environmental control officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, *inter alia*, the EPHA and any regulations made thereunder.

The Environmental Protection and Management Act (Chapter 94A) of Singapore ("**EPMA**") is administered by the NEA and provides for, among others, laws relating to environmental pollution control. The EPMA provides that no principal contractor of a construction site who has control of the construction site shall permit any person to: (a) use any or any class of combustible material, fuel burning equipment or

industrial plant as may be specified within such area or premises as may be designated and at such times as may be specified; (b) discharge or cause or permit to be discharged any trade effluent, oil, chemical, sewage or other polluting matters into any drain or land, without a written permission from the Director-General of Environmental Protection; or (c) discharge or cause or permit to be discharged any toxic substance or hazardous substance into any inland water so as to be likely to cause pollution of the environment.

Pursuant to the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations ("**EPMNCR**"), the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site does not exceed the maximum permissible noise levels as set out in the Second Schedule to the EPMNCR. Further, the owner or occupier of any construction site located less than 150 metres from any hospital, home for the aged sick or residential building shall ensure that no construction work is carried out at his construction site on the days and during the times specified in the Fourth Schedule to the EPMNCR.

In addition, pursuant to the Control of Vectors and Pesticides Act (Chapter 59) of Singapore, which is administered by the NEA, no person shall create or cause or permit to be created any condition favourable to the propagation or harbouring of vectors.

Workplace safety and health laws and regulations

Workplace Safety and Health Act

The Workplace Safety and Health Act (Chapter 354A) of Singapore ("**WSHA**") provides that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate with regards to facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the employees at work have adequate instruction, information, training and supervision as is necessary for them to perform their work. The relevant regulatory body is the Ministry of Manpower ("**MOM**").

Any person who breaches his duty under the WSHA shall be guilty of an offence and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S$500,000 and if the contravention continues after the conviction, the body corporate shall be guilty of a further offence and shall be liable to a fine not exceeding S$5,000 for every day or part thereof during which the offence continues after conviction. For repeat offenders, where a person has on at least one previous occasion

been convicted of an offence under the WSHA that causes the death of any person and is subsequently convicted of the same offence that causes the death of another person, the court may, in addition to any imprisonment if prescribed, punish the person, in the case of a body corporate, with a fine not exceeding S$1 million and, in the case of a continuing offence, with a further fine not exceeding S$5,000 for every day or part thereof during which the offence continues after conviction.

Under the WSHA, the Commissioner for Workplace Safety and Health ("**CWSH**") may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (a) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (b) any person has contravened any duty imposed by the WSHA; or (c) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to, amongst others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work or process indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The MOM has also introduced a single-stage Demerit Points System ("**DPS**") for the construction industry. All main and subcontractors in the construction industry will be issued with demerit points for breaches under the WSHA and its subsidiary legislation. Under the DPS, accumulation of a minimum of 25 demerit points would immediately trigger debarment for the contractor. Applications from the contractor for all types of work passes for foreign employees will be rejected by the MOM. The accumulation of more demerit points will result in longer periods of debarment.

The number of demerit points issued to contractors is based on the severity of offences committed, and the total number of demerit points for a contractor is calculated by adding the points accumulated from all the worksites under the same contractor.

During the Track Record Period and up to the Latest Practicable Date, we have not been issued any demerit points under the DPS. As at the Latest Practicable Date, our Group has not accumulated any demerit points under the DPS.

Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009

Under the Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009 ("**WSHSHMSAR**"), the duties imposed on the occupier of a workplace include, among others: (a) implementing a safety and health management system ("**SHMS**") for the purpose of ensuring the safety and health of persons at work in the workplace; (b) appointing a workplace safety and health auditor to audit the SHMS of the workplace at a frequency as specified in the WSHSHMSAR; and (c) conducting an internal review of the SHMS of the workplace at a frequency as specified in the WSHSHMSAR.

Workplace Safety and Health (General Provisions) Regulations

Under the Workplace Safety and Health (General Provisions) Regulations ("**WSHGPR**"), the occupier of a worksite shall comply with regulations pertaining to health, safety and welfare of persons at work in a workplace. These duties include, among others: (a) to provide and maintain sufficient and suitable lighting in every part of the workplace in which persons are at work or passing; (b) to take all reasonably practicable measures to ensure that persons at work in the workplace are protected from excessive heat or cold and harmful radiations; (c) to ensure that every dangerous part of any electrical generator, motor, transmission machinery or other machinery in the workplace is securely fenced; and (d) to take all reasonably practicable steps to keep sources of heat or ignition separate from (i) flammable materials in the workplace; or (ii) any process carried on at the workplace that gives rise to any flammable gas or vapour.

In addition, under the WSHGPR, no hoist or lift or lifting gear of whatever material shall be used in a workplace and no lifting appliance or lifting machine shall be used unless an authorised examiner has tested and examined the hoist or lift after its installation, the lifting gear, lifting appliance or lifting machine, and issued and signed a certificate of test and examination, specifying the safe working load of the hoist or lift, the lifting gear, lifting appliance or lifting machine. It is the duty of the occupier of a workplace in which a hoist or lift or any lifting gear, lifting appliance or lifting machine is used to comply with the provisions of the WSHGPR.

Workplace Safety and Health (Registration of Factories) Regulations 2008

Under the Workplace Safety and Health (Registration of Factories) Regulations 2008 ("**WSHRFR**"), any person who wishes to occupy or use any premises where any building operation or works of engineering construction is or are being carried out by way of trade or for the purposes of gain is required to register the premises (or worksite) as a "factory" with the CWSH.

A certificate of registration that is issued under the WSHRFR in respect of any premises where any building operation or works of engineering construction is or are being carried out by way of trade or for purposes of gain shall remain in force from the date of its issue until such time as it is revoked in accordance with the WSHRFR.

As at the Latest Practicable Date, we have obtained the necessary Certificates of Factory Registration under the WSHRFR for all our construction worksites.

Workplace Safety and Health (Construction) Regulations 2007

Under the Workplace Safety and Health (Construction) Regulations 2007, the duties imposed on the occupier of a worksite include, among others, to comply with regulations pertaining to appointment of a workplace safety and health co-ordinator in respect of a worksite, obtaining a permit-to-work in respect of high-risk construction work, structures and supports, storage and placement of materials and equipment, protection against falling objects, slipping hazards, vehicular hazards, electrical safety, disposal of materials, formwork structures, cranes, employee's lifts and material handling machinery.

Workplace Safety and Health (Scaffolds) Regulations 2011

Under the Workplace Safety and Health (Scaffolds) Regulations 2011, the duties imposed on the employer of a person who carries out or is to carry out any work involving the construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold or the principal under whose direction such person carries out or is to carry out any such work include, among others: (a) ensuring that no person is involved in the construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold in a workplace unless he has successfully completed a training course acceptable to the CWSH, to equip him to perform the work of a scaffold erector; (b) appointing a scaffold supervisor before any construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold in a workplace; (c) ensuring no scaffold is constructed, erected, installed, re-positioned, altered, maintained, repaired or dismantled in a workplace except under the immediate supervision of a scaffold supervisor; (d) ensuring that every scaffold, and every member or component thereof, in a workplace shall be of sound material, good construction and adequate strength, free from patent defects and suitable and safe for the purpose for which it is intended; and (e) ensuring that the work platform of a suspended scaffold in a workplace shall be securely fastened to the building or other structure in such a manner and at such intervals as to prevent the platform from swaying.

Workplace Safety and Health (Work at Heights) Regulations 2013

Under the Workplace Safety and Health (Work at Heights) Regulations 2013, the duties imposed on the occupier of every worksite include, among others: (a) establishing and implementing a fall prevention plan in accordance with the requirements of the approved code of practice relating to safe and sound practices for fall prevention; (b) ensuring that any person who carries out or is to carry out any work at height in a workplace is under the immediate supervision of a competent person for that work; (c) ensuring that every open side or opening into or through which a person is liable to fall more than two metres shall be covered or guarded by effective guard-rails or barriers to prevent fall; and (d) where a cover is provided in a

workplace to prevent any person from falling, ensuring that the cover is of good construction, sound material and adequate strength to withstand the impact during the course of work in the workplace and is securely fixed in place to prevent accidental displacement.

Work Injury Compensation Act

The Work Injury Compensation Act (Chapter 354) of Singapore ("**WICA**"), which is regulated by the MOM, applies to all employees (with the exception of those set out in the Fourth Schedule of the WICA) who have entered into or work under a contract of service or apprenticeship with an employer, in respect of injury suffered by them arising out of and in the course of their employment and sets out, amongst others, the amount of compensation that they are entitled to and the method(s) of calculating such compensation.

The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation shall be computed in accordance with the Third Schedule of the WICA, subject to a maximum and minimum limit.

Employment Act

The Employment Act (Chapter 91) of Singapore ("**Employment Act**") sets out the basic terms and conditions at work for employees covered under the Employment Act, such as payment of salary, paid public holidays, sick leave and maternity leave. It is administered by the MOM. Persons who are employed in a managerial or executive position and is in receipt of a salary exceeding S$4,500 per month, seafarers, domestic workers, statutory board employees or civil servants are not covered by the Employment Act. A workman is defined under the Employment Act to include any person, skilled or unskilled who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, or any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and through the performance of his work.

Part IV of the Employment Act, which sets out requirements for, among others, rest days, hours of work and other conditions of service, only applies to certain categories of employees covered under the Employment Act, namely workmen who receive salaries not exceeding S$4,500 a month and employees other than workmen who receive salaries not exceeding S$2,500 a month ("**Part IV Employee**").

The Employment Act provides that a Part IV Employee is not allowed to work for more than 12 hours in any one (1) day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, the Employment Act limits the extent of overtime work that a Part IV Employee can perform to 72 hours a month. Employers must seek the prior approval of the Commissioner for Labour ("**CL**") for exemption if they require a Part IV Employee or class of Part IV Employees to work for more than 12 hours a day or perform overtime

work for more than 72 hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the Part IV Employee or class of Part IV Employees, by order in writing, exempt such Part IV Employee or class of Part IV Employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such Part IV Employee or class of Part IV Employees are employed.

An employer who breaches any provision of Part IV of the Employment Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000, and for a second or subsequent offence to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or to both.

From 1 April 2016, employers are required to issue to its employees who are covered by the Employment Act and who are employed for 14 days or more a written record of the key employment terms ("**KETs**") of the employee. The KETs required to be provided (unless inapplicable to such employee) include, among others, working arrangements (such as daily working hours, number of working days per week and rest day(s)), salary period, basic salary, fixed allowances and deductions, overtime rate of pay, types of leave and other medical benefits.

Employment of foreign manpower

The employment of foreign employees in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A) of Singapore ("**EFMA**") and is regulated by the MOM. The EFMA prescribes the responsibilities and obligations of employers of foreign employees in Singapore.

The EFMA provides that no person shall employ a foreign employee unless the foreign employee has obtained a valid work pass from the MOM in accordance with the Employment of Foreign Manpower (Work Passes) Regulations 2012, which allows the foreign employee to work for him. Any person who fails to comply with or contravenes this provision of the EFMA shall be guilty of an offence and shall:

(a) be liable on conviction to a fine not less than S$5,000 and not more than S$30,000 or to imprisonment for a term not exceeding 12 months or to both; and

(b) on a second or subsequent conviction:

  (i) in the case of an individual, with a fine of not less than S$10,000 and not more than S$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or

  (ii) in any other case, be punished with a fine of not less than S$20,000 and not more than S$60,000.

The availability of the foreign workers for the construction sector is also regulated by the MOM through the following policy instruments:

(a) approved source countries;

(b) the imposition of security bonds and levies;

(c) dependency ceilings based on the ratio of local to foreign workers; and

(d) quotas based on the man-year entitlement ("**MYE**") requirements in respect of workers from non-traditional sources countries ("**NTS**") and the PRC.

Approved source countries

The approved source countries for construction workers are Malaysia, the PRC, NTS countries and North Asian sources ("**NAS**"). The NTS countries are India, Sri Lanka, Thailand, Bangladesh, Myanmar and Philippines. The NAS sources are Hong Kong, Macau, South Korea and Taiwan.

Construction companies must have prior approval ("**PA**") from the MOM in order to employ foreign workers from NTS countries and the PRC. The PA indicates the number of foreign workers a company is allowed to employ from NTS countries and the PRC. It also determines the number of workers whose work permits can be renewed, or whose employment can be transferred from another company in Singapore. PAs are granted based on, among others, the duration of the work permits applied for, the number of full-time local workers employed by the company over the past three months as reflected in the company's Central Provident Fund ("**CPF**") contribution statements and the number of MYEs allocated from the company's main contractor.

Security bonds and levies

The employment of foreign workers in Singapore is also subject to the payment of levies. As at the Latest Practicable Date, the levy rates payable for workers in the construction sector are set out in the table below:

Tier	Monthly (S$)	Daily[(1)] (S$)
Malaysians and NAS — Higher-Skilled[(2)]	300	9.87
Malaysians and NAS — Basic-Skilled[(3)]	700	23.02
NTS and PRC — Higher-Skilled, on MYE	300	9.87
NTS and PRC — Basic-Skilled, on MYE	700	23.02
NTS and PRC — Higher-Skilled, MYE waiver[(4)]	600	19.73
NTS and PRC — Basic-Skilled, MYE waiver[(4)]	950	31.24

Notes:

(1) The daily levy rate only applies to work permit holders who did not work for a full calendar month. The daily levy rate is calculated as follows: (Monthly levy rate X 12)/365 = rounding up to the nearest cent.

(2) Employers can upgrade their construction workers from "**Basic-Skilled**" to "**Higher-Skilled**" by fulfilling criteria in relation to, among others, the worker's minimum years of experience, the obtaining of relevant skills or certifications and a minimum fixed monthly salary.

(3) All foreign workers in the construction sector are required to attain "**Basic-Skilled**" status to work in Singapore. Workers from Malaysia are required to have any one of the Skills Evaluation Certificate ("**SEC**"), Skills Evaluation Certificate (Knowledge) ("**SEC(K)**") or the Sijil Pelajaran Malaysia ("**SPM**"). Non-Malaysian workers are required to have an SEC or SEC(K).

(4) MOM allows employers in the construction industry to renew the work permits of experienced foreign construction workers without the need for MYE. To qualify for MYE waiver, a construction worker must have at least two years of working experience in the construction sector in Singapore.

In addition, an employer is required to place a security bond of S$5,000 with the Government of Singapore prior to the employment of each non-Malaysian work permit holder. The bond is discharged when the employer has (a) cancelled the work permit for the worker; (b) such worker has returned home; and (c) the employer has not breached any of the conditions of the security bond.

Dependency ceilings

As at the Latest Practicable Date, under the construction sector quota, an employer can employ seven (7) work permit holders for every full-time local employee. For the purposes of determining the foreign employee entitlement of a company only, the MOM regards (a) Singaporeans and Permanent Residents ("**PRs**") who earn at least S$1,100 per month as full-time employees; (b) Singaporeans and PRs who earn S$550 to below S$1,100 per month as part-time employees; and (c) two part-time employees count as one full-time employee. The MOM uses the company's CPF account to determine the company's full-time employees.

From 1 January 2017, at least 10% of an employer's construction work permit holders must be Higher-Skilled before such employer can hire any new Basic Skilled construction workers. This does not affect renewals of existing work permit holders. As at the Latest Practicable Date, the proportion of Higher-Skilled workers to the total number of work permit holders of BHCC Construction is approximately 26.6%, while Wan Yoong does not employ any work permit holders (as it is not a construction firm). Our Directors are of the view that the requirement for at least 10% of an employer's construction work permit holders to be Higher-Skilled has no impact on our Group based on (i) the proportion of Higher-Skilled workers to the total number of work permit holders of BHCC Construction being approximately 26.6% as at the Latest Practicable Date; and (ii) the Group having and ensuring that there will be sufficient number of Higher-Skilled workers.

Man-year entitlement

The MYE is a work permit allocation system for workers from NTS countries and the PRC. The MYE reflects the total number of work permit holders a main contractor is entitled to employ based on the value of projects or contracts awarded by developers or owners. It is allocated in the form of the number of "man-years" required to complete a project. One man-year is equivalent to one year's employment under a work permit.

A main contractor is defined as a company that contracts a project directly from the developer or owner. Only main contractors can apply for MYE and all subcontractors must get their MYE allocation from the main contractor. Main contractors cannot allocate their MYE to other contractors not involved in the same project or sell their MYE to any contractors. A main contractor is allowed to combine projects to meet the minimum contract value requirement, provided each of the combined projects has a remaining value of less than S$500,000 and a balance period of at least one (1) month.

An employer of foreign workers is also subject to, amongst others, the provisions set out in the Employment Act, the Immigration Act (Chapter 133) of Singapore ("**Immigration Act**") and the regulations issued pursuant to the Immigration Act.

Central Provident Fund Act

The CPF system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act (Chapter 36) of Singapore, an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore by an employer (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold employment passes, S-passes or work permits. CPF contributions are required for both ordinary wages and additional wages (subject to an ordinary wage ceiling and a yearly additional wage ceiling) of employees at the applicable prescribed rates which is dependent on, *inter alia*, the amount of monthly wages and the age of the employee. An employer must pay both the employer's and employee's share of the monthly CPF contribution. However, an employer can recover the employee's share of CPF contributions by deducting it from their wages when the contributions are paid for that month.

SINGAPORE TAXATION

Corporate tax

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment 2010. In addition, the partial tax exemption scheme applies on the first S$300,000 of normal chargeable income; and specifically 75% of up to the first S$10,000 of a company's normal chargeable income, and 50% of up to the next S$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. Further, companies will be granted a corporate income tax rebate of 30%, 50% and 50% of the tax payable for the Years of Assessment 2015, 2016 and 2017, subject to a cap of S$30,000, S$20,000 and S$25,000 for the Years of Assessment 2015, 2016 and 2017 respectively. The corporate income tax rebate will be extended to Year of Assessment 2018 at a rate of 20% of tax payable, subject to a cap of S$10,000.

Dividend distributions

(i) One tier corporate taxation system

Singapore adopts the one-tier corporate taxation system ("**One-Tier System**"). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt (One-Tier) dividends. Such dividends are tax-exempt in the hands of the shareholders.

(ii) Withholding taxes

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Goods and Services Tax ("GST")

GST in Singapore is a consumption tax that is levied on import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 7%.

Productivity and Innovation Credit Scheme

The Productivity and Innovation Credit ("**PIC**") scheme allows, amongst others, companies with active business operations in Singapore to claim (i) tax deductions and/or allowances and/or (ii) cash payouts, and/or (iii) cash bonuses (on a dollar for dollar matching basis) in addition to (i) and/or (ii) above, in respect of certain qualifying activities undertaken by such companies, including the acquisition or leasing of certain qualifying equipment and certain types of training of employees, subject to prescribed expenditure caps. Further conditions apply before a company is eligible to make each of such claims, including having to invest in relevant qualifying expenditure and (in the case of the cash payouts and the cash bonuses) meeting the minimum 3 local employees requirement and (in the case of cash bonuses) investing the minimum qualifying expenditure per year of assessment over the course of 3 years from year of assessment 2013 to 2015. The PIC scheme has been extended for another 3 years from year of assessment 2016 to 2018, and higher expenditure caps in relation to tax deductions and allowances apply for qualifying small and medium enterprises, under the PIC+ scheme (for qualifying small and medium-sized enterprises) which takes effect from year of assessment 2015. As announced in Singapore Budget Announcement 2016, the PIC payment will be at 40% for qualifying expenditure incurred on or after 1 August 2016.

Productivity Innovation Project Scheme

The Productivity Innovation Project ("**PIP**") scheme primarily aims to encourage contractors and prefabricators to embark on development projects that build up their capability and improve their site processes for achieving higher site productivity. The eligibility criteria for the PIP scheme includes (i) a Singapore-registered construction-related business enterprise; (ii) project should involve significant improvement in building design, products, processes and applications and lead to significant site productivity improvement; (iii) project should develop new capabilities within the company and/or industry; and (iv) the deliverable of the project must aim to achieve improvement in site productivity (reduced cycle time, reduced manpower, higher yield, etc) by at least 20%. The PIP scheme provides financial assistance to cover a percentage of the qualifying cost of a developmental project. The intent of the PIP scheme is to encourage technology adoption, site process re-engineering and innovation in construction projects. Expenses in manpower, equipment, materials, professional services and intellectual property acquisition for conducting the development projects will be supported on a co-funding basis. Under the standard PIP scheme, an eligible firm will be co-funded up to 50% with a capped at S$100,000 per application. Under the enhanced PIP scheme, an eligible firm will be co-funded up to 70%, provided that the firm achieve at least 30% productivity improvement and demonstrate development in any 2 of the 3 areas in financial standing, human resource development or certifications/awards, with a capped up to S$300,000 per application (for

selected technologies). The project must not have commenced at the time of application and the project duration should preferably be kept within 2 years. Pre-consultation will be held with the BCA prior to application, and BCA will send letter of offer specifying details such as development period and amount of grant together with relevant computations should the project is supported.

Generally the applicant shall complete the development projects within 2 years. The applicant shall, from the start until the end of the development project, submit progress reports to the BCA at quarterly intervals. By the end of the development period, the applicant shall submit to the BCA a final report, including all relevant productivity and cost data, as well as a video featuring the use of the proposed system or method. Further, the applicant shall not sell, lease, dispose or otherwise transfer materials for which reimbursement has been made (in part or whole) under the PIP scheme to another party during the execution of the development project. The applicant shall also not, to the extent that funding for the development project is to be or has been provided by BCA pursuant to the terms herein, seek or receive funds pursuant to any other incentive schemes offered by the Singapore Government or other Singapore Government agencies for the funding of the development project. All claims, including the final claim submitted to the BCA must be externally audited. Representatives from BCA will also conduct at least one site visit during the development period to (i) oversee the progress of the development project; (ii) review the effectiveness and extent to which the development project's outcomes are met; and (iii) advise on the documentation and dissemination of the experiences and results gained.

During the Track Record Period, we received government grants under the PIP scheme (see details in section headed "Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Other income" in this document). Save as disclosed above, there are no other material obligations and/or conditions to be assumed or fulfilled by the Group before and after we received the grant under the PIP scheme.

Mechanisation Credit Scheme

Mechanisation Credit ("**MechC**") scheme provides assistance to Singapore-registered businesses to defray the cost of adopting technologies that improve productivity in construction projects. The eligibility criteria for the MechC scheme includes (i) must be a Singapore-registered business enterprise; (ii) equipment must be used in a local construction project and can achieve at least 20% (Standard MechC Scheme) or 30% (Enhanced MechC Scheme) in manpower savings (measured by way of number of workers and over a period of 4 weeks) or in site productivity (measured by way of decrease in man-days used per square metre or equivalent and over a period of 4 weeks) of the applicant, in the particular area of work in which the equipment has been used. Productivity data of the purchased or leased equipment must be recorded and submitted to BCA upon request; (iii) purchase or leasing of equipment must not have been made before the time of application; (iv) purchase of used equipment will not be supported; (v) the support for leasing shall be applicable to equipment with a lease period of at least 1 month and not more than 12 months, within the qualifying period. No support shall be provided for short term rental of equipment; and (vi) no purchase or leasing of equipment from related companies is allowed. The additional criteria for Enhanced MechC Scheme (to fulfil 1 item each from any 2 sections) as follows:

(a) Financial standing

a. Paid up capital is more than the grant amount; or

b. Revenue is more than the grant amount; or

c. Annual profit before tax for the three years preceding grant application.

(b) Human resource department

a. Minimum of 20% R1 workers per firm (R1 refers to highly skilled workers).

(c) Certification and awards

a. ISO 9001 : 2008 or ISO 14000 or OSSAS 18000/SS506 Part 1; or

b. Construction productivity award (an award by the BCA to recognise achievements in productivity improvements); or

c. Safety management certification/award.

The MechC funding table with Standard and Enhanced Scheme as follows:

	Standard MechC Scheme	**Enhanced MechC Scheme[(1)]**
For purchase of equipment	Equipment cost ⩽ S$100,000, grant up to 50% or capped at S$20,000	Equipment cost ⩽ S$125,000, grant up to 70% or capped at S$25,000
	Equipment cost > S$100,000, grant up to 20% or capped at S$100,000	Equipment cost > S$125,000, grant up to 20% or capped at S$100,000
For leasing of equipment	Equipment cost ⩽ S$30,000, grant up to 50% or capped at S$6,000	Equipment cost ⩽ S$30,000, grant up to 70% or capped at S$6,000
	Equipment cost > S$30,000, grant up to 20% or capped at S$30,000	Equipment cost > S$30,000, grant up to 20% or capped at S$30,000

Note:

(1) To qualify for the Enhanced MechC Scheme, firms will have to achieve at least 30% productivity improvement and show evidence that they are also building capability through areas such as financial standing, human resource development, and certifications and awards

An application will be made to the BCA prior to the purchase or leasing of equipment stating information such as (i) quotation of the equipment and technical brochures from suppliers; and (ii) information on financial standing and certifications and awards as detailed above (for Enhanced MechC Scheme). Upon approval from the BCA, the equipment shall be purchased or leased within one year from the date of application ("**Qualifying Period**"). Thereafter, a claim shall be submitted to the BCA with copies of (i) certificate of origin of the equipment (stating the year of manufacture, engine number and serial number); (ii) the receipt, invoice or such other document amounting to proof of payment of the purchase price; (iii) the written agreement of which the applicant is a party and pursuant to which the construction project in which the equipment will be used; (iv) a photograph of the equipment on site; (v) a photograph clearly showing the serial number of the equipment; and (vi) documents showing to BCA's satisfaction that the use of the equipment in the construction project has resulted in manpower savings or improvement in productivity.

The applicant shall own and be in actual possession of the purchased equipment during the Qualifying Period and holding period (one year commencing from the end of the Qualifying Period). During the Qualifying Period and holding period, the applicant shall not (i) lease or lend to another party the equipment; (ii) sell the equipment; (iii) allow the equipment to lose its intended function or be damaged beyond repair; (iv) scrap or dispose of the equipment; or (v) allow or be a party in bringing the equipment out of Singapore.

REGULATORY OVERVIEW

During the Track Record Period, we received government grants under the MechC scheme (see details in section headed "Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Other income" in this document). Save for the eligibility criteria, application and claim process, as well as condition on the possession of the purchased equipment as explained above, there are no other material obligations and/or conditions to be assumed or fulfilled by the Group before and after we received the grant under the MechC scheme.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

We have more than 13 years of experience in building and construction works for various types of buildings including educational institutions, residential, commercial and industrial buildings in both the public and private sectors. Our history can be traced back to 2003 when our founder, one of our Controlling Shareholders and our Executive Director, Mr. Yang, incorporated BHCC Construction in Singapore.

BHCC Construction started as subcontractor in reinforcement concrete works for smaller scale projects. Over the years, we started to establish our relationships with main contractors and gradually built our reputation and track record in the construction industry which enable us to secure more construction projects.

In December 2009, we obtained our first contract as main contractor for an educational institution in Singapore, which allowed us to gain experience into the specifications and requirements for undertaking works for public educational institutions in Singapore. Further, we obtained a CONQUAS score of above 90 out of 100 for this project which was a testament to our construction workmanship quality. CONQUAS is a construction quality assessment system that serves as a standard assessment system on the quality of building projects, and the CONQUAS scoring of building projects are made public on the BCA's website. As such, obtaining a high CONQUAS score for the aforesaid project enhanced the reputation of our Group, and also established a favourable track record with the Singapore Government agency. In the same year, we secured a landmark commercial and office building project with an integrated business hotel of contract value of approximately S$13.8 million, where we acted as the subcontractor to supply labour, tool and equipment for reinforced concrete works for the 46-floor building. Subsequently, in February 2011, we secured the contract for the second tower of the same development for a contract value of approximately S$11.9 million.

Our business operations have expanded since 2009 as we were awarded more main contractor projects for educational institutions and public residential building projects by the respective Singapore Government agencies. For instance, in December 2011, we were awarded a public residential project as a main contractor with a contract value of approximately S$25.6 million. In April 2015, we were awarded a public residential project for main contractor works with a contract value of approximately S$79.9 million, our highest contract value secured to-date.

We have continued to build our team competencies in project management, reinforcement concrete works, safety and quality control, value engineering to enhance our capability in undertaking larger contract as main contractor. Given that one of the key evaluation criteria by Singapore Government agencies was the track record with the agency which awards the tender or with other Singapore Government agencies, our track record became our competitive advantage and a barrier to entry for competitors particularly on the construction of educational institutions and public residential building projects in Singapore.

Key milestones of our Group

The following table sets forth major development milestones of our Group:

Date	Milestones
November 2003	BHCC Construction was incorporated on 26 November 2003 in Singapore.
March 2008	We obtained our first subcontracting project for a medical centre to provide reinforced concrete structural works with a contract value of approximately S$10.9 million.
March 2009	We obtained our first high rise private residential project for subcontracting works to supply labour, materials and machineries for the whole reinforced concrete works (concrete, formwork and reinforcement) with a contract value of approximately S$5.7 million.
April 2009	We obtained a commercial and hotel building project for subcontracting works to supply labour, tool and equipment for reinforced concrete works for the 46-floor building with a contract value of approximately S$13.8 million.
December 2009	We first obtained ISO 9001:2008 and OHSAS 18001:2007 certifications for the scope of building construction services.
December 2009	We obtained our first public educational institution project for main contractor works with a contract value of approximately S$9.9 million.
September 2010	Wan Yoong was incorporated on 21 September 2010 in Singapore.
July 2011	We obtained a public educational institution project for subcontracting reinforced concrete works for the administration, auditorium, schools, forum and spectator gallery with a contract value of approximately S$10.9 million.
December 2011	We obtained our first public residential project for main contractor works with a contract value of approximately S$25.6 million.
July 2012	We first obtained ISO 14001:2004 certification for the scope of building construction services.
March 2013	We first obtained Green and Gracious Builder Award in the "Merit" category.

Date	Milestones
May 2014	We obtained a subcontractor project for reinforced concrete works which comprised of supply of labour for concreting and rebar, supply and installation of formworks and other related reinforced concrete works for development of airport terminal in Singapore with a contract value of approximately S$34.4 million.
August 2014	We obtained our first private residential project for main contractor works with a contract value of approximately S$41.7 million.
April 2015	We obtained a public residential project for main contractor works with a contract value of approximately S$79.9 million, the highest contract value secured to-date.
July 2015	We obtained our first private international school project for main contractor works with a contract value of approximately S$36.3 million.
May 2017	We upgraded to grade A1 under the CW01 workhead for "General Building" under the CRS.
June 2017	BHCC Space was incorporated on 7 June 2017 in Singapore.
July 2017	We upgraded to grade B2 under the CW02 workhead for "Civil Engineering" under the CRS.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 21 February 2017 and became the holding company of our Group, pursuant to the Reorganisation which was completed on 17 August 2017. Our Group comprises our Company, Lion Metro, BHCC Construction, BHCC Space and Wan Yoong, all wholly-owned subsidiaries of our Company.

Immediately following the completion of the Capitalisation Issue and the [REDACTED] (without taking into account any Shares that may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), Huada Developments, Eagle Soar and Wai Tian will hold [REDACTED], [REDACTED] and [REDACTED], representing [REDACTED], [REDACTED] and [REDACTED] of the enlarged issued share capital of our Company.

Huada Developments was incorporated in the BVI with limited liability on 15 December 2016. It is the investment holding vehicle of Mr. Yang and Mrs. Yang. Huada Developments is owned as to 80% by Mr. Yang and as to 20% by Mrs. Yang. Eagle Soar was incorporated in the BVI with limited liability on 28 November 2016 and is the investment holding vehicle of Mdm. Han. Wai Tian was incorporated in the BVI with limited liability on 8 March 2017 and is the investment holding vehicle of Mr. Zhan.

Lion Metro

Lion Metro is an investment holding company incorporated in BVI as part of the Reorganisation. Please refer to the paragraph headed "Reorganisation" below for further details.

BHCC Construction

Our principal operating subsidiary is BHCC Construction which was incorporated on 26 November 2003 in Singapore. BHCC Construction was set up for carrying out building construction and general building engineering design services. At incorporation on 26 November 2003, BHCC Construction was owned by Mr. Yang and one other Independent Third Party. Since its incorporation, a number of share transfers and allotments and issues of shares in the capital of BHCC Construction were effected (including to Mrs. Yang and Mdm. Han, our Executive Director). In particular, on 26 March 2008, Mr. Yang transferred 50,000 ordinary shares, representing 10.0% of the then issued and paid-up share capital of BHCC Construction to Mdm. Han, at the consideration of S$50,000. Mdm. Han is unrelated to Mr. Yang, and has been employed in our Group since 2007. Further to discussions with Mr. Yang, and in recognition that Mdm. Han is able to make significant contributions to our Group, Mdm. Han was appointed as a director of BHCC Construction in 2012, and as at 30 November 2012, her shareholding interests increased to 25.0% of the then issued and paid-up capital of BHCC Construction. Please also refer to the section headed "Directors and senior management — Executive Directors" in this document for further details on experience and qualifications of Mdm. Han. Since 30 November 2012 and up to 28 August 2016, BHCC Construction was owned 60.0%, 15.0% and 25.0% as to Mr. Yang, Mrs. Yang and Mdm. Han respectively. On 29 August 2016, Mr. Zhan, an Independent Third Party, subscribed for and was allotted and issued [REDACTED] of BHCC Construction representing [REDACTED] of its enlarged issued and paid-up share capital while Mr. Yang, Mrs. Yang and Mdm. Han subscribed for and were allotted and issued [REDACTED], [REDACTED] and [REDACTED] of BHCC Construction respectively, following which they held shareholding interests of [REDACTED], [REDACTED] and [REDACTED] of the enlarged issued and paid-up share capital of BHCC Construction respectively. From 29 August 2016 and up to the Reorganisation, the above shareholding interests remained unchanged. Details of the subscription of shares in BHCC Construction by Mr. Zhan is set out in the paragraph headed "[REDACTED] Investment" below.

On 17 August 2017, pursuant to the Reorganisation, BHCC Construction became an indirect wholly-owned subsidiary of our Company. Details of the Reorganisation is set out in the paragraph headed "Reorganisation" below.

BHCC Space

BHCC Space was incorporated on 7 June 2017 in Singapore and wholly-owned by BHCC Construction. BHCC Space will be used as the corporate entity for the sole purpose of holding and developing an industrial land located at Tampines North Drive 3, Singapore mainly for storage of construction materials and equipment relating to our Group's projects. The leasehold interest of the industrial land was awarded to BHCC Construction on 2 June 2017 at a purchase consideration of S$7.0 million. BHCC Construction will nominate BHCC Space to enter into the formal building agreement to acquire the leasehold interest of the said piece and parcel of industrial land within 90 days from the day of award. The development of the industrial land is expected to commence in October 2017 (subject to approval from relevant authorities) and expected to be completed by end of August 2019 with an estimated construction cost in the range of S$12.0 million to S$16.0 million.

On 17 August 2017, pursuant to the Reorganisation, BHCC Space became an indirect wholly-owned subsidiary of our Company. Details of the Reorganisation is set out in the paragraph headed "Reorganisation" below.

Wan Yoong

Wan Yoong is used as the corporate entity for the sole purpose of holding five (5) light industrial units located at 11 Irving Place, Singapore 369551. Wan Yoong was incorporated on 21 September 2010 in Singapore by Mr. Yang and two other Independent Third Parties, with the intention of property development and investment holding. However, no operations commenced under Wan Yoong. On 25 March 2013 and 26 March 2013, the aforementioned two Independent Third Parties transferred an aggregate of 20,100 shares in Wan Yoong at an aggregate consideration of S$20,100 to Mr. Yang, who then wholly-owned Wan Yoong. Subsequently, on 1 April 2015, Mr. Yang transferred part of his shareholdings in Wan Yoong to Mrs. Yang and Mdm. Han at an agreed consideration of S$4,500 and S$7,500 respectively with reference to cost of investment of Mr. Yang. From 1 April 2015 and up to the date of the Reorganisation, Mr. Yang, Mrs. Yang and Mdm. Han held 60.0%, 15.0% and 25.0% respectively of the issued and paid-up share capital of Wan Yoong.

On 17 August 2017, pursuant to the Reorganisation, Wan Yoong became an indirect wholly-owned subsidiary of our Company. Details of the Reorganisation is set out in the paragraph headed "Reorganisation" below.

[REDACTED]

On 29 August 2016, Mr. Zhan was allotted and issued [REDACTED] in BHCC Construction pursuant to the Financing Investment Agreement. The table below sets forth the details of the investment made by Mr. Zhan.

Date of the Financing Investment Agreement	20 July 2016
Consideration paid (S$)	[REDACTED]
Basis of determining the consideration	The price-to-earnings ratio of approximately [REDACTED] based on the unaudited earnings per share as at 31 December 2015
Payment date of consideration	[REDACTED] was made on 20 July 2016 and [REDACTED] was made on 7 October 2016
Number of shares in BHCC Construction	[REDACTED]
Number of Shares allotted after share swap	[REDACTED]
Number of Shares held after Capitalisation Issue	[REDACTED]
Approximate cost of Shares paid after Capitalisation Issue (HK$ per Share) *(Note)*	[REDACTED]
Approximate discount to mid-point of [REDACTED] range	[REDACTED]
Approximate percentage of shareholding held in our Company upon completion of the Reorganisation but before completion of the [REDACTED] and the Capitalisation Issue	[REDACTED]
Approximate percentage of shareholding held in our Company [REDACTED] (assuming any options that may be granted upon the Share Option Scheme are not exercised)	[REDACTED]

Use of proceeds	Working capital As at the Latest Practicable Date, the proceeds has not been utilised by our Group, as it is used to meet the requirement of a minimum registered capital stipulated for contractors graded under A1 for CW01 workhead for "General Building".
Strategic benefits of the [REDACTED] to our Company	Our Directors were of the view that our Company can benefit from (i) the additional capital allowing our Group to meet the requirement of a minimum registered capital stipulated for contractors graded under A1 for CW01 workhead for "General Building"; (ii) Mr. Zhan's being renown in the PRC business sector and his investment demonstrates his confidence in the operations of our Group and serves as an endorsement of our Company's performance, strength and prospects; and (iii) the strengthening and diversification of the Shareholders' portfolio of our Company.

Note: For illustration purposes only, on the basis of our enlarged issued share capital immediately upon completion of the [REDACTED] (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme).

Mr. Zhan, an executive director, chairman and controlling shareholder of Beijing Trust & Far Technology Co., Ltd. (stock code: 300231.SZ), a company listed on the Shenzhen Stock Exchange, became acquainted with Mr. Yang, our Executive Director, when they studied the Executive Master of Business Administration at the National University of Singapore in 2014. As BHCC Construction needed to increase its capital for meeting the requirement of a minimum registered capital stipulated for contractors graded under A1, Mr. Zhan entered into the Financing Investment Agreement, to subscribe for [REDACTED] in BHCC Construction at the total consideration of [REDACTED]. The directors of BHCC Construction were of the view that the Financing Investment Agreement was entered into on normal commercial terms and the consideration was determined after arm's length negotiation, and the subscription was properly and legally completed and settled. The directors of BHCC Construction also believed that the introduction of Mr. Zhan would strengthen the development of BHCC Construction.

Pursuant to the Financing Investment Agreement, Mr. Zhan has, among others, the following rights and obligations:

Disposal restriction	Mr. Zhan shall not transfer any of his shares in BHCC Construction to one or more third party purchasers, unless the prior consents from Mr. Yang, Mrs. Yang and Mdm. Han (the "**Original BHCC Shareholders**") have been obtained. If the Original BHCC Shareholders disagree with Mr. Zhan's proposed share transfer, they shall acquire all or part of Mr. Zhan's shares at the same price as his acquisition cost of the shares in BHCC Construction under the Financing Investment Agreement
Co-sale right	If any of the Original BHCC Shareholders proposes to transfer any shares in BHCC Construction to one or more third party purchasers, Mr. Zhan shall have the right to sell his shares in BHCC Construction in accordance with the proportion of his shareholding at the same price and conditions to the acquiring party. If any of the Original BHCC Shareholders violates the co-sale right provision, Mr. Zhan shall have the right to compulsorily sell his shares to the violating party at the same price and conditions
Pre-emptive right	If BHCC Construction intends to increase its registered capital, it shall issue a written notice to Mr. Zhan within three days of the shareholders' meeting approving the same. Within 15 days upon receipt of such notice, Mr. Zhan shall inform BHCC Construction the amount of additional capital he would subscribe for. If Mr. Zhan does not agree with the propose increase, he has the right to request the Original BHCC Shareholders to acquire all or part of his shares in BHCC Construction at the same price as his acquisition cost of the shares in BHCC Construction under the Financing Investment Agreement

Veto rights

The following matters of BHCC Construction require prior consent of Mr. Zhan:

(a) increase or decrease of registered capital of BHCC Construction;

(b) merger, de-merge and dissolution of BHCC Construction or change of corporate form;

(c) termination or change of BHCC Construction's main businesses;

(d) sale, mortgage, lease, transfer or disposal of major assets (the single amount or the accumulative amount over 12 months is above S$4,500,000), lending of funds, external guarantee and grant of relevant management rights and intellectual property rights;

(e) supplement of or amendment to BHCC Construction's articles of association; and

(f) profit distribution (including but not limited to dividend payout, undistributed profits turning into equity or profit distribution carried out among the shareholders in other forms) and cover of losses

if Mr. Zhan disagrees with any of the above, he has the right to request the Original BHCC Shareholders to acquire all or part of his shares at the same price as his acquisition cost of the shares in BHCC Construction under the Financing Investment Agreement

When entering into of the Financing Investment Agreement, the parties intended that all rights and obligations of Mr. Zhan under the Financing Investment Agreement would cease upon Mr. Zhan ceasing to be a direct shareholder of BHCC Construction. Pursuant to the Financing Investment Termination Agreement dated 17 August 2017, all rights of Mr. Zhan under the Financing Investment Agreement will terminate and cease to have effect upon Mr. Zhan ceasing to be a direct shareholder of BHCC Construction. On 17 August 2017, upon completion of the Reorganisation, Mr. Zhan transferred all his shares in BHCC Construction to Lion Metro and he ceased to be a direct shareholder of BHCC Construction. The legal advisers to our Company take the view that the Financing Investment Termination Agreement is contemplated under and is part and parcel of the Financing Investment Agreement and does not constitute a new agreement to the [REDACTED] under Guidance Letters HKEX-GL43-12 and HKEX-GL44-12. On 17 August 2017, Mr. Zhan and Wai Tian executed an undertaking pursuant to which the Shares held by Wai Tian will be subject to a lock-up period of 12 months from [REDACTED].

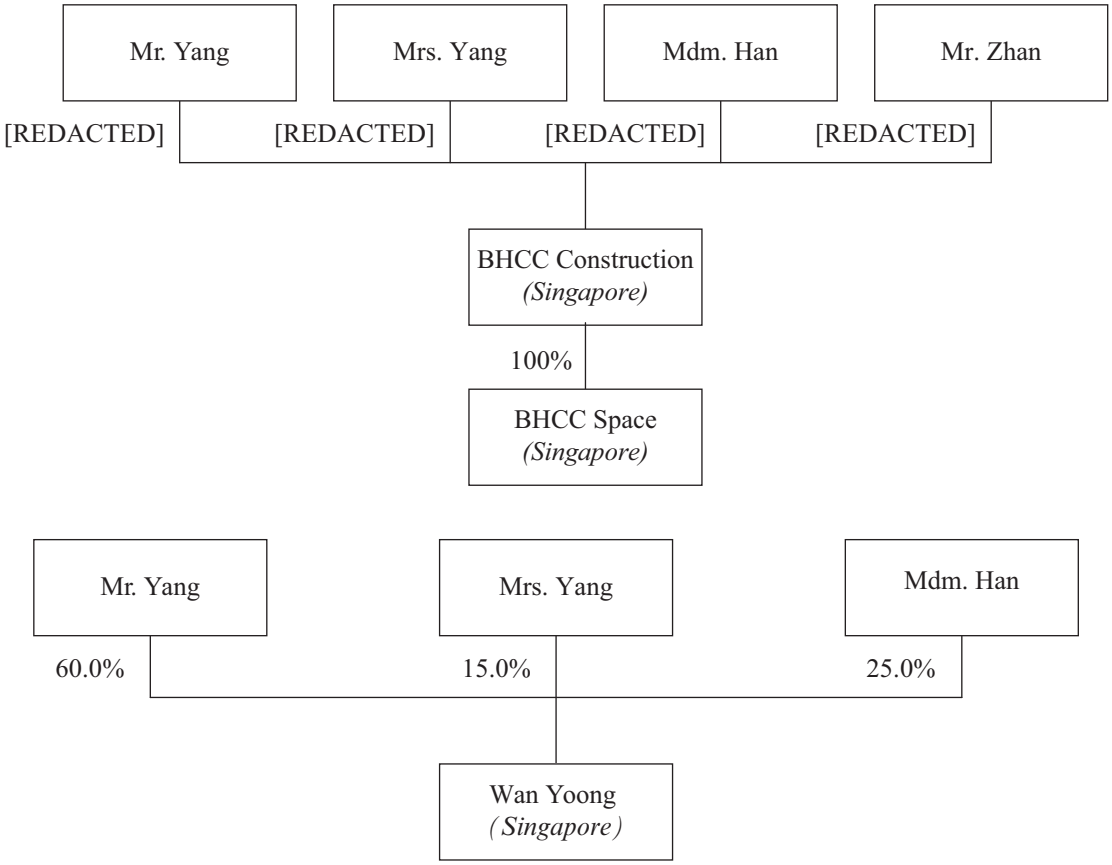
Upon completion of the Reorganisation and the Capitalisation Issue (but without taking into account any Shares which may be allotted and issued upon the exercise of any options that may be granted under the Share Option Scheme), Mr. Zhan, through his wholly-owned company, Wai Tian, would own approximately [REDACTED] of the entire issued share capital in our Company, and approximately [REDACTED] of the entire issued share capital in our Company [REDACTED], and each of Mr. Zhan and Wai Tian is an Independent Third Party and will be counted as a public shareholder [REDACTED] given that Wai Tian holds less than [REDACTED] of the issued share capital in our Company [REDACTED] and is not controlled by any connected person of our Company [REDACTED].

Confirmation from the Sole Sponsor

On the above basis, the Sole Sponsor has confirmed that the [REDACTED] is in compliance with Guidance Letter HKEx-GL43–12 issued in October 2012 and updated in July 2013 and Guidance Letter HKEx-GL44–12 issued in October 2012 both by the Stock Exchange and it is of the view that the [REDACTED] is in compliance with the "Interim Guidance on [REDACTED] Investments" issued on 13 October 2010 by the Listing Committee since the consideration under the [REDACTED] was fully settled on 9 October 2016, which was more than 28 clear days before the date of the first submission of [REDACTED] to the Stock Exchange in relation to [REDACTED].

CORPORATE STRUCTURE PRIOR TO THE REORGANISATION

The following chart shows the shareholding and corporate structure of our Group immediately before the Reorganisation, the [REDACTED] and the Capitalisation Issue.



REORGANISATION

The companies comprising our Group underwent the Reorganisation in preparation for [REDACTED], pursuant to which our Company became the holding company of our Group. The Reorganisation involved the following major steps:

(i) Incorporation of our Company

On 21 February 2017, our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, with an authorised share capital of HK$380,000 divided into 38,000,000 Shares, of which (a) one Share was allotted and issued in nil paid form to the initial subscriber, an Independent Third Party, and the said Share was transferred at nil consideration, and (b) 74 new nil paid Shares were allotted and issued, to Huada Developments on the same date.

(ii) Incorporation of Lion Metro

On 6 January 2017, Lion Metro was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US$1 each. On 1 March 2017, one share in Lion Metro was allotted and issued to our Company, credited as fully paid.

(iii) Subscription of new Shares by Huada Developments, Eagle Soar and Wai Tian

On 31 March 2017, Huada Developments, Eagle Soar and Wai Tian subscribed for [REDACTED], [REDACTED] and [REDACTED], all in nil paid form, representing [REDACTED], [REDACTED] and [REDACTED] of the entire issued share capital of our Company as enlarged by the subscription shares respectively.

(iv) Incorporation of BHCC Space

On 7 June 2017, BHCC Space was incorporated in Singapore with limited liability, of which two shares in BHCC Space were allotted and issued to BHCC Construction, credited as fully paid.

(v) Acquisition of BHCC Construction and Wan Yoong by Lion Metro

On 17 August 2017, each of Mr. Yang, Mrs. Yang, Mdm. Han and Mr. Zhan transferred all his/her shares in BHCC Construction to Lion Metro, in return for (i) the allotment and issue by our Company of [REDACTED] and [REDACTED] to Huada Developments at the directions of Mr. Yang and Mrs. Yang respectively, [REDACTED] to Eagle Soar at the direction of Mdm. Han and [REDACTED] to Wai Tian at the direction of Mr. Zhan, all credited as fully paid; and (ii) crediting by our Company as fully paid at par the [REDACTED] registered in the name of Huada Developments, the [REDACTED] registered in the name of Eagle Soar, and the [REDACTED] registered in the name of Wai Tian. After completion of the above share transfer, BHCC Construction became a wholly-owned subsidiary of Lion Metro, which in turn is a wholly-owned subsidiary of our Company.

On 17 August 2017, each of Mr. Yang, Mrs. Yang and Mdm. Han transferred all his/her shares in Wan Yoong to Lion Metro, in return for the allotment and issue by our Company of [REDACTED] and [REDACTED] to Huada Developments at the directions of Mr. Yang and Mrs. Yang respectively, and [REDACTED] to Eagle Soar at the direction of Mdm. Han, all credited as fully paid. After completion of the above share transfer, Wan Yoong became a wholly-owned subsidiary of Lion Metro, which in turn is a wholly-owned subsidiary of our Company.

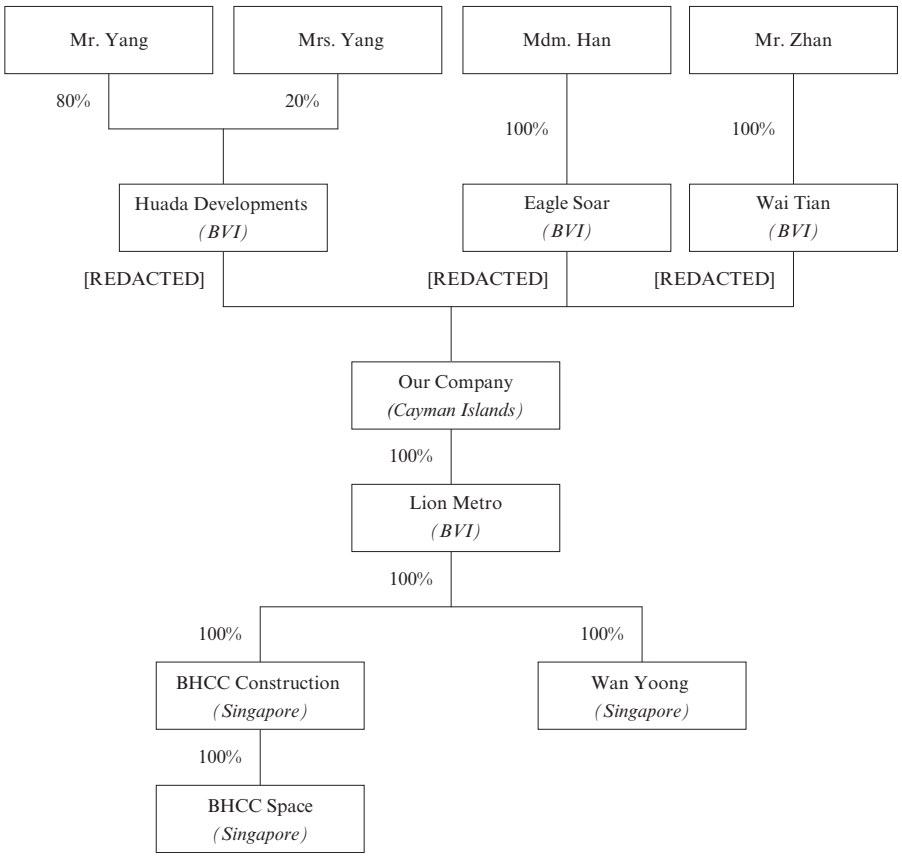
The acquisitions of BHCC Construction and Wan Yoong by our Company were properly and legally completed and settled.

Our Directors confirm that the change of shareholdings in BHCC Construction and Wan Yoong under the Reorganisation would not require any approval or permit from any relevant government authorities in the Cayman Islands or Singapore.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

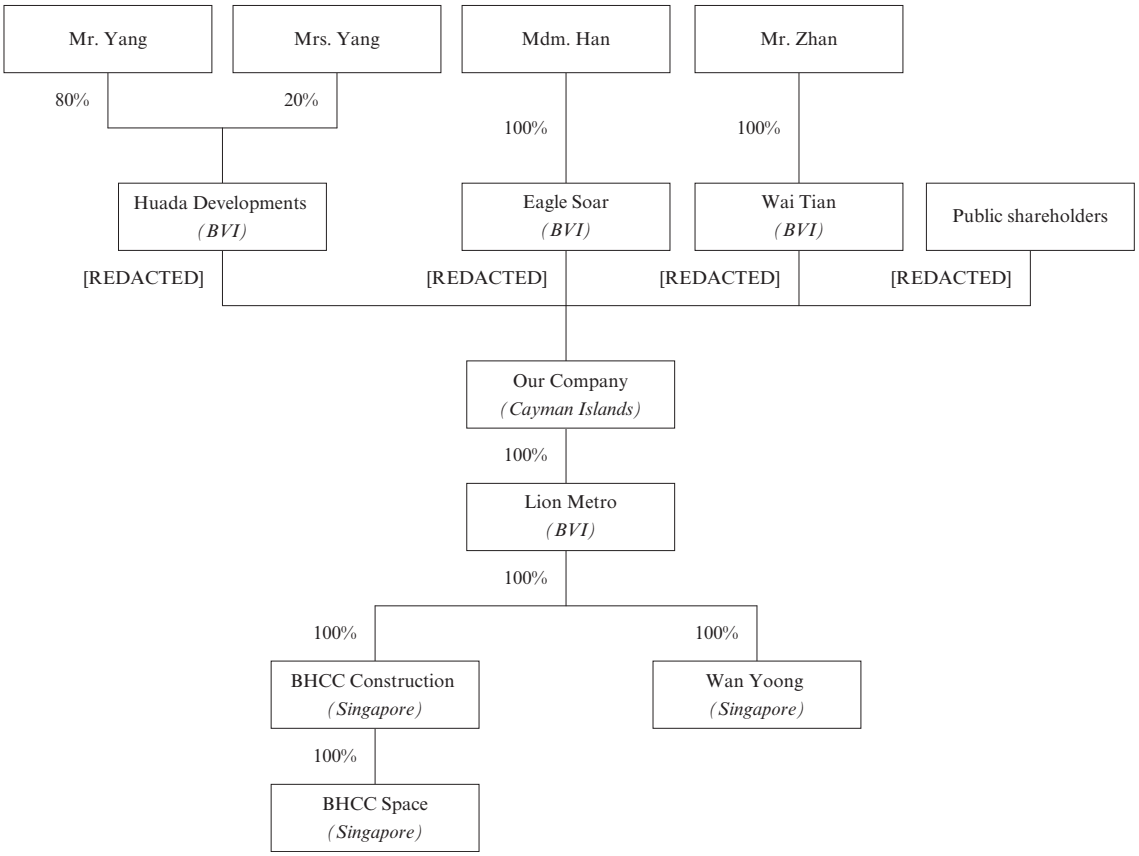
CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION BUT BEFORE COMPLETION OF THE [REDACTED] AND THE CAPITALISATION ISSUE

The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before completion of the [REDACTED] and the Capitalisation Issue, without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme.



CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION, THE [REDACTED] AND THE CAPITALISATION ISSUE

The following chart shows the approximate shareholding and corporate structure of our Group immediately after completion of the Reorganisation, the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme).



REASONS [REDACTED]

Our Executive Directors believe that [REDACTED] on the Stock Exchange will benefit our Group as it will (i) provide another source of funds for our Group; (ii) enhance our credibility and visibility in particular with property developers/owners that have a regional or international presence, who may view a public listed contractor as one with higher standards of corporate governance and financial disclosure; and (iii) the use of the proceeds from the [REDACTED] for the implementation of our business strategies. For further details, please refer to section headed "Future plans and use of proceeds" in this document. As at 31 July 2017 our Group had bank balances and cash of approximately S$28.0 million and unutilised banking facilities of approximately S$8.8 million out of which approximately S$0.9 million was for the purchase of five light industrial units located at 11 Irving Place, Singapore 369551 for the use of our head office (see section headed "Business — Property interests — Owned properties" in this document for details) and S$6.6 million was

specifically for the working capital of a public residential project. Further, we also had trade and other payables of approximately S$26.3 million and income tax payable of approximately S$1.6 million as at 31 July 2017. On a prudent basis, our Directors are of the view to maintain sufficient bank balances and cash to meet our obligations to our suppliers and subcontractors as we generally delegate most of the construction works to our subcontractors for our main contractor projects as well as to pay our dues to the tax authority in Singapore.

(i) Capital market funding

We consider that capital market funding is an appropriate alternative to debt financing, with the possibility of secondary fund raising. Our Executive Directors consider that the level of trading activities on a stock exchange is one of the main indicators for the ease of conducting secondary fund raising exercises [REDACTED]. Our Executive Directors have evaluated various avenues [REDACTED], including Singapore, and decided that Hong Kong is the most suitable venue for our Group giving consideration to the ease of access to capital market funding and a more active market based on the turnover of shares in the Hong Kong Stock Exchange. Comparing Hong Kong and Singapore, the average daily turnover of stocks in Hong Kong was approximately HK$105.6 billion (S$19.2 billion) and HK$66.9 billion (S$12.2 billion) for the two years ended 31 December 2016 respectively versus approximately HK$6.1 billion (S$1.1 billion) and HK$6.1 billion (S$1.1 billion) for Singapore for the two years ended 31 December 2016 respectively.

According to the data retrieved from Bloomberg, the average daily turnover of stocks for all companies which fall within the construction and engineering category, listed on the Stock Exchange in Hong Kong and those listed on the Singapore stock market for the year ended 31 December 2016 was approximately HK$950.1 million (S$172.7 million) and HK$51.2 million (S$9.3 million) respectively.

(ii) Enhance our Group's visibility

Our customers also consist of property developers/owners that have regional or international presence, who may view a public listed contractor as one with higher standards of corporate governance and financial disclosure. Furthermore, there are main contractors and property developers/owners who are active in Singapore construction industry that are listed in Hong Kong and/or the PRC who may view contractors listed in Hong Kong more favourably. This may allow us to enhance our visibility and expand our network to increase our chances in securing new contracts.

Our Executive Directors confirm that other than [REDACTED], no application has been submitted [REDACTED] on any other stock exchange. Our Directors have confirmed that to the best of their knowledge and belief, there would be no impediments for our Company if we were to list on Catalist of the Singapore Exchange Securities Trading Limited.

OVERVIEW

Our Group is principally engaged as a main contractor in the provision of building and construction works in Singapore. We are also specialised in reinforcement concrete works which we undertake on a selected basis in our subcontractor projects. We have more than 13 years of experience in building and construction works for various types of buildings including educational institutions, residential, commercial and industrial buildings in both the public and private sectors.

During the Track Record Period, we have completed 8 main contractor projects and 11 subcontractor projects. Approximately 61.5%, 53.7%, 83.3% and 76.7% of our revenue was derived from main contractor projects, and approximately 38.5%, 46.3%, 16.7% and 23.3% of our revenue was derived from subcontractor projects, for the three years ended 31 December 2016 and four months ended 30 April 2017, respectively. Our Company is actively involved as the main contractor in the Singapore Government projects such as educational institutions and public residential building projects, whereby out of the total revenue, approximately 44.4%, 41.9%, 50.8% and 72.7% was derived from projects with Singapore Government agencies during the Track Record Period respectively.

The following table sets forth a breakdown of our revenue and the number of projects with works performed during the Track Record Period:

	For the year ended 31 December								For the four months ended 30 April		
	2014			2015			2016			2017	
	Number of projects	Revenue S$'000	%	Number of projects	Revenue S$'000	%	Number of projects	Revenue S$'000	%	Number of projects	Revenue S$ '000	%
Main contractor — Singapore Government agencies	5	34,315	44.4%	6	55,505	41.9%	7	89,566	50.8%	6	37,210	72.7%
Main contractor — Private customers	3	13,221	17.1%	3	15,662	11.8%	3	57,405	32.5%	2	2,057	4.0%
Subcontractor — All private customers	11	29,691	38.5%	8	61,215	46.3%	6	29,396	16.7%	6	11,885	23.3%
TOTAL	19	77,227	100.0%	17	132,382	100.0%	16	176,367	100.0%	14	51,152	100.0%

As at the Latest Practicable Date, we have 7 ongoing main contractor projects, 6 ongoing subcontractor projects and 1 completed subcontractor project after the Track Record Period with remaining contract sum expected to be recognised in the following periods:

	For the two months ending	For the six months ending							
	30 June 2017	31 December 2017	30 June 2018	31 December 2018	30 June 2019	31 December 2019	30 June 2020	31 December 2020	30 June 2021
	S$'million	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*
Main contractor	16.8	74.1	42.0	24.3	20.6	12.6	8.0	4.5	1.7
Subcontractor	3.3	9.0	4.8	—	—	—	—	—	—
Total	**20.1**	**83.1**	**46.8**	**24.3**	**20.6**	**12.6**	**8.0**	**4.5**	**1.7**

Our experienced management team under the leadership of Mr. Yang, our founder and Executive Director, and Mdm. Han, an Executive Director, our Group had grown and successfully secured high contract value projects during the Track Record Period that included a public residential project of approximately S$79.9 million, for a project duration of approximately 4 years and an educational institution project of approximately S$36.3 million, for a project duration of approximately 2 years (both of which we were acting as the main contractor).

OUR BUSINESS MODEL

Main contractor

As a main contractor, we are involved in the day-to-day management and implementation of the construction projects awarded to us. Typically as a main contractor, we will delegate most of the construction works to our subcontractors, and focus on project management that includes coordination with our customers or consultants, subcontractors and suppliers to ensure timely and quality construction works. We may also undertake reinforcement concrete works in our main contractor projects; reinforcement concrete works is our area of expertise, and we may undertake such works in-house instead of engaging concrete works subcontractors after considering the availability of resources, the complexity of the building structure, the construction schedule amongst other factors.

We undertake construction projects for customers in both public and private sectors in Singapore. All our main contractor projects were secured through competitive tendering process, whether via open tender for public sector projects from Singapore Government agencies or via invited tenders. During the Track Record Period, we have completed 8 main contractor projects out of which 5 were educational institutions and the remaining 3 are residential projects, and the duration of such projects ranged between 1 to 3 years with an average duration of approximately 2 years. The contract values of our main contractor

projects during the Track Record Period ranged from approximately S$0.6 million to approximately S$79.9 million, with an average contract value of approximately S$27.1 million.

As at the Latest Practicable Date, we have 7 ongoing main contractor projects with an aggregate contract sum of approximately S$355.2 million, of which approximately S$150.6 million has been recognised as revenue during the Track Record Period. The remaining balance of approximately S$90.9 million, S$66.3 million, S$33.2 million, S$12.5 million and S$1.7 million is expected to be recognised as our revenue for the years ending 31 December 2017, 2018, 2019, 2020 and 2021 respectively.

Increased working capital requirements for high value contracts

One of our business strategies and [REDACTED] is initial capital contribution for higher value contracts, whereby with our A1 grading under CW01 workhead for "General Building" obtained in May 2017, we are able to tender for public sector projects of unlimited contract value. With approximately [REDACTED] of [REDACTED] for initial capital contribution for projects (in relation to payments for materials and to subcontractors), going forward, we will be able to tender for high value projects with concurrent durations. This would impact our operating cashflow as during the initial stages with concurrent high value projects, there would potentially be more operating cash outflows and working capital. During the Track Record Period, we did not have high value projects with concurrent durations.

As mentioned under the section headed "Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Revenue" in this document, we have achieved our revenue growth through taking on a mix of main contractor and subcontractor projects, and being able to secure new projects due to our competitive strengths and also the upgrade of our CW01 workhead for "General Building" under the CRS to grade A2 in June 2014 which has increased our tender limit from S$40 million to S$85 million. Although our growth was achieved without concurrent high value projects, our Executive Directors are of the view that having the working capital and internal resources to take on concurrent high value contracts may potentially increase our market share and ranking among main contractors in Singapore to meet our business objective of maintaining sustainable business growth. Moreover, our internal resources may be better utilised as project management and execution are largely the same in terms of composition of our project team regardless of the size of a project.

Notwithstanding that our revenue growth during the Track Record Period was achieved without such initial capital contributions set aside for concurrent high value projects, and that we were able to generate cash from operations, these working capital movements were derived from differences between the various current assets and current liabilities at the start versus the end of the financial year/period. It would therefore not be reflective on the demands on our working capital at a certain point in time during the financial year/period. Moreover, without taking on concurrent high value projects, there would be less demand on our working capital resources. While we had achieved revenue

growth during the Track Record Period through more than twenty projects, our Executive Directors are of the view that revenue growth can potentially be achieved with our internal resources better utilised should we take on larger scale projects as explained above.

Completed main contractor projects during the Track Record Period with contract value above S$5 million

Completed projects for our main contractor projects refer to projects for which within the Track Record Period, we had obtained the certificate of substantial completion. The following table sets out the details of the projects completed by us as a main contractor with contract value above S$5 million during the Track Record Period:

Project #	Building type	Customer	Scope of works	Duration	Contract value[2]	Revenue recognised For the year ended 31 December 2014	2015	2016	For the four months ended 30 April 2017	Track Record Period
					S$'million	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*
#1	Residential	Singapore Government agency	Construction of one block of residential flats of 264 units	January 2012 to January 2015	25.6	6.5	(0.8)[1]	—	1.0	6.7
#2	Educational institution	Singapore Government agency	A&A works to 3 primary schools	October 2012 to August 2014	25.8	5.8	—	—	—	5.8
#3	Educational institution	Private educational institution	A&A works to a primary school	January 2013 to July 2015	18.9	11.9	1.1	0.1	—	13.1
#4	Educational institution	Singapore Government agency	Alterations works to 5 secondary schools	January 2014 to June 2016	21.0	18.2	2.8	—	—	21.0
#5	Educational institution	Singapore Government agency	Development of a new primary school	October 2014 to March 2016	31.9	2.6	26.6	2.7	—	31.9
#7	Educational institution	Private	Alterations and additions, and to erect a new annex	June 2015 to January 2017	36.3	—	3.5	31.6	1.7	36.8
#8	Residential	Private	Construction of one block of residential flats of 168 units, with multi-story carparks, basement carpark, sky terrace and swimming pool	September 2014 to March 2017	41.7	1.1	10.8	25.7	0.3	37.9

Notes:

(1) Negative revenue was due to subsequent downward revision of contract value as there was a variation in our scope of work which resulted in lesser work required from us. For Project #1, we received approximately S$1.0 million upon the finalisation of account from our customer in March 2017.

(2) Aggregate revenue recognised may differ from contract value in instances when the works performed varied from that initially contracted.

Ongoing main contractor projects as at 30 April 2017

The following table sets forth our ongoing main contractor projects as at 30 April 2017:

Project #	Building type	Customer	Scope of works	Duration *(Note 1)*	Percentage of completion as at 30 April 2017	Contract value	Revenue recognised For the year ended 31 December			For the four months ended 30 April 2017	Track Record Period	Revenue recognised/to be recognised For the year ending 31 December				
							2014	2015	2016			2017	2018	2019	2020	2021
						S$'million	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*
#6	Educational institution	Singapore Government agency	Alterations and additions works to 4 primary schools	October 2014 to June 2017	91.7%	31.9	1.0	14.5	13.6	0.1	29.2	2.8	—	—	—	—
#9	Residential	Singapore Government agency	Public housing development comprising 3 blocks of aggregate 489 units	May 2015 to September 2019	39.8%	79.9	—	5.9	17.9	8.0	31.8	24.9	22.3	8.9	—	—
#10	Residential	Singapore Government agency	Public housing development comprising an aggregate of 469 units	August 2015 to July 2018	76.0%	63.8	—	6.4	34.2	7.9	48.5	16.8	6.4	—	—	—
#11	Educational institution	Singapore Government agency	Erection of a primary school	April 2016 to October 2017	59.6%	28.0	—	—	10.3	6.4	16.7	17.7	—	—	—	—
#12	Residential	Singapore Government agency	Public housing development comprising an aggregate of 636 units	May 2016 to December 2018	34.1%	65.4	—	—	10.5	11.8	22.3	42.8	12.1	—	—	—
#13	Educational institution	Singapore Government agency	Alterations and additions works to a primary school	December 2016 to August 2018	12.5%	17.2	—	—	0.4	1.7	2.1	9.8	7.0	—	—	—
#27	Residential	Singapore Government agency	Two public housing development comprising an aggregate of 652 units	May 2017 to July 2021	—	69.0	—	—	—	—	—	12.0	18.5	24.3	12.5	1.7

Note:

(1) The end date of the duration is either that stated in the contract, estimated based on current project progress or stated in the completion certificate obtained subsequent to 31 December 2016.

The following table sets out the movement of the number of main contractor projects with revenue contribution to us:

	For the year ended 31 December			For the four months ended 30 April
	2014	**2015**	**2016**	**2017**
Projects brought forward from prior year(s)	4	6	7	8
Number of new projects that contributed revenue during the year/period	4	3	3	0
Number of projects completed during the year/period	2	2	2	2
Projects carried forward to next year/period	6	7	8	6

The following table sets out the movement of the contract values of main contractor projects with revenue contribution to us:

	For the year ended 31 December			For the four months ended 30 April
	2014	**2015**	**2016**	**2017**
	S$'million	*S$'million*	*S$'million*	*S$'million*
Outstanding contract value as at the beginning of the year	25.4	113.1	222.0	185.6
New contracts secured or variation order during the year/period	135.2	180.0	110.6	1.8
Revenue recognised during the year/period	(47.5)	(71.1)	(147.0)	(39.3)
Outstanding contract value as at the end of the year/period	113.1	222.0	185.6	148.1

Subcontractor

As a subcontractor, we principally specialised in reinforcement concrete works and certain subcontracting contracts may also be bundled with other scope of construction works such as earthworks and piling works which we will typically subcontract to other contractors.

All our subcontractor projects were secured through tendering process, via invited tenders. During the Track Record Period, we have completed 11 subcontractor projects out of which 9 were industrial buildings, with the remaining 2 projects being a media complex and an educational institution, and the duration of such projects ranged between 9 months to 3 years with an average duration of approximately 21 months. The contract values of our subcontractor projects during the Track Record Period ranged from approximately S$1.6 million to approximately S$34.4 million, with an average contract value of approximately S$11.6 million.

During the Track Record Period, the gross profit margins were generally higher for our subcontractor projects from approximately 12.1% to 30.9%. Subcontractor projects were more profitable as our scope of works were mainly in specialised reinforced concrete works, which we perform in-house and a narrower work scope meant that we need not engage as many subcontractors.

As at the Latest Practicable Date, we had 6 ongoing subcontractor projects and 1 completed subcontractor project after the Track Record Period with an aggregate contract sum of approximately S$84.4 million, of which approximately S$67.3 million has been recognised as revenue. The remaining balance of approximately S$12.3 million and S$4.8 million is expected to be recognised as our revenue for the year ending 31 December 2017 and 2018 respectively.

Completed subcontractor projects during the Track Record Period with contract value above S$5 million

Completed subcontractor projects refer to projects for which within the Track Record Period, we had submitted our final progress claims. The following table sets out the details of the projects completed by us as a subcontractor with contract value above S$5 million during the Track Record Period:

Project #	Building type	Customer	Scope of works	Duration[2]	Contract value[1]	Revenue recognised For the year ended 31 December 2014	2015	2016	For the four months ended 30 April 2017	Track Record Period
					S$'million	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*
#14	Industrial	Private	Reinforced concrete works for the erection of an industrial development	May 2012 to December 2014	11.3	*	—	—	—	*
#15	Industrial	Private	Reinforced concrete works for the erection of a 7-storey industrial building	May 2012 to June 2014	14.5	0.2	—	—	—	0.2
#16	Industrial	Private	Earthwork and reinforced concrete works for the erection of a 8-storey warehouse house	November 2012 to September 2014	25.8	1.2	—	—	—	1.2
#17	Educational	Private	Reinforced concrete works for the construction of academic buildings	April 2012 to December 2014	10.3	0.7	—	—	—	0.7
#18	Industrial	Private	Reinforced concrete works for the erection of industrial buildings	February 2014 to December 2015	7.3	7.1	0.2	0.4	—	7.7
#19	Industrial	Private	Reinforced concrete works for the erection of a 7-storey warehouse	September 2014 to December 2015	18.5	3.2	15.7	—	—	18.9
#20	Industrial	Private	Reinforced concrete works for the erection of an industrial warehouse for chemical use	February 2015 to May 2016	23.5	—	21.8	1.7	—	23.5

Notes:

* Negligible

(1) Aggregate revenue recognised may differ from contract value in instances when the works performed varied from that initially contracted.

(2) The end date of the duration is that submitted for our final claim.

Ongoing subcontractor projects as at 30 April 2017

The following table sets forth our ongoing subcontractor projects as at 30 April 2017:

Project #	Building type	Customer	Scope of works	Percentage of completion as at 30 April 2017	Duration[1]	Contract value	Revenue recognised For the year ended 31 December 2014	2015	2016	For the four months ended 30 April 2017	Track Record period	Revenue recognised/to be recognised For the year ending 31 December 2017
						S$'million	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*
#21	Industrial	Private	Reinforced concrete works for the development of airport terminal	100.0%	March 2014 to June 2017	34.6	7.3	18.5	6.4	2.4	34.6	2.4
#22	Industrial	Private	Civil and structural works including reinforced concrete works for the erection of data-processing and computing facility development	90.9%	September 2015 to May 2017	19.7	—	2.6	14.2	1.1	17.9	2.9
#23	Industrial	Private	Reinforced concrete works for the erection of a 6-storey industrial development	97.9%	June 2016 to May 2017	9.5	—	—	6.6	2.7	9.3	2.9
#24	Commercial	Private	Reinforced concrete works for an airport development	68.4%	December 2016 to April 2018	3.8	—	—	0.1	2.5	2.6	3.7
#25	Medical	Private	Reinforced concrete works for erection of a national centre and a centre for healthcare innovation	44.5%	February 2017 to June 2017	6.2	—	—	—	2.8	2.8	6.2
#26	Educational institution	Private	Reinforced concrete works for erection of a 6-storey educational institution block and an environmental building	3.8%	February 2017 to December 2017	2.1	—	—	—	0.1	0.1	2.1

Notes:

(1) The end date of the duration is either that stated in the contract or as estimated based on current project progress.

New subcontractor projects secured from 1 May 2017 up to the Latest Practicable Date

As at the Latest Practicable Date, we are in the midst of finalising the contract to provide reinforced concrete works for the construction of a bus interchange with a contract value of S$8.5 million for which we have received notification from customer of our award out of which approximately S$3.7 million and S$4.8 million is expected to be recognised as our revenue for the year ending 31 December 2017 and 2018 respectively.

The following table sets out the movement of the number of subcontractor projects with revenue contribution to us:

	For the year ended 31 December			For the four months ended 30 April
	2014	**2015**	**2016**	**2017**
Projects brought forward from prior year(s)	8	6	4	4
Number of new projects that contributed revenue during the year/period	3	2	2	2
Number of projects completed during the year/period	5	4	2	0
Project carried forward to next year/period	6	4	4	6

The following table sets out the movement of the contract values of subcontractor projects with revenue contribution to us:

	For the year ended 31 December			For the four months ended 30 April
	2014	2015	2016	2017
	S$'million	*S$'million*	*S$'million*	*S$'million*
Outstanding contract value as at the beginning of the year	14.4	45.8	27.8	10.0
New contracts secured or variation order during the year/period	61.1	43.2	11.6	8.7
Revenue recognised during the year/period	(29.7)	(61.2)	(29.4)	(11.9)
Outstanding contract value as at the end of the year/period	45.8	27.8	10.0	6.8

Comparison of profitability ratios with industry peers

Our overall gross profit margins were approximately 6.6%, 7.2%, 6.4% and 14.6% during the Track Record Period. As reported in the section headed "Industry overview — Competitive landscape" in this document, the industry gross profit margin ranged from negative 6.4% to positive 30% with an average of approximately 10.5% (for year 2016 published data), and our gross profit margin of approximately 6.4% for the year ended 31 December 2016 was in the low end of the abovementioned range and below the industry average.

Our profit before taxation margins were approximately 4.3%, 5.8%, 5.3% and 11.0% during the Track Record Period. As reported in the section headed "Industry overview — Competitive landscape" in this document, the industry net profit before tax margin ranged from negative 15.9% to positive 63.5% with an average of approximately 8.9% (for year 2016 published data), and our net profit before taxation margin of approximately 5.3% for the year ended 31 December 2016 was in the low end of the abovementioned range and below the industry average.

Our Executive Directors are of the view that our gross profit margin and profit before taxation margin being at the low end of the industry range would likely be due to that a significant portion of our projects were generated from public residential and public educational sectors which were generally more competitive.

COMPETITIVE STRENGTHS

Our established track record and experienced management team have enabled us to build a presence in the building construction industry over the past 13 years, under the leadership of our Executive Directors. We believe that our competitive strengths set out below have driven growth in our business and financial performance.

We have a solid track record in building construction works in Singapore with approximately 13 years of experience, with strong project management expertise that enable us to provide timely and reliable construction works

Over the years, we have undertaken main contractor and subcontractor projects in various building types, including educational institution, residential, commercial and industrial buildings in both the public and private sectors. All of our projects were completed on a timely basis, largely due to our project management expertise. A construction project comprises of numerous sequential steps, and project management is required to ensure that the required manpower, subcontractors, supplies, machinery, licences and permits are available or employed at the right time, and of an acceptable standard before the next construction step can be carried out.

Moreover, so far as our Executive Directors are aware, most of our customers (including Singapore Government agencies) have maintained some forms of an evaluation system to track their contractors's performance, financial capability, reputation and certifications. We first acted as a main contractor with a Singapore Government agency in December 2009 to erect an educational institution. Our track record puts us in a competitive advantageous position because one of the key evaluation criteria for contractors by Singapore Government agencies is track record; as such, our proven timeliness, reliability, quality and safety track record would allow us to be evaluated favourably in future tenders. During the Track Record Period, we have also worked on more than ten projects awarded by Singapore Government agencies which allowed us to be familiar with their requirements, and again placed us in a better position when tendering for future project opportunities.

We are specialised in reinforcement concrete works that allow us to undertake such subcontracted work scope profitably

We started as a subcontractor in reinforcement concrete works and completed 11 subcontractor projects during the Track Record Period, specialising in reinforcement concrete works. Through our experience and track record, we have been able to carry out such projects profitably.

Additionally, our expertise in reinforcement concrete works allow us to monitor our subcontractors effectively and also undertake the subcontractor projects in reinforcement concrete works on a selected basis, after considering the availability of resources, the complexity of the building structure and the construction schedule, amongst other factors. This also contributed to the reliability of our construction works and allowed us to be invited for private tenders.

We have in-house technical team that is focused on value engineering

Our technical engineers engage in value engineering, and this process is in-built into our project implementation process. From the commencement of our main contractor project, our technical team will evaluate the architectural drawings and recommend construction methodologies and systems with the view to reduce cost, shorten construction schedule, improve quality and/or lower the building maintenance costs. Additionally, our expertise in reinforcement concrete works allow us to better understand the practical challenges in the construction process and therefore, able to recommend a more efficient construction methodology.

Our technical team under the project department is overseen by our Executive Director, Mdm. Han, and comprises four project engineers. Our technical team is also well-equipped with computer-aided designed equipment and detailing software which enable us to more efficiently plan, design, construct and manage the construction process.

We have an established management system to ensure safety and quality in our building and construction works

Our Executive Directors believe that our continued success depends on our ability to meet our customers' requirements, particularly in respect of safety, quality and environment management. In December 2009, we obtained our first contract as main contractor for an educational institution is Singapore and obtained a CONQUAS score of above 90 out of 100 for this project. Construction Quality Assessment System (CONQUAS) serves as a standard assessment system on the quality of building projects. CONQUAS assesses the quality of workmanship in structural works, architectural works and mechanical and electrical works. A building that achieves a higher CONQUAS score is better constructed, in terms of workmanship quality. Please see the section headed "Industry overview — CONQUAS" in this document for further details on the assessment system and our scoring compared to the industry. In CONQUAS, the weightages for structural works, architectural works and mechanical and electrical works are allocated according to categories of building as follows:

Components	Commercial, industrial, institution and others[1]	Commercial, industrial, institution and others	Private housing	Public housing	Landed housing
Structural works	25%	30%	25%	35%	30%
Architectural works	55%	60%	65%	60%	65%
Mechanical and electrical works	20%	10%	10%	5%	5%
CONQUAS score	**100%**	**100%**	**100%**	**100%**	**100%**

Note 1: Generally for projects with central cooling system having cooling tower, chiller system, etc.

We have also established a set of environmental, health and workplace safety policy and have committed to high safety standard and environmental impact control. For further details of our environmental, health and workplace safety policy, please refer to paragraph headed "Environmental, health and workplace safety ("EHS") policy" in this section of this

document. Further, we have been continuously accredited and re-accredited with ISO 9001:2008, ISO 14001:2004, OHSAS 18001:2007 and bizSAFE certifications for the scope of building construction services which indicate that we have systems and procedures in place to deliver high quality services and conform to environmental, health and workplace safety regulations.

We have an experienced and dedicated management team and each of our Executive Directors has over 20 years of experience in the construction industry in Singapore

Each of our Executive Directors has over 20 years of experience in the construction industry and our Executive Directors believe that the combination of our strong project management expertise and knowledge of the industry, together with our qualified employees to complete projects reliably and timely, have been and will continue to be our Group's valuable assets. Our Executive Directors are supported by experienced senior management team. Please refer to the section headed "Directors and senior management" in this document for detailed work experience of our Directors and senior management team. In addition, we have distinct teams with experienced staffs focusing on project management, quality control as well as environmental, health and workplace safety. Having an experienced management team is important to our business and enables us to (i) be aware of our competitive and market landscape; (ii) design our master work schedule effectively; (iii) manage our projects efficiently; and (iv) build on the experiences we had with our customers, suppliers and subcontractors.

BUSINESS STRATEGIES

Our business objectives are to maintain sustainable growth in our business and create long-term shareholders' value. We intend to achieve this by implementing the following corporate strategies:

(a) Expansion of our business and strengthen our market position in the construction industry in Singapore

Given our proven construction track record, we plan to increase our market share in the construction industry in Singapore by tendering for more or larger scale building projects. To achieve the aforesaid, we intend to invest in equipment and machinery; specifically, we will purchase boom lifts, biometric systems, mini excavators, rough terrain cranes, concrete pumps, lorry cranes and air compressors.

(b) Initial capital contribution required for large value contract

As we aim to expand our business and strengthen our market position, we will pursue higher value contracts. Based on our grading for the CW01 workhead for "General Building" under the CRS of "A1" grading, we can tender directly to Singapore Government agencies for contract value of unlimited value. Should we take on two high value contracts at the same time, the initial capital contribution would be significant as cash outflows precede cash inflows at the initial stage of the contract. Our Executive Directors are of the view that taking on higher value contracts would expand our business and build our track record.

(c) Enhance and expand our workforce to keep up with our business expansion

For our expansion, we will seek to expand and enhance our workforce, to support our business expansion. We intend to increase the number of staff, comprising general workers, crane/excavator operators, professional engineers, design engineers and site supervisors/foremen.

(d) Improve productivity with investments in BIM and ERP software

BCA implemented the Building Information Modelling (BIM) Roadmap in 2010 with the aim that 80% of the construction industry will use BIM by 2015. This is part of the Singapore Government's plan to improve the construction industry's productivity by up to 25% over the next decade. Hence, we intend to further enhance our team specialising in BIM, fund the training courses related to BIM such as Specialist Diploma in Building Information Modelling, BIM Management Course and BIM Planning Course, and purchase additional hardware and software for this purpose. In addition, we also intend to improve productivity in our back office functions by adopting the enterprise resource planning (ERP) system.

MAIN LICENCES AND REGISTRATIONS

Our Group holds a number of licences and registrations which enable us to carry on our businesses. In particular, BHCC Construction is registered under the CW01 workhead for "General Building" under the CRS with a "A1" grading, which allows BHCC Construction to tender for building construction works in the public sector in Singapore of unlimited contract value, and BHCC Construction also holds a GB1 Licence granted under the BLS, which allows BHCC Construction to undertake general building contracts of any value in Singapore. For further details of our licences and registrations, please refer to the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this document.

Our Executive Directors are of the view that our existing registrations under the CRS and our existing GB1 Licence under the BLS are adequate for our business needs. Our Directors confirm that our Group has obtained all the necessary licences and registrations which are required to carry on our principal business activities in Singapore as at the Latest Practicable Date.

Requirements for maintaining our licences and registrations

Our ability to maintain our registrations under the CRS and our GB1 Licence under the BLS are crucial to our business operation. Please refer to the section headed "Risk factors — Failure to renew or any suspension or cancellation of our licences and registrations could materially affect our operations and financial performance" in this document for further information.

There are certain financial, personnel, track record, certification and other requirements that we have to comply with in order to maintain such licences and registrations, which are set forth in detail in the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this document.

Personnel requirements

One of such requirements is in relation to the employment of management and technical personnel, which are set forth in detail in the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this document.

Our Executive Directors confirm that during the Track Record Period and up to the Latest Practicable Date, all such personnel requirements were fully complied with and were satisfied by our employment of the following management and technical personnel: (i) Mr. Yang and Mdm. Han, our Executive Directors; (ii) one general manager, six project managers, one mechanical and electrical manager, one assistant construction manager, one construction manager, seven project engineers and one mechanical and electrical coordinator in the project department; (iii) one safety manager in the safety department; and (iv) one contract manager and two quantity surveyors in the contract department.

Having considered our employment of the aforesaid management and technical personnel which satisfies the relevant personnel requirements as well as the fact that our Group has, as at the Latest Practicable Date, a number of other additional employees who are qualified to take up the relevant roles for fulfilling the personnel requirements in case of any replacement is required, our Executive Directors are of the view that our Group is not placing any undue reliance on any particular employee for fulfilling the relevant personnel requirements in relation to our GB1 Licence under the BLS and our registrations under the CRS.

Certification requirements

Another relevant requirement is in relation to the possessing of certain certifications with respect to quality control, workplace safety and health, and environmental protection. We have obtained such required certifications throughout the Track Record Period and up to the Latest Practicable Date, as set forth in the following table:

Relevant authority/ organisation	Relevant list/category	Qualification/ Licence/Grading	Date of first grant/registration	Date of expiry
BCA	Quality management system for the scope of building construction services	ISO 9001:2008	3 December 2009	14 September 2018
BCA	Occupational health and safety management system for the scope of building construction services	OHSAS 18001:2007	3 December 2009	2 December 2018
BCA	Environmental management system for the scope of building construction services	ISO 14001:2004	9 July 2012	14 September 2018
BCA	Green and Gracious Builder Award	Merit	26 March 2013	2 December 2018
Workplace Safety and Health Council	bizSAFE	Level Star	30 November 2015	2 December 2018

SALES AND MARKETING

Marketing activities

During the Track Record Period, we did not engage in material marketing activities other than our Executive Directors' engagement with our private sector customers and main contractors. We also monitor GeBIZ, the Singapore Government's one-stop e-procurement portal, on a daily basis for suitable tenders put up by the respective Singapore Government agencies. Moreover, we are often approached by our repeat customers, architects or external consultants to tender for their projects. Our Executive Directors' contact with our private sector customers will also allow us to be invited for available tender opportunities. Our Executive Directors consider that reputation (in particular our reputation for strong project management and quality), track record, expertise in reinforcement concrete works and word-of-mouth are important factors in being invited for private tenders.

Pricing and tender strategy

When we have identified the project opportunities to tender via GeBIZ or received an invitation to tender, our contracts department will first prepare a tender evaluation form to evaluate the customer and consultant to determine their reputation in the market, financial stability, past experience and technical competency. The contract department also reviews the tender information on the projects requirements, specification and drawings, and evaluate our technical capability and capacity in terms of manpower and machinery. Our Executive Directors will make the decision whether to participate in the tender.

Most of our customers (including Singapore Government agencies) have maintained some form of an evaluation system to track their contractor's performance, financial capability, reputation and certifications. The GeBIZ serves as a web platform for the ease of posting available tender opportunities, and ease for contractors and suppliers to view these opportunities. Each Singapore Government agency that posts the tender has its own staff to review the tender proposal, engage with the tenderers, request for tender interviews and subsequently award the contract to the winning bidder. Each project has a different evaluation criteria and weightage to each criteria and this will be stated in the tender documents as published in GeBIZ. Generally, the evaluation will be based on price-quality method ("PQM"). The criteria and the corresponding weightage based on PQM are (i) price with the weightage in the range of 50% to 70%; (ii) productivity with the weightage of 10%; and (iii) quality with the weightage in the range of 40% to 20%, correspondingly.

As stated in the Ipsos Report, our CONQUAS scorings for year 2014 to 2016 were 88.6, 79.7 and 81.6 respectively, and at the industry average for 2014 but lower than the industry averages for 2015 and 2016 of 88.5 and 88.7 respectively. CONQUAS is a standardised assessment system on the quality of building projects and it was further stated in the Ipsos Report that in recent years, the BCA had stricter assessment under the CONQUAS scoring. Our scoring of 79.7 for 2015 was based on an educational institution project, directly awarded by the Singapore Government agency. This was for A&A works performed for three primary schools and to be completed within a duration of 14 months. Our scoring of 81.6 for 2016 was based on another educational institution project, also directly awarded by the same Singapore Government agency. This was for A&A works performed for five secondary schools and to be completed within a duration of 16 months. These were the only two projects for which CONQUAS scoring were assessed and available. Our Executive Directors believe that our lower CONQUAS scoring was mainly due to lower quality on architectural finishes as there were several A&A works for different schools to be completed within a relatively short period of time. The CONQUAS industry average as disclosed in the Ipsos Report comprised mainly that of new building construction and the industry average for A&A works comparable to our projects being assessed in 2015 and 2016 were 87.6 and 81.4 respectively, for which our abovementioned CONQUAS scoring would fall at the industry average in 2016.

As mentioned above, Singapore Government agencies would take into consideration the quality of our works with a weightage of 20% to 40%. A lower CONQUAS scoring for a project may not necessarily imply that the Singapore Government agency that awarded the project would find our quality to be not acceptable as there may be unique situations encountered during the project such as timing and site conditions. Our Directors do not consider that our abovementioned CONQUAS scoring would have a material impact on our operational and financial performance as we were awarded an aggregate of six projects from Singapore Government agencies from 2015 to 2017, and out of which two were for educational institution projects (including one project for A&A works of a primary school). For the abovementioned two educational institution projects, both were awarded after our CONQUAS scorings of 79.7 and 81.6 were assessed and available.

Should our Executive Directors decide to proceed with the tender, our contract department will prepare the tender documents. Generally, we will obtain three quotations from our suppliers and subcontractors for major supplies and services required as reference for our budget preparation to determine the feasibility and profitability of the project. As a main contractor, there will be various subcontract works which we will appoint subcontractors to perform such as electrical works, plumbing and sanitary works. Certain tenders will specify the subcontractor to be used (i.e. these are nominated subcontractors by the owner of the building project). Otherwise, we will typically recommend subcontractors on our approved subcontractor list who have a good track record and industry reputation, and obtain their quotation for the subcontract works for input into our tender proposal to the owner.

Our budgeted gross profit margin to be earned from the project/our pricing, will depend on various factors, including but not limited to, the scale, complexity and specifications of the project, the construction schedule, our available capacity and resources, site conditions and restraints, the potential to optimise or share resources for concurrent projects located in proximity to each other, prevailing market price/competitive environment, indicative pricing from our suppliers and subcontractors, and our past experience in tendering for similar projects.

Our contract manager, with the assistance of our in-house quantity surveyors, possesses the experience, skills and knowledge to analyse the project requirements, the market and competitive environment. Our key cost of services that impact the budgeted gross profit margin in our projects are (i) material purchases, (ii) subcontracting costs, (iii) rental of machineries and (iv) labour cost. Our Executive Directors will make the final decision on our pricing and the submission of our tender, which is typically valid for 90 days (or extended upon customer's request). Once the contract is signed, no pricing adjustment for the contracted works will be made.

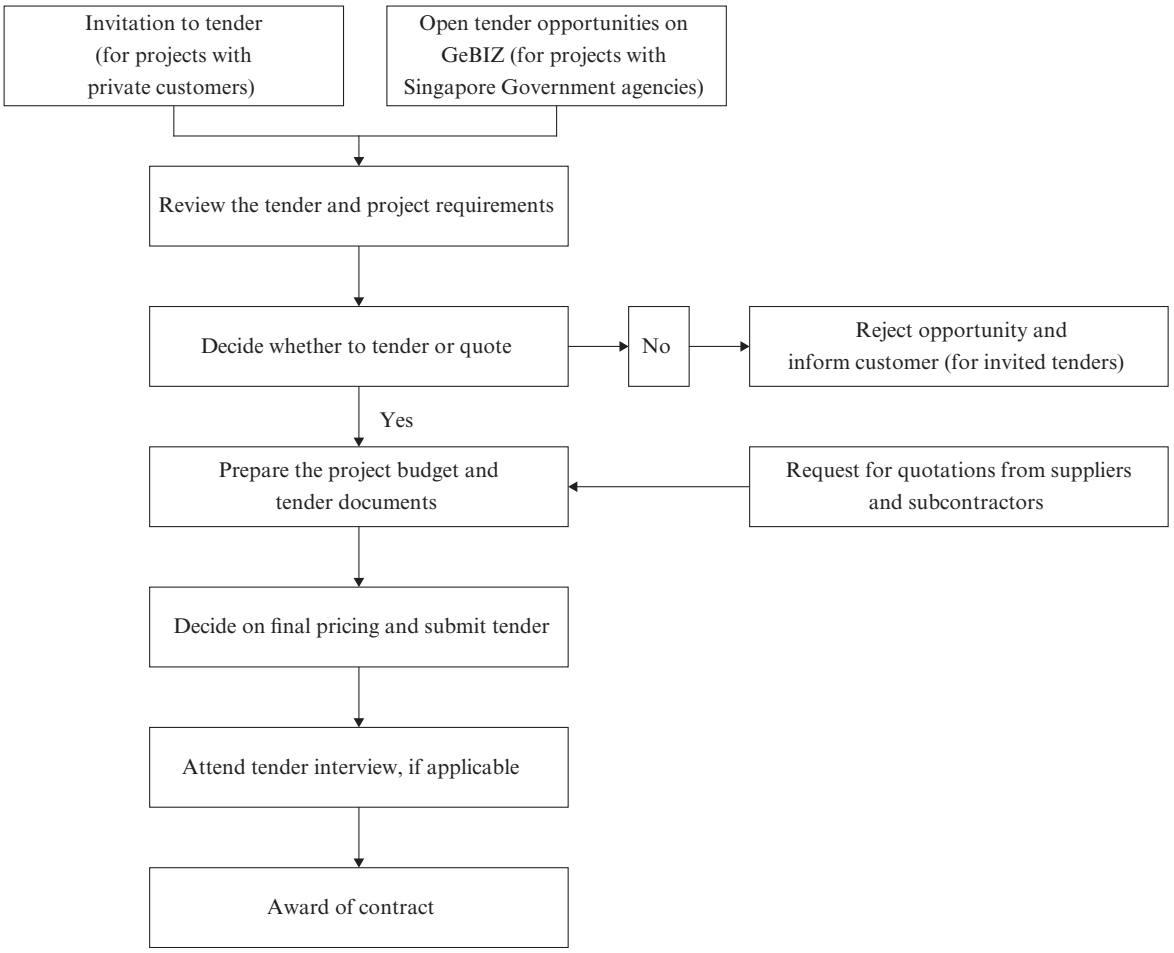
Seasonality

Our principal business activities are generally subject to seasonal nature of construction activities, which are typically relatively slow in the first quarter of the year.

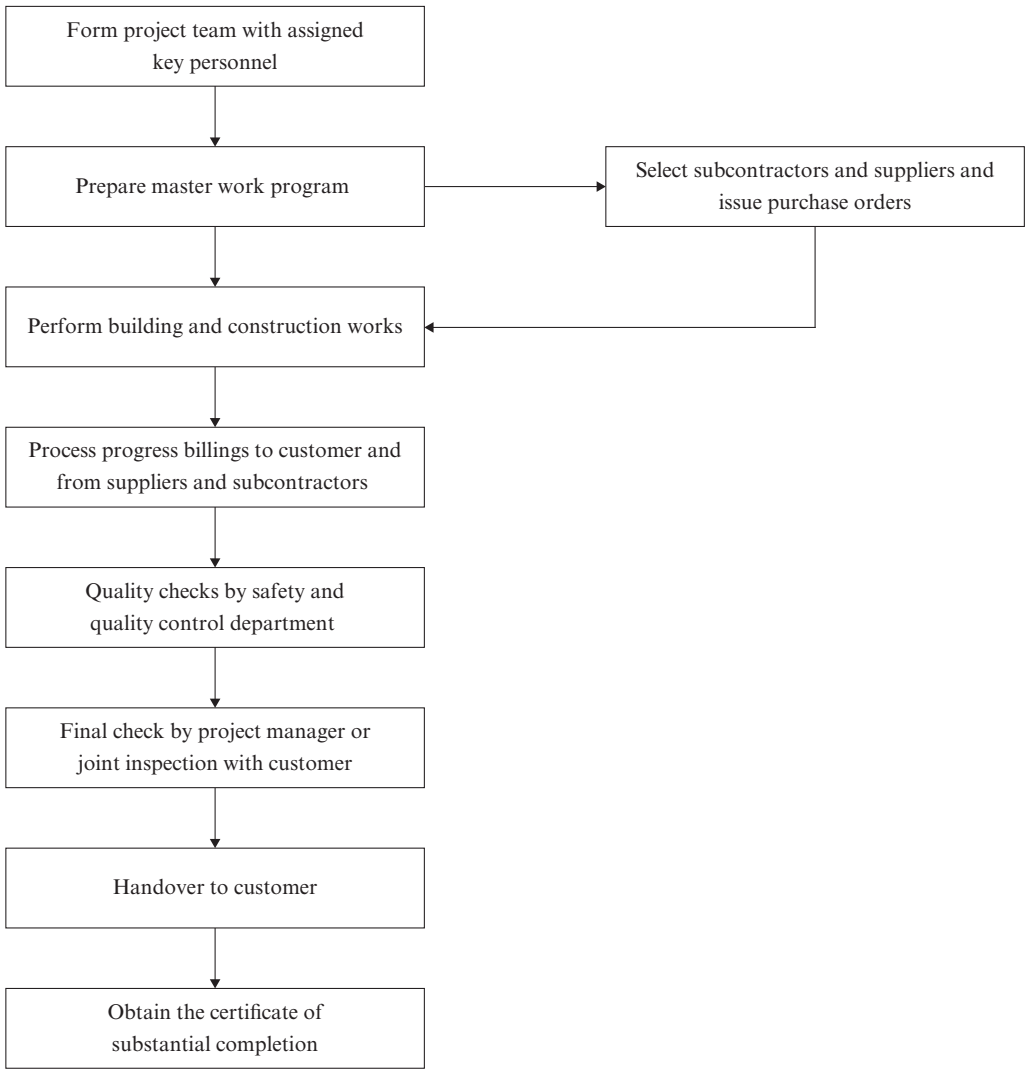
PROJECT MANAGEMENT AND OPERATIONS

The following diagram illustrates the general steps undertaken by us in a project:

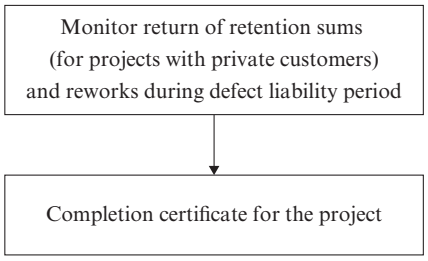
Tender phase



Project implementation phase



Post-project phase



Tender phase

Our projects come mainly from two sources, namely, (i) open tender opportunities published on GeBIZ; and (ii) invitations to tender from private customers. For more information on our marketing activities and pricing and tender strategy, please refer to section headed "Business — Sales and marketing" above.

Subsequent to the submission of the tender proposals, we may be requested to attend tender interviews. If successful, we will be awarded the contract. We keep track of tenders which we have submitted, with information such as (i) project names/description, (ii) tender submission dates and (iii) whether tendering as a main contractor or subcontractor.

Tender success rate

The following table sets forth our tender success rates during the Track Record Period:

		For the year ended 31 December			For the four months ended 30 April
		2014	2015	2016	2017
(i)	**Main contractor — Singapore Government agencies**				
	Open tenders				
	— Number of projects awarded	2	3	3	1
	— Success rate	20%	14%	11%	20%
	Invited tenders	N/A	N/A	N/A	N/A
(ii)	**Main contractor — Private customers**				
	Open tenders	N/A	N/A	N/A	N/A
	Invited tenders				
	— Number of projects awarded	1	1	0	N/A
	— Success rate	25%	50%	0%	N/A
(iii)	**Subcontractor — All private customers**				
	Open tenders	N/A	N/A	N/A	N/A
	Invited tenders				
	— Number of projects awarded	3	2	4	1
	— Success rate	20%	18%	44%	14%
TOTAL					
	Open tenders				
	— Number of projects awarded	2	3	3	1
	— Success rate	20%	14%	11%	20%
	Invited tenders				
	— Number of projects awarded	4	3	4	1
	— Success rate	21%	23%	33%	14%

Notes:

(1) Tender success rate is computed based on the number of contracts awarded (whether awarded in the same period or subsequently) in respect of the tenders submitted during the respective period. As such, for tenders submitted for the four months ended 30 April 2017, six subcontractor contracts with private customers and one main contractor contract with Singapore Government agency are pending results of award of tender as at the Latest Practicable Date.

(2) N/A means that there were no tenders submitted by us during the financial period.

Our tender success rates for main contractor projects with Singapore Government agencies on open tender basis were approximately 20%, 14%, 11% and 20% and that from invited tenders were approximately 21%, 23%, 33% and 14% respectively during the Track Record Period. During the Track Record Period, there has been no change in our tendering strategy, which depends on the number of projects we have on hand, our available capacity in terms of manpower and budgeted profit margin which in turn depends on numerous factors pertaining to the project and the competitive environment. Please refer to the section headed "Business — Sales and marketing — Pricing and tender strategy" above. In general, our tendering strategy is to submit more tenders than we have available capacity for to allow us to keep abreast of latest market environment, customers' and/or project requirements and pricing level of our competitors which are useful for our strategic planning and securing future tenders in similar projects. Moreover, it is unlikely that our tender success rate will be 100% and as such, we will tender for more projects in order to secure sufficient projects for optimisation of our resources. During the Track Record Period, there was no instance of us being awarded projects beyond our available resources which resulted in us incurring cost overruns due to the use of external resources. Our Executive Directors consider that our tender success rates during the Track Record Period were satisfactory given that we have secured a stable number of contracts, from six to seven projects, in each of the three years ended 31 December 2016.

Project implementation phase

Main contractor

Upon the award of the contract, a pre-construction meeting will be held between the contract department and the project department on the project's requirements. Tender/contract documents will be handed over to the project department by the contract department which include the tender documents, clarifications/amendments made in respect to tender, and contract and project specifications. Our projects are headed by a project manager with a project team typically consist of civil and structural engineer, site manager, mechanical and electrical coordinator, architectural coordinator and structural supervisor. Our project manager has the overall responsibility to manage the project, in terms of meeting both the timing and project specifications.

Our project manager will prepare the master work program which specifies the detailed steps to be taken for the entire construction process and the duration required for each step, as well as the project quality plan. We will get the relevant permits and approvals (for instance, structural work permit) from the respective government authorities and set up amenities such as site office and construction of temporary drainage system. At the same

time, our contract manager will select and award the subcontractors and suppliers from (i) our approved subcontractor and suppliers list; (ii) those we have invited to tender during our tender process which have been proposed to our customers; or (iii) nominated subcontractors provided by our customers. Please refer to paragraph headed "Suppliers — Types of supplies" and "Subcontractors — Types of subcontracting works" in this section of this document for further details on our assessment criteria of suppliers and subcontractors on our approved suppliers and subcontractors list.

Our contract and purchasing departments will negotiate on pricing and contract terms with the subcontractor and/or supplier, collate the quotations and make recommendation to our Executive Directors for approval. Once approval is obtained, we will arrange for the signing of contract/purchase order and the subcontractor and/or supplier is obligated to fulfill the services or delivery at the agreed price and in accordance with the construction schedule. We maintain good working relationships with our subcontractors and suppliers and do not foresee any material difficulties in sourcing for services and materials in the future. Our project team will hold regular meetings with subcontractors to discuss progress and issues (if any) encountered or anticipated in a project.

The appointed suppliers and subcontractors will subsequently submit their shop drawings, design, catalogue or sample materials and their method statements, as the case may be, to our project team for approval. Our project team will compile and verify the shop drawings of all subcontractors with our contract department, and make assessments of various subcontractors' drawings and method statements to ensure the whole construction process can be carried out smoothly and in accordance to specifications. Should there be any discrepancy, the shop drawings will be returned to the subcontractors for revision. Upon approval from our project team, the shop drawings and the method statements will be submitted to the external consultant engaged by our customer for approval. Upon approval, our subcontractors can commence works and our project team will follow up on the site progress to ensure that the construction works are in accordance with the approved shop drawings and method statements. In addition, the suppliers and subcontractors have to submit material specification to our project team and upon satisfaction that the material meets the contract specifications, the materials will be submitted to the external consultant for approval. The approved material sample will be stored in the site sample room as a benchmark to perform quality test upon receipt of the materials.

Our accounting department is responsible for recording of accounts payables, receivables and preparation of progress billings and invoices. Our quantity surveyors will coordinate with our accounting department on the progressive billings to our customers, based on the progress of services performed. Typically 5% of the progress claims will be retained by private customer for an agreed period after completion of each project. Upon receiving our payment request, our customer will have its own personnel to acknowledge the progress claim, typically based on inspection by its quantity surveyor and issued us with a valuation certificate. We will then be requested to issue an invoice to our customers, and average credit terms to our customers are typically 30 to 60 days payable by cheque. Similarly, we will make payment to our suppliers and subcontractors within the average credit terms of generally 30 to 60 days; for subcontractors, they will submit their payment

request to us and we will ascertain the completion of their works. Once ascertained, we will issue a valuation certificate and request for their invoice and make payment within the credit term.

During the projects, we will carry out regular site inspections and require our subcontractors to carry rectification works if required. The status of rectification works will also be included in a report for our monitoring. Please refer to the paragraph headed "Quality control" under this section of this document for further information of various inspection checks throughout the project implementation. We will be issued with a certificate of substantial completion upon handover of the project to the customer.

Our main contractor projects usually span a duration ranging between 1 to 3 years. The duration will depend on the scale and complexity of the project, the duration as stipulated in the contract and the construction schedule in our internal mobilisation plan. There may also be instances of variation orders where specification and scope of works are amended from that originally contracted. A variation order may increase, omit or vary the original scope of work and alter the original contract sum. Should the amendment in the variation order require us to amend our purchases with our suppliers or our agreed terms with our subcontractors, these will be separately negotiated. In instances where our customers require performance bonds with an insurer or a financial institution made in favour to them for a certain percentage of or the full amount stipulated in the contract, our administrative department will coordinate with the insurer or a financial institution and ensure that it is appropriately discharged at the end of the contract.

Subcontractor

Upon the award of the contract, the process of a subcontractor project is similar to a main contractor project whereby project information will be transferred from the contract department to the project department and a project team will be assembled to manage the project.

As a subcontractor, we are responsible in applying for permits and approvals relevant to our subcontract works. Prior to the commencement of our subcontracting works, our method statements have to be approved by the consultant engaged by our customer. Certain purchases may also have to be pre-approved by our customer. Our project department will coordinate with our contract department on the required purchases and engagement of our subcontractors. Our process on the selection of suppliers and subcontractors for subcontracting works is similar to main contractor projects as described above.

Our process for recording of accounts payables, receivables, preparation of progress billings and invoices and payment to our subcontractors and suppliers is similar to our main contractor projects. Similarly, please refer to the paragraph headed "Quality control" under this section of this document for further information of various inspection checks throughout the project implementation.

Our subcontractor projects usually span a duration ranging between 9 months to 3 years. The duration will depend on the scale and complexity of the project, the construction schedule set up by our customer and the project schedule in our internal mobilisation plan.

There may also be instances of variation orders where specification and scope of works are amended from that originally contracted. Similarly, certain projects may require performance bond whereby the process is similar to main contractor projects as described above.

Post-project phase

Upon the completion of our projects, we will typically receive a certificate of substantial completion from our customer's consultant, which indicates that our services have been completed, inspected and approved. From the date of substantial completion of our construction works, the defect liability period commences and we are required to rectify any defects brought to our attention during this period. We will, from time to time, also monitor our receipts and the return of retention monies. Upon substantial completion, usually 2.5% of the contract amount shall be released to us and the balance of 2.5% upon expiry of the defect liability period. During the Track Record Period, no material deduction was made against the retention monies.

QUALITY CONTROL

We have a quality management system in place to ensure that we provide quality building and construction works that consistently meet our customers' expectations, legal and regulatory requirements and safety standards with the key objectives of (i) achieve good rating (80%) in our customer satisfaction survey; (ii) achieve 100% timely hand over; and (iii) achieve CONQUAS score as per customer's requirement. Our ISO 9001:2008 certification had been last audited in November 2016 by an Independent Third Party with no non-conformity noted. Our relevant quality aspects cover:

(i) Purchasing

As elaborated in the section headed "Business — Suppliers" and "Business — Subcontractors" below, we have an approved suppliers and subcontractors list and our purchaser, contract manager and/or project manager will perform an assessment of the suppliers and subcontractors based on various performance indicators. The supplier and subcontractor will be removed from the approved suppliers and subcontractors list after three consecutive unfavourable assessments.

(ii) Store

Our site supervisor will perform incoming inspection (for instance, visual inspection or check against manufacturers' test certificates) of purchased materials to ensure that they are in accordance to the contract specifications or requirements and consistent with the material sample stored in the site sample room. On-site material quality test will also be performed on a sample basis by the representative of an external consultant and monitored by our project team. Items are properly kept and identified at our storage.

(iii) On-site quality checks and handing over inspection

All completed construction services or works have to be properly preserved to prevent damage to completed works. On-site quality checks are conducted at each stage of construction services or works, for instance:

- Piling works; load test to assess a pile's bearing capacity;
- Concrete casting works; inspection of formwork and steel reinforcement/ meshes; and
- Concreting works; carry out tests to measure the concrete strength of the concrete works.

(iv) Feedback

We will obtain feedback from our customers during project progress or upon completion of project to gauge our performance level and to identify any areas of improvement. The indicators used to measure the customer satisfaction are (i) work progress in meeting the construction schedule; (ii) quality of work; (iii) safety performance; and (iv) manpower and machinery adequacy, competency and responsiveness. We also conduct annual internal audit to identify areas for improvement, in particular those to ensure compliance with ISO 9001 : 2008 standards.

CUSTOMERS

Type of customers

Our customers include (i) Singapore Government agencies such as those governing educational institutions and public housing development; (ii) main construction contractors and (iii) property developers/owners in Singapore. For the three years ended 31 December 2016 and four months ended 30 April 2017, we had 9, 11, 9 and 8 customers with revenue contribution to us respectively.

Open tenders put up by Singapore Government agencies are posted on GeBIZ while those from private organisations mainly by invitation.

Top five customers

For the three years ended 31 December 2016 and four months ended 30 April 2017, revenue from our five largest customers amounted to approximately S$68.2 million, S$111.9 million, S$161.1 million and S$48.0 million, and accounted for approximately 88.4%, 84.6%, 91.3% and 93.8% of our total revenue respectively. Revenue from our largest customer for the same periods amounted to approximately S$27.8 million, S$44.0 million, S$62.6 million and S$28.7 million, and accounted for approximately 36.0%, 33.2%, 35.5% and 56.0% of our total revenue respectively.

Our top five customers during the Track Record Period included different Singapore Government agencies, such as ministry and statutory board. Our Executive Directors consider that it is appropriate to treat different Singapore Government agencies as separate customers instead of grouping them together as a single customer, having considered that (i) each Singapore Government agency is in charge of different area, such as education and public housing; (ii) tender notices are posted on GeBIZ separately by different Singapore Government agencies; (iii) the tender approval processes are conducted independently by the respective Singapore Government agencies; and (iv) each of the Singapore Government agencies has its own team of officers to evaluate suppliers' bid and to approve the awards of contracts. The GeBIZ serves as a web platform for the ease of posting available tender opportunities, and ease for contractors and suppliers to view these opportunities. Each Singapore Government agency that posts the tender has its own staff to review the tender proposal, engage with the tenderers and/or request for tender interviews.

The following table sets forth our five largest customers for each of the three years ended 31 December 2016 and four months ended 30 April 2017, respectively:

For the year ended 31 December 2014

Customer	**Approximate years of relationship with our Group**	**Scope of services provided by our Group**	**Nature of construction projects**	**Revenue contribution**	
				Aggregate amount *(S$'million)*	**% of revenue of our Group**
Customer A *(Note 1)*	8	Building and construction works as main contractor	Public educational institutions	27.8	36.0%
Customer B *(Note 2)*	10	Building and construction works as subcontractor	Industrial buildings	13.8	17.9%
Customer C *(Note 3)*	5	Building and construction works as main contractor	Educational institution	11.9	15.4%
Customer D *(Note 4)*	11	Building and construction works as subcontractor	Industrial buildings	8.2	10.7%
Customer E *(Note 5)*	6	Building and construction works as main contractor	Public residential	6.5	8.4%
Total				**68.2**	**88.4%**

Notes:

(1) Customer A is a Singapore Government ministry which oversees the education policies and development of educational institutions.

(2) Customer B, a company established in 1996 and is listed on the Mainboard of the Singapore stock exchange with a market capitalisation of approximately S$276.5 million as at 18 August 2017. It is principally engaged as an industrial real estate solutions provider. In its annual report for the financial year ended 31 March 2017, it reported revenue of approximately S$228.3 million with presence in Singapore, Malaysia, Vietnam and China. In 2016, we also contracted with its wholly-owned subsidiary incorporated in Singapore. This subsidiary was established in 2014, and provides technical consulting services and design-and-build expertise for industrial facilities in Singapore.

(3) Customer C is a religious institution in Singapore. Under this institution, there are various ministries such as kindergartens, primary schools, secondary school, and children and community services in Singapore.

(4) Customer D is the Singapore branch of a Japanese company which principally engages in building construction and scaffolding works. In its corporate profile, the Japanese company reported revenue of approximately ¥1.216 trillion (approximately HK$83.6 billion) for its fiscal year 2016 with presence in Japan, Asia, Europe and United States of America.

(5) Customer E is a Singapore Government statutory board overseeing the public housing development.

For the year ended 31 December 2015

Customer	Approximate years of relationship with our Group	Scope of services provided by our Group	Nature of construction projects	Revenue contribution Aggregate amount *(S$'million)*	Revenue contribution % of revenue of our Group
Customer A *(See Note 1 above)*	8	Building and construction works as main contractor	Public educational institutions	44.0	33.2%
Customer F *(Note 6)*	2	Building and construction works as subcontractor	Industrial building	21.8	16.5%
Customer D *(See Note 4 above)*	11	Building and construction works as subcontractor	Industrial building	18.5	14.0%
Customer B *(See Note 2 above)*	10	Building and construction works as subcontractor	Industrial buildings	16.1	12.2%
Customer E *(See Note 5 above)*	6	Building and construction works as main contractor	Public residentials	11.5	8.7%
Total				**111.9**	**84.6%**

Note:

(6) Customer F, a company established in 2009 and is a wholly-owned subsidiary of a company listed on the Catalist of the Singapore stock exchange with a market capitalisation of approximately S$57.4 million as at 18 August 2017, that specialises in the design and building of commercial and industrial

facilities. In its annual report for the financial year ended 31 December 2016, the listed company reported revenue of approximately S$57.6 million, with operations in Singapore, Malaysia, Australia and China. The subsidiary has operations based in Singapore and engaged in building construction and general building engineering services.

For the year ended 31 December 2016

Customer	Approximate years of relationship with our Group	Scope of services provided by our Group	Nature of construction projects	Revenue contribution Aggregate amount *(S$'million)*	Revenue contribution % of revenue of our Group
Customer E *(See Note 5 above)*	6	Building and construction works as main contractor	Public residentials	62.6	35.5%
Customer G *(Note 7)*	2	Building and construction works as main contractor	Educational institution	31.6	17.9%
Customer A *(See Note 1 above)*	8	Building and construction works as main contractor	Public educational institutions	27.0	15.3%
Fantasia (Novena) Pte. Ltd. *(Note 8)*	3	Building and construction works as main contractor	Private residential	25.7	14.5%
Customer H *(See Note 9)*	2	Building and construction works as subcontractor	Industrial building	14.2	8.1%
Total				**161.1**	**91.3%**

Notes:

(7) Customer G is an international school in Singapore. It is a non-profit company limited by guarantee and is an registered educational charity.

(8) Fantasia (Novena) Pte. Ltd. (formerly known as 25 Hours Business Consultant Pte. Ltd.) is a private limited company incorporated in Singapore on 17 March 2011. Its principal activity is that of real estate development. Mr. Yang is one of the three directors of Fantasia (Novena) Pte. Ltd. and held a deemed indirect shareholding interests of approximately 6.0% in it by virtue of his spouse's, Mrs. Yang's shareholding of approximately 66.79% in Ultra Development Pte. Ltd. and Ultra Development Pte. Ltd.'s shareholding of 60,000 shares (representing 6% of the shareholding interest in Fantasia (Novena) Pte. Ltd.).

(9) Customer H is a private company limited by shares established in 2002, subsidiary of a Japan corporation, and provides building and civil engineering construction services. The Japanese corporation is a private company, headquartered in Japan and in its corporate profile, stated as having offices in Singapore, other parts of Southeast Asia, Japan and China.

For the four months ended 30 April 2017

Customer	Approximate years of relationship with our Group	Scope of services provided by our Group	Nature of construction projects	Revenue contribution Aggregate amount *(S$ 'million)*	Revenue contribution % of revenue of our Group
Customer E *(See Note 5 above)*	6	Building and construction works as main contractor	Public residentials	28.7	56.0%
Customer A *(See Note 1 above)*	8	Building and construction works as main contractor	Public educational institutions	8.5	16.7%
Customer D *(See Note 4 above)*	11	Building and construction works as subcontractor	Airports	4.9	9.6%
Customer I *(Note 10)*	13	Building and construction works as subcontractor	Medical centre and educational institution	3.3	6.5%
Customer B *(See Note 2 above)*	10	Building and construction works as subcontractor	Industrial buildings	2.6	5.0%
Total				**48.0**	**93.8%**

Note:

(10) Customer I is a private company limited by shares incorporated in Singapore on 27 April 1988 with the principal activity of building construction including major upgrading works. Customer I is a wholly-owned subsidiary of a company listed on the Tokyo and Osaka stock exchange with a market capitalisation of approximately Japanese Yen 1.03 trillion as at 18 August 2017. In its annual financial statements for the financial year ended 31 March 2017, the listed company reported revenue of approximately Japanese Yen 1,821.8 billion, with four regional headquarters established in Japan, United States of America, Europe and Asia.

None of our five largest customers during the Track Record Period is also our supplier or subcontractor.

Despite our five largest customers contributing more than 80% of our revenue during the Track Record Period, our Directors consider that our Group's business model is sustainable given that (i) our established track record would put us in an advantageous position when tendering for both public and private sector projects; (ii) our experience working on more than ten projects awarded by Singapore Government agencies during the Track Record Period allowed us to be familiar with their requirements, and place us in a better position when tendering for future project opportunities; and (iii) our expertise in reinforcement concrete works in various types of building projects had resulted in us being invited for tenders by established main construction contractors in Singapore. Please refer to the section headed "Business — Competitive strengths" above for further details of our competitive strengths.

None of our Directors, or any of their respective close associates or any existing Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following the completion of the [REDACTED] and the Capitalisation Issue, had any interest in any of our five largest customers during the Track Record Period other than in Fantasia (Novena) Pte. Ltd.

KEY CONTRACT TERMS WITH CUSTOMERS

Generally the contracts with our customers contain terms relating to the contract price, duration, the scope of work, the payment terms, retention money, defect liability period provisions, performance bonds, liquidated damages and termination.

Duration

The duration will typically be stated in the contract and is usually between 1 to 3 years for main contractor projects and between 9 months to 3 years for subcontractor projects, depending on the scale and complexity of the project.

Terms of payment

Terms of payment are subject to the BCISPA, details of which are set out in the section headed "Regulatory overview" in this document. Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. In respect of our contracts, progress claims are to be certified by the customer within 21 calendar days from the submission of our progress claims and payment should be made within 30 days of such certification. Customers may also specify the agreed credit term in the contract, typically average credit terms of 30 to 60 days.

Retention money

A portion of the contract value, normally 5% is withheld by our private customers as retention money, of which half will be released upon substantial completion and the remaining released after the defect liability period (usually being 12 months from substantial completion date) or upon issuance of final completion certificate. The substantial and final completion certificates are certificates issued by the customer's architect to us to acknowledge that the projects are completed. Substantial completion implies that the works to be completed under the contract have been duly completed, and that there is no apparent defect. It is the start of the defect liability period. Final completion implies acceptance by the customer of all our obligations under the contract, and the corresponding certificate is usually issued after the end of the defect liability period.

Security deposits/performance bonds

For contracts with our customers, a security deposit or performance bond is typically required either within 14 days of the letter of acceptance or such other longer period as may be prescribed by our customer. This security deposit is in the form of cash deposit, and a performance bond is a guarantee for an equivalent amount from a bank or Monetary Authority of Singapore-approved insurance company and in the prescribed form. Our customer may utilise the security deposit or claim on the performance bond to make good any loss or damage sustained or likely to be sustained as a result of any breach of contract whatsoever us, including any liquidated damages. We did not experience any claim on any performance bonds nor security deposit during the Track Record Period.

Defect liability period

Our contracts will include a defect liability period, during which we are responsible to rectify works defects at no extra cost to the client. The defect liability period is usually 12 months from the substantial completion date. If the materials used are defective, we will replace them during the defect liability period or request our subcontractors to do so. There was no material claim which was brought against our Group by our customers during the Track Record Period. The cost incurred to rectify defective works or products during the Track Record Period was immaterial. We also have a customer complaints policy whereby customer complaints would be investigated and rectified. The relevant project team would also hold meeting with the site manager and/or project manager to review if such complaints could be prevented in future, and if so, make recommendations on future improvements. There was no significant customer complaint during the Track Record Period.

Insurance

Where we are the main contractor, we are required to procure contractors' all risks insurance and work injury compensation insurance for the benefit of our customer, our Group as main contractor and our subcontractors specifically for the project. Where we are the subcontractor, we typically procure additional insurance if required by the contract as

we are typically covered by the insurance procured by our main contractors. For the details of insurance policies taken out by our Group, please see the paragraph headed "Insurance" in this section of this document.

Foreign workers

We are responsible for ensuring that both our own workforce for the relevant project and those of our subcontractors shall not have any illegal immigrant. We are liable for and shall indemnify our customers against any losses or liabilities arising from our hiring of illegal immigrants for the relevant project. During the Track Record Period, we did not hire any illegal immigrants and no action or notifications were taken against us or issued to us in connection with hiring of illegal immigrants.

Liquidated damages

Our contracts typically include a liquidated damages clause, where if we fail to complete the work scope within the stipulated time and/or cause unnecessary delay to the entire project that result in liquidated damages imposed on our customer, we shall reimburse the customer for some or all of the incurred liquidated damages. There were no material liquidated damages paid by our Group during the Track Record Period.

Variation

We may be given variation orders where our customers amend the specification and scope of works from that originally contracted. A variation order may increase, omit or vary the original scope of work and alter the original contract sum. Should the amendment in the variation order require us to amend our purchases with our suppliers or our agreed terms with our subcontractors, these will be separately negotiated.

Termination

Our contracts can typically be terminated by the customer if, among others, we: (i) have abandoned the contract or suspended the contract works; (ii) have without reasonable cause failed to commence the contract works or have failed to proceed with the contract works diligently; (iii) have failed to execute the contract works or to perform or comply with other obligations or duties under and in accordance with the contract; (iv) become bankrupt or insolvent, or makes a composition with creditors, or if being a company, any winding up order of any kind is made, or possession taken or execution levied by the creditors or debenture holders; or (v) assigns to another person of our principal functions without consent from our customers. During the Track Record Period, none of our contracts were terminated pursuant to the termination clause.

SUPPLIERS

Types of supplies

Our purchases are mainly from suppliers in Singapore and our main purchases are concrete, reinforcing bars, rental of machineries, hardware such as wiring and tools and earth disposal fee. We make our purchases based on needs of individual projects. We generally place an order with our supplier for each purchase and the average credit terms offered to us is generally 30 to 60 days, payable by cheque. We do not have any long-term agreement with our suppliers other than purchases specific to our projects. We maintain good relationships with our suppliers and have not experienced any significant quality or fulfillment issues with our suppliers.

We maintain an approved list for suppliers who have passed our assessment criteria; for suppliers first admitted into the list, we will have reviewed their performance based on, among others, their (i) price, (ii) quality of product, (iii) current workload, (iv) current resources, (v) past performance, (vi) market reputation, (vii) paid up capital, (viii) bizSAFE level and (ix) green and gracious certification (where applicable). This assessment is performed by our purchasers or contract manager (as the case may be) and submitted to our Executive Director for approval. Subsequently, on an annual basis or as and when required, our project managers will assess the performance of the suppliers based on, among others, their (i) ability to meet delivery schedules in accordance with contract/purchase order, (ii) ability to meet the tests requirements, (iii) response to instructions, (iv) ability to honour warranties and/or guarantees, (v) management commitment, (vi) quality of goods and services received, (vii) quality management system, (viii) cost competitiveness and (ix) environmental, health and safety performance as well as (x) their green and gracious builder performance and review by our purchasers and subsequently our Executive Director will decide whether the supplier will be retained in the approved suppliers list. As at 30 April 2017, there were over 100 suppliers on our approved suppliers list.

Top 5 suppliers

For the three years ended 31 December 2016 and four months ended 30 April 2017, purchases from our five largest suppliers amounted to approximately S$6.0 million, S$16.1 million, S$11.3 million and S$4.9 million, and accounted for approximately 8.4%, 13.1%, 6.8% and 11.3% of our total costs of services respectively. Purchases from our largest supplier for the same periods amounted to approximately S$2.7 million, S$5.1 million, S$5.4 million and S$3.2 million, and accounted for approximately 3.7%, 4.2%, 3.3% and 7.3% of our total costs of services respectively.

The following table sets forth our five largest suppliers for each of the three years ended 31 December 2016 and four months ended 30 April 2017 respectively:

For the year ended 31 December 2014

Ranking	Name of supplier	Approximate years of relationship with our Group	Main types of goods supplied to us	Approximate amount of purchase *S$'million*	Approximate percentage to our Group's total costs of services *%*
1	Supplier A *(Note 1)*	6	Supplier of concrete	2.7	3.7%
2	Supplier B *(Note 2)*	3	Supplier of rebar	1.2	1.6%
3	Supplier C *(Note 3)*	5	Supplier of excavator for rent	0.8	1.1%
4	Sin Hill International Pte. Ltd. *(Note 4)*	9	Supplier of hardware	0.7	1.0%
5	Supplier D *(Note 5)*	4	Supplier of earth disposal	0.6	1.0%
Total				**6.0**	**8.4%**

Notes:

(1) Supplier A, a private company incorporated in Singapore, is principally engaged in the provision of ready-mix concrete to the building and construction industry in Singapore.

(2) Supplier B, a subsidiary of a Singapore listed company, is a private company incorporated in Singapore principally engaged in the manufacture of reinforcing mesh and any other manufactured mesh and the processing of fabricated reinforcing bars.

(3) Supplier C, a private company incorporated in Singapore, is principally engaged in the provision of various types of excavators for rental purposes.

(4) Sin Hill International Pte. Ltd. is a company incorporated in Singapore which is wholly-owned by the spouse of Mdm. Han, our Executive Director. Sin Hill International Pte. Ltd. is principally engaged in general wholesale trading. Please refer to section headed "Financial information — Related party transactions" of this document for further details.

(5) Supplier D, a private company incorporated in Singapore, is principally engaged in recycling no-metal waste.

For the year ended 31 December 2015

Ranking	Name of supplier	Approximate years of relationship with our Group	Main types of goods supplied to us	Approximate amount of purchase *S$'million*	Approximate percentage to our Group's total costs of services *%*
1	Supplier A *(See Note 1 above)*	6	Supplier of concrete	5.1	4.2%
2	Supplier B *(See Note 2 above)*	3	Supplier of rebar	5.0	4.1%
3	Supplier E *(Note 6)*	3	Supplier of concrete	2.7	2.2%
4	Supplier F *(Note 7)*	9	Supplier of rebar	2.0	1.6%
5	Supplier G *(Note 8)*	4	Supplier of concrete sand	1.3	1.0%
Total				**16.1**	**13.1%**

Notes:

(6) Supplier E, a subsidiary of a Singapore listed company, is a private company incorporated in Singapore principally engaged in the manufacture and supply of ready-mixed concrete and related products.

(7) Supplier F, a Singapore listed company principally engaged in the prefabrication of steel reinforcement.

(8) Supplier G, a private company incorporated in Singapore, is principally engaged in the manufacture and distribution of ready-mixed concrete and related products.

For the year ended 31 December 2016

Ranking	Name of supplier	Approximate years of relationship with our Group	Main types of goods supplied to us	Approximate amount of purchase *S$'million*	Approximate percentage to our Group's total costs of services *%*
1	Supplier B *(See Note 2 above)*	3	Supplier of rebar	5.4	3.3%
2	Supplier E *(See Note 6 above)*	3	Supplier of concrete	2.2	1.3%
3	Supplier H *(Note 9)*	5	Supplier of tiles	1.3	0.8%
4	Supplier A *(See Note 1 above)*	8	Supplier of concrete	1.3	0.8%
5	Supplier D *(See Note 5 above)*	3	Supplier of earth disposal	1.1	0.6%
Total				**11.3**	**6.8%**

Note:

(9) Supplier H, a subsidiary of a Singapore listed company, is a private company incorporated in Singapore principally engaged as a concrete supplier.

For the four months ended 30 April 2017

Ranking	Name of supplier	Approximate years of relationship with our Group	Main types of goods supplied to us	Approximate amount of purchase *S$'million*	Approximate percentage to our Group's total costs of services *%*
1	Supplier B *(See Note 2 above)*	3	Supplier of rebar	3.2	7.3%
2	Supplier H *(See Note 9 above)*	5	Supplier of tiles	0.8	1.9%
3	Supplier I *(Note 10)*	1	Supplier of concrete	0.4	1.0%
4	Supplier J *(Note 11)*	6	Supplier of drymix products	0.3	0.6%
5	Supplier K *(Note 12)*	4	Supplier of tiles	0.2	0.4%
Total				**4.9**	**11.3%**

Notes：

(10) Supplier I, a subsidiary of a Singapore listed company, is a private company incorporated in Singapore with the principal activities of manufacture of ready-mix concrete.

(11) Supplier J is a private company incorporated in Singapore which principally supplies construction materials.

(12) Supplier K, a subsidiary of a Singapore listed company, is a private company incorporated in Singapore with principal activities as an importer and dealer of building materials.

We are not reliant on any single supplier and have also not experienced any shortage or delay in supply of materials during the Track Record Period. We have alternative suppliers for each major category of supplies on our approved suppliers list. None of our five largest suppliers during the Track Record Period is also our customer. Save for Sin Hill International Pte. Ltd., none of our Directors, or any of their respective associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following completion of the [REDACTED] and the Capitalisation Issue, had any interest in any of the five largest suppliers during the Track Record Period. During the Track Record Period, we have not had any material disagreement nor dispute with any of our suppliers.

KEY CONTRACT TERMS WITH SUPPLIERS

Generally the contracts with our suppliers contain terms relating to the unit price, types and specifications of the materials, payment terms and delivery. Typically, we entered into a contract with our suppliers on a project basis should there be significant purchases of a particular materials such as concrete and rebar especially for our subcontractor projects where we provide reinforced concrete works.

Unit price, types and specifications of the materials

The types and specifications of the materials (i.e. size, length, width) together with its corresponding unit price will be stated in the contract. Further, there may also be transportation charges on the materials.

Terms of payment

Terms of payment will typically be stated in the contract and is usually average of 30 to 60 days from the date of invoicing or delivery, as the case may be. Generally a credit limit will be awarded by the suppliers and should we exceed the credit limit, the suppliers have the right to suspend or terminate the supply to us. Further, the rate of the late payment charge will also be stated in the contract to be imposed on the portion of debt that remains unpaid upon the expiry of the credit term.

Delivery

Delivery terms such as minimum delivery quantity, minimum days of notice require from confirmation of order to delivery and packing sizes will typically be stated in the contract. Should we order less than the stated minimum delivery quantity, there will be additional transportation charges.

SUBCONTRACTORS

Types of subcontracting works

As a main contractor, we generally delegate most of the construction works to our subcontractors; for selected projects, we may also undertake reinforcement concrete works, being the area of our expertise in our main contractor projects. During the Track Record Period, we engaged subcontractors on a project basis for specialised works such as piling works, electrical works, plumbing works, reinforcement concrete works, steelworks and aluminium and metal works.

We maintain good relationships with our subcontractors through strong communication on project-related matters, particularly coordination on the progress of the subcontractors' works and the requirements of the project. We also make prompt payment to our subcontractors and they have provided their services on a reliable and timely basis. In general, we are liable to our customers for the performance of our subcontractors including but not limited to defects, delay in the project schedule and contravention of rules or regulations.

Our subcontractors have the general responsibility to ensure that all works performed must satisfy the requirements of the contract. The duration of subcontracts vary depending on the nature of subcontract works. Our subcontractors typically submit monthly payment claims to be approved by us in accordance to the BCISPA. Credit terms provided by our subcontractors are typically average of 30 to 60 days payable by cheque. We typically require our subcontractors to arrange for and bear the cost of the relevant labours, materials, and machinery and equipment necessary for carrying out the subcontracted works. In some cases, we would not require our subcontractors to bear the cost of certain materials if we decide to purchase such materials at our own costs.

We typically select our subcontractors from our approved list of subcontractors, whereby they are initially assessed based on, among others, their (i) price, (ii) quality of product, (iii) current workload, (iv) current resources, (v) quality management system, (vi) market reputation, (vii) paid up capital, (viii) bizSAFE level and (ix) green and gracious certification (where applicable). This assessment is performed by our contract manager and submitted to our Executive Director for approval. Subsequently, our project managers will assess the performance of the subcontractors for each major project based on, among others, their (i) ability to meet work schedules in accordance with contract, (ii) ability to meet the tests requirements, (iii) response to instructions, (iv) ability to honour warranties and/or guarantees, (v) management commitment, (vi) quality of work and services received, (vii) cost competitiveness and (viii) environmental, health and safety performance as well as their green and gracious builder performance and review by our contract manager and subsequently our Executive Director will decide whether the subcontractor will be retained in the approved subcontractors list. As at 30 April 2017, there were over 200 subcontractors on our approved subcontractors list.

Top 5 subcontractors

Our Group has, over the years, established good relationships with our subcontractors and the length of our relationship with them ranges from 1 to 6 years. For the three years ended 31 December 2016 and four months ended 30 April 2017, total amount paid for subcontracting works to our five largest subcontractors amounted to approximately S$10.3 million, S$14.5 million, S$42.9 million and S$13.5 million and accounted for approximately 14.3%, 11.8%, 26.0% and 30.9% of our total costs of services respectively. Our largest subcontractor fee for the same periods amounted to approximately S$2.9 million, S$4.5 million, S$25.3 million and S$6.3 million, accounted for approximately 4.0%, 3.7%, 15.3% and 14.5% of our total costs of services respectively. So far as our Directors are aware, during the Track Record Period and up to the Latest Practicable Date, we did not receive any claims from our customers in respect of the quality of services performed by our subcontractors.

The following table sets forth our five largest subcontractors for each of the three years ended 31 December 2016 and four months ended 30 April 2017 respectively:

For the year ended 31 December 2014

Ranking	Name of subcontractor	Approximate years of relationship with our Group	Main types works and services provided to us	Approximate amount of purchase *S$'million*	Approximate percentage to our Group's total costs of services *%*
1	Subcontractor A *(Note 1)*	4	Subcontractor for electrical works	2.9	4.0%
2	Subcontractor B *(Note 2)*	5	Subcontractor for piling works	2.6	3.6%
3	Subcontractor C *(Note 3)*	2	Subcontractor for piling works	1.9	2.6%
4	Subcontractor D *(Note 4)*	6	Subcontractor for steel works	1.7	2.4%
5	Subcontractor E *(Note 5)*	5	Subcontractor for plumbing works	1.2	1.7%
Total				**10.3**	**14.3%**

Notes:

(1) Subcontractor A, a private company incorporated in Singapore, is principally engaged in the provision of electrical engineering works.

(2) Subcontractor B, a subsidiary of a Singapore listed company, is a private company incorporated in Singapore principally engaged in bored piling works.

(3) Subcontractor C, a private company incorporated in Singapore, is principally engaged in the provision of foundation engineering works.

(4) Subcontractor D, a private company incorporated in Singapore specialises in the supply, fabrication and installation of structural steelworks.

(5) Subcontractor E, a private company incorporated in Singapore, is principally engaged in the provision of plumbing works.

For the year ended 31 December 2015

Ranking	Name of subcontractor	Approximate years of relationship with our Group	Main types works and services provided to us	Approximate amount of purchase *S$'million*	Approximate percentage to our Group's total costs of services *%*
1	Subcontractor C *(See Note 3 above)*	2	Subcontractor for piling works	4.5	3.7%
2	Subcontractor A *(See Note 1 above)*	4	Subcontractor for electrical works	3.6	3.0%
3	Subcontractor F *(Note 6)*	3	Subcontractor for plumbing works	2.3	1.8%
4	Subcontractor G *(Note 7)*	3	Subcontractor for rebar reinforcement works	2.2	1.8%
5	Subcontractor H *(Note 8)*	3	Subcontractor for piling works	1.9	1.5%
Total				**14.5**	**11.8%**

Notes:

(6) Subcontractor F, a private company incorporated in Singapore specialises in sanitary, plumbing, gas and fire protection system for schools, army camps, offshore installations and private residential projects.

(7) Subcontractor G, a private company incorporated in Singapore, is principally engaged in the provision of general construction works.

(8) Subcontractor H, a subsidiary of a Singapore listed company, is a private company incorporated in Singapore principally engaged as civil engineering and piling contractors.

For the year ended 31 December 2016

Ranking	Name of subcontractor	Approximate years of relationship with our Group	Main types works and services provided to us	Approximate amount of purchase *S$'million*	Approximate percentage to our Group's total costs of services *%*
1	Subcontractor I *(Note 9)*	2	Subcontractor for all the relevant subcontractor works	25.3	15.3%
2	Subcontractor J *(Note 10)*	1	Subcontractor for precast works	5.2	3.2%
3	Subcontractor A *(See Note 1 above)*	4	Subcontractor for electrical works	4.7	2.8%
4	Subcontractor G *(See Note 7 above)*	3	Subcontractor for rebar reinforced works	4.0	2.4%
5	Subcontractor K *(Note 11)*	2	Subcontractor for aluminium and metal works	3.7	2.3%
Total				**42.9**	**26.0%**

Notes:

(9) Subcontractor I, a private company incorporated in Singapore, is principally engaged in the provision of general construction works.

(10) Subcontractor J, a private company incorporated in Singapore, is principally engaged in the production of structural precast concrete components.

(11) Subcontractor K, a private company incorporated in Singapore specialises in the design, fabrication, supply and installation of architectural aluminium products.

For the four months ended 30 April 2017

Ranking	Name of subcontractor	Approximate years of relationship with our Group	Main types of works and services provided to us	Approximate amount of purchase *S$'million*	Approximate percentage to our Group's total costs of services *%*
1	Subcontractor I *(See Note 9 above)*	2	Subcontractor for all the relevant subcontractor works	6.3	14.5%
2	Subcontractor L *(Note 12)*	1	Subcontractor for precast works	2.9	6.7%
3	Subcontractor M *(Note 13)*	2	Subcontractor for precast works	1.9	4.3%
4	Subcontractor N *(Note 14)*	1	Subcontractor for reinforced concrete works	1.3	2.9%
5	Subcontractor A *(See Note 1 above)*	4	Subcontractor for electrical works	1.1	2.5%
Total				**13.5**	**30.9%**

Notes:

(12) Subcontractor L, a private company incorporated in Singapore, is a precast concrete supplier specialising in prefabrication of building components.

(13) Subcontractor M, a private company incorporated in Singapore, is a manufacturer of precast concrete products.

(14) Subcontractor N, a private company incorporated in Singapore, provides building development, civil engineering, metal scaffolding and training services.

We are not reliant on any single subcontractor and have also not experienced any shortage or delay in subcontracting works during the Track Record Period. We have alternative subcontractors for each major category of subcontracting works on our approved subcontractors list. None of our five largest subcontractors during the Track Record Period is also our customer. None of our Directors, or any of their respective associates or any Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following completion of the [REDACTED] and the Capitalisation Issue, had any interest in any of the five largest subcontractors during the Track Record Period. During the Track Record Period, we have neither had any material disagreement nor dispute with any of our subcontractors.

KEY CONTRACT TERMS WITH SUBCONTRACTORS

Generally the contracts with our subcontractors contain terms relating to the subcontract price, subcontract period, the scope of works of the subcontractor, the payment terms, retention money, defect liability period provisions, performance bonds, liquidated damages and termination.

Subcontract period

The main contract period will typically be stated in the contract and the master work program which specifies the detailed steps to be taken for the entire construction process and the duration required for each step as prepared by us as the main contractor will also form part of the contract as a reference for our subcontractor. The subcontract period will be based on the master work program relevant to the scope of work of our subcontractor.

Terms of payment

Terms of payment are subject to the BCISPA, details of which are set out in the section headed "Regulatory overview" in this document. Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. In respect of our contracts with our subcontractors, the progress claims from subcontractors are to be certified by us within 21 calendar days or in accordance to the terms as specified in the subcontract from the submission of the progress claims. Payment should be made within 30 days of such certification or in accordance to the terms as specified in the subcontract.

Retention money

A portion of the subcontract value, normally 5% is withheld by us as retention money, of which half will be released upon completion of the subcontract works as certified by professional consultants and the remaining released after the defect liability period of the main contract (usually being 12 months from substantial completion date of the main contract) or upon issuance of final completion certificate under the main contract. Please refer to "Business — Key contract terms with customers — Retention money" for further details.

Defect liability period

The subcontract will include a defect liability period, during which our subcontractors are responsible to rectify works defects at no extra cost to us. The defect liability period is usually 12 months from the date of substantial completion of the main contract. Should the subcontractor fails to respond to our request to carry out the necessary rectification works within the time frame stated or could not fully rectify the defects, the subcontractor will be liable for all the costs incurred to hire other parties to carry out such rectification works.

Performance bonds

Subcontractors are usually required to arrange for the issuance of performance bonds by financial institutions such as insurance companies or bank in our favour. This is to remain in effect and typically discharged upon expiry of the bond, which is normally after the defect liability period. We may claim on the performance bond to make good any losses, damages, costs and expenses as a result of our subcontractor's failure to fulfil the contract.

Liquidated damages

Our subcontracts typically include a liquidated damages clause, where if the subcontractor fails to complete its subcontracting works within the subcontract period and/or cause unnecessary delay which affects our master work program as a whole, resulting in liquidated damages being imposed on us as main contractor of the project, the subcontractor shall reimburse us for the full amount of liquidated damages that we may incur.

Variation

As a main contractor, we may instruct our subcontractors to carry out any variation orders for addition/omission of works. All variation claims from subcontractors shall be fully substantiated with proper documentation detailing information such as (a) the addition/omission of work, indicating clearly the quantity, rate and amount; (b) relevant sketches and drawings; (c) measurement; and (d) relevant instructions issued by our project manager.

Termination

As a main contractor, we may issue a notice of termination to our subcontractor if, among others, the subcontract has (a) fail to commence work after receiving notice from us; (b) assign the subcontract or payment to another party without our consent; (c) suspended the work without justification or fail to proceed with the work diligently; (d) failed or unreasonably delayed in complying with a written direction/instruction; (e) fail to comply with its obligations or execute the subcontract works under the master work program; (f) removed plant, goods or material from the site without our consent; (g) has been served with winding up, liquidation, judicial management and/or receivership action; or (h) initiated industrial action such as strikes, lockouts or embargoes and the like.

MACHINERY AND EQUIPMENT

The operations of our business are generally not capital intensive in nature. As at 30 April 2017, the carrying value of our plant and machinery was approximately S$1.9 million or approximately 16.1% of our total carrying value of our property, plant and equipment as at 30 April 2017. Our plant and machinery as at 30 April 2017 mainly consisted of scaffolds, formwork, mild steel plates and hollow sections, and lifting equipment such as scissors lift and telehandler. The servicing of our plant and machineries is conducted by external vendor, on an as-need basis.

The age of our plant and machinery ranged from one year to ten years, depreciated over 3 to 10 years on a straight-line basis and typically replaced at the end of the useful life.

In addition, our property, plant and equipment comprised of 8 motor vehicles which had an aggregate carrying value of approximately S$0.3 million or approximately 2.3% of the total carrying value of our property, plant and equipment as at 30 April 2017. Such motor vehicles are mainly lorries used for transporting our construction materials to or from our project sites. The age of our motor vehicles ranged from one year to 5 years, depreciated over 5 years on a straight-line basis and typically replaced at the end of 5 years. For each of the three years ended 31 December 2016 and four months ended 30 April 2017, we incurred approximately S$33,000, S$44,000, S$40,000 and S$11,000 for the upkeep of our motor vehicles. Utilisation rates for our property, plant and equipment are not meaningful as our work process mainly involved project management, and our equipment are used as and when required and not directly related to the progress of our projects.

INVENTORY MANAGEMENT

During the Track Record Period and as at the Latest Practicable Date, we did not retain any raw materials such as concrete and rebar as our inventory. We make our purchases based on the requirements of each projects. For details on our suppliers, please refer to paragraph headed "Suppliers" in this section of this document.

ENVIRONMENTAL, HEALTH AND WORKPLACE SAFETY ("EHS") POLICY

We have an environmental, health and workplace safety policy in place, which had been last audited in November 2016 by an Independent Third Party, during which three minor non-conformities were noted and were later satisfactorily addressed in December 2016. Our environmental, health and workplace safety objectives are (i) to achieve "zero" reportable accidents in every project; (ii) to achieve "less than 3" in each of environmental, health and workplace safety breach from regulatory bodies in every project/year; and (iii) to achieve "less than 3" minor injury (medical leave less than 3 days) in every project/year.

To achieve our environmental, health and workplace safety objectives, we have established the following procedures:

(A) EHS planning

(i) Environmental aspects, hazards, risk assessment and control

A procedure is established for identification of environmental aspects and safety hazards of activities, products and services within the defined scope of the organisation EHS management system, and determine those aspects and hazards that can have significant impact(s) to the environment and risks to the workers, public or the environment.

(ii) EHS legal and other requirements

A procedure is established to identify, access and update EHS legal and other requirements. The relevant legal and other requirements are recorded in the register of relevant EHS legal and other requirements, and communicated to relevant employees and interested parties.

(iii) EHS objectives and targets

Documented EHS objectives and targets that are consistent with the EHS policy including commitments to continual improvement had been prepared based on the significant impacts identified. The legal and other requirements, technological options, financial, operational and business requirements and views of the interested parties have been considered in the establishment process. The objectives and targets would be reviewed regularly and new objectives and targets would be set to ensure the improvement process is continued.

(iv) EHS management programmes

For all objectives and targets set, the management programmes are developed with indication of the time frame, responsibility (at various functions and levels, where possible) and the action plan for achieving these objectives and targets. Performance indicators have been identified to assess the progress of achieving the set objectives and targets.

(B) EHS implementation and operation

(i) Roles, responsibilities, accountability and authority

Roles, responsibilities and authorities of all functions and their interaction within the Group are defined and documented in the organisation chart and job descriptions and communicated to all employees.

(ii) EHS competence, training and awareness

A procedure is established for identifying training needs based on the competencies and awareness required at each level and function, and for providing ongoing training to the people whose work may create significant environmental, health and workplace safety impacts. Staff will be assessed to ensure that they have acquired and will maintain the knowledge and competency required. Training programmes have been developed for differing levels, ability and literacy of staff and depending on the risk level involved.

(iii) Communication, participation and consultation

The procedure to establish communication system among management, supervisory staff, workplace safety and health personnel, workers as well as subcontractors to inform and formally address issues, the process of work including risk assessment as well as impact to the environment and takes appropriate actions to address issues concerning environmental, health and workplace safety in order to achieve the objectives. Meetings are conducted on regular intervals and the meeting minutes shall be documented and maintained.

(iv) EHS documentation

A set of documentation has been developed to describe the core elements of the EHS management system and their interaction and provide direction to the related documentation.

(v) EHS document control

The document control procedures shall ensure that (a) documents are approved for adequacy prior to issue; (b) documents are reviewed, updated as necessary and re-approved; (c) obsolete documents kept for legal or knowledge preservation shall be segregated from intended use; and (d) all documents shall be legible, identifiable and retrievable.

(vi) EHS operational control

The Group has put in place operational procedures to ensure smooth execution of works to minimise and prevent environmental and safety hazards. The operation procedures are in compliance with the applicable workplace safety and health requirements and covers various aspects of work including but not limited to working in confined space, piling works, demolition works, electrical arc welding, work-at-height, fall prevention plan, metal scaffolding, safe lifting operation, earthworks, electrical installation and equipment, safe use of electrical equipment, diesel storage and use, occupational health program, noise monitoring and control, air pollution control, energy conservation, mosquito breeding control, workplace traffic management and haze management.

(vii) EHS emergency preparedness and response

Plans and procedures to identify potential incidents and emergencies and the relevant responses, and for preventing and mitigating the likely effects of significant impact to the environment as well as workplace injury have been established. Drills are carried out to test and revise the procedure periodically.

(C) EHS checking and corrective action

(i) EHS performance measurement and monitoring

A procedure for monitoring and measurement of proactive and reactive key performance parameters related to the EHS performance of the company, including the objectives and targets has been established to track EHS performance and ensure compliance with relevant EHS legislation and regulations.

(ii) EHS non-conformity, corrective action and preventive action

Responsibility, authority and the process for handling and investigating non-conformance, taking action to mitigate any impacts caused and for initiating and completing corrective and preventive action have been established in the procedure. Environmental impacts are carried our prior to implementation of corrective and preventive action to ensure that further occurrence of the situation or creating of new situation are prevented by having identified and dealt with the root causes.

(iii) EHS incident investigation

A procedure defines how near-miss incidents or accidents related to all environmental, health and workplace safety issues are reported, investigated, analysed, follow-up and implement remedial measures to eradicate the possibilities of the recurrence.

(iv) EHS records

A procedure to identify and maintain relevant EHS records as well as the disposition has been established to ensure that they are legible, identifiable and traceable to the activity, product or service involved.

(v) EHS management system audit

A procedure for internal auditing by competent internal auditors has been established to ensure that the EHS policy established conforms to the ISO 14001:2004 and OHSAS 18001:2007 requirements.

(D) EHS management review

A procedure has been established to ensure that the EHS management system shall be reviewed at least once a year by the top management. Record in the form of minutes of the review meeting shall be maintained.

When selecting our subcontractors, we will take their safety standards into consideration. This includes evaluating our subcontractors on their safety management system, their machinery and equipment, their safety track record and safety training records. Subcontractors are also required to be involved in our site coordination meetings, tool box meetings, weekly safety talk meeting and risk assessment and safe work procedure meeting where applicable.

The above safety and health policy will assist us to obtain our OHSAS 18001:2007 and ISO 14001:2004 certifications, which is a requirement for bizSAFE Level Star and our registrations under the CRS. Some of our customers will look out for OHSAS 18001:2007 and ISO 14001:2004 certifications and/or bizSAFE Level Star when inviting contractors to tender, hence such certificates also provide us with a broader range of projects.

Despite the above EHS policy, execution of the procedures is dependent on individual adherence and there is a risk that individuals may fail to comply with our workplace policies and measures all the time and therefore fail to prevent non-compliance incidents.

Workplace accidents during the Track Record Period

We maintain an internal record of workplace accidents. During the Track Record Period, we recorded two workplace accidents resulting in cut injuries as a result of mishandling of industrial hand tools:

	For the year ended			For the four months ended
	2014	**2015**	**2016**	**30 April 2017**
Number of workplace accidents *(Note 1)*	0	0	1	1
Accident frequency rate *(Note 2)*	0	0	1.1	4.3
Lost time injuries frequency rate *(Note 3)*	0	0	2.1	8.6

Notes:

(1) Number of workplace accidents relates to accidents that happened to the employees of our Group.

(2) Accident frequency rate represents the number of workplace accidents per one million man-hours worked. It is calculated as the number of workplace accidents during the financial year/period divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hours worked for a financial year/period is estimated based on the number of our relevant workers directly involved in the provision of our services as at the end of the financial year/period multiplied by 3,650 hours per year per worker for the three years ended 31 December 2016 and 1,200 hours per worker for the four months ended 30 April 2017.

For comparison purpose, the accident frequency rate for the construction sector in Singapore was 2.1 in 2014, 1.7 in 2015 and 1.7 in 2016, as stated in the "Workplace Safety and Health Report 2015 and 2016" published by the Workplace Safety and Health Institute, Singapore.

(3) Lost time injuries frequency rate also known as accident severity rate, represents the number of time lost from work of one day or more per one million man-hours worked. It is calculated as the number of man days lost to workplace accidents during the financial year/period divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hours worked for a financial year/period is estimated based on the number of our relevant workers directly involved in the provision of our services as at the end of the financial year/period, multiplied by 3,650 hours per year per worker for the three years ended 31 December 2016 and 1,200 hours per worker for the four months ended 30 April 2017.

For comparison purpose, the lost time injuries frequency rate for the construction sector in Singapore was 183 in 2014, 166 in 2015 and 159 in 2016, as stated in the "Workplace Safety and Health Report 2015 and 2016" published by the Workplace Safety and Health Institute, Singapore.

The workplace accident for the year ended 31 December 2016 is pending outcome of litigation, and will be covered by our insurance. For projects whereby we are the main contractor, employees of our subcontractors who had workplace accidents at our project site may also claim on our main contractors' all risk insurance. Please refer to the section headed "Business — Litigation and claims — Employees' compensation claims" below for the claims made during the Track Record Period and up to the Latest Practicable Date. Out of the 12 incidents for which claims were made, 2 were for our workers while 10 were for employees of our subcontractors, whereby nil, 6, 4 and no incidents occurred during the three years ended 31 December 2016 and four months ended 30 April 2017. The workplace accidents in relation to the employees of our subcontractors were not reflected in the above table as the duty of reporting accidents to the relevant authorities vests on the respective employer of the injured workers and hence the relevant calculation for the accident frequency rate and lost time injuries rate were compiled based on the employer.

Workplace safety and health non-compliance

During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material and systemic non-compliances in relation to workplace safety and health.

Environmental non-compliance

During the Track Record Period and up to the Latest Practicable Date, we were issued with a stop work order from 24 July 2014 to 30 July 2014, and another stop work order from 4 September 2014 to 9 September 2014 in relation to the two separate not material and not systemic incidents of non-compliance of the Control of Vectors and Pesticides Act (Chapter 59) of Singapore by the NEA while it conducts its regular inspection at construction sites as part of its enforcement operations. The stop work orders had been lifted after we spruced up our worksites by providing a proper drainage system, draining stagnant water and implementing vector control measures and complied with the relevant requirements. Our Directors confirm that these stop work orders did not materially affect our financial performance and reputation.

Despite the above EHS policy, we may not have complete control of our subcontractors or our employees and there is a risk that they may fail to comply with our environmental policies and measures all the time and therefore fail to prevent non-compliance incidents. Details of our environmental non-compliances are as follows:

Date of offence	Regulations	Details of non-compliance	Fine (S$)	Rectification	Date of rectification
23 July 2014	Section 17(1), Section 17(2) and Section 17(3)(d) of the Control of Vectors and Pesticides Act (Chapter 59) of Singapore	Mosquito breeding Created or caused or permitted to be created favourable condition to the propagation or harbouring of vectors The stop work order was issued on 24 July 2014 and lifted on 30 July 2014.	4,000	The fine was fully settled. Cleaned and cleared construction debris. Drained off all stagnant water on every floor of the building. Backfilling and levelling of all ground depressions. Provided proper drainage system around our premises.	29 July 2014
3 September 2014	Section 17(1), Section 17(2) and Section 17(3)(d) of the Control of Vectors and Pesticides Act (Chapter 59) of Singapore	Mosquito breeding Created or caused or permitted to be created favourable condition to the propagation or harbouring of vectors The stop work order was issued on 4 September 2014 and lifted on 9 September 2014.	2,000	The fine was fully settled. Increased housekeeping supervisors. Increased the frequency of engaging pest control services.	16 September 2014

In addition to the above rectification measures, we also carried out the following measures to prevent recurrence:

(i) Monthly workplace safety and health committee are to conduct site inspection to check on the site housekeeping;

(ii) Appointed an environmental control officer to inspect the site and complete bi-weekly inspection report as required by the NEA;

(iii) Monthly mass toolbox meeting to include training and briefing for workers and supervisors on how to carry out effective housekeeping; and

(iv) Specialist pest control team has been engaged for weekly routine checks and vector control. Report is required to be issued by them after every control service order.

Our Directors were not directly involved in the above non-compliances as these are the responsibilities of the project managers of each project, who directly supervised all matters. Please also refer to the related risk factor headed "We had been involved in certain non-compliances at our work sites during the Track Record Period".

We are mindful of the importance of the safety and well-being of the workers at our worksites. With a view to reducing future occurrences of such non-compliances, we have stepped up the implementation of our general measures for workplace safety and environmental system, including, for example, daily EHS check by our safety officer and monthly EHS site inspection by our Executive Director, and in addition to rectification work was carried out. Please refer to the paragraph headed "Workplace Safety and Health Auditor" below.

Workplace Safety and Health Auditor

We engaged the Workplace Safety and Health Auditor (being CCIS Singapore Pte Ltd), an independent auditing agency approved by MOM, to perform review procedures on our workplace safety and environmental system in place to assist the Sole Sponsor in assessing the adequacy and effectiveness of our workplace safety and environmental management system. CCIS Singapore Pte Ltd was first incorporated in Singapore in 1992 as an international group to provide independent training, consulting and auditing of management systems for on-time certification of organisations across industrial and commercial sectors. In addition of being an ISO consultant, trainer and auditor, CCIS Singapore Pte Ltd is also MOM accredited training provider, MOM approved risk consultant, MOM approved workplace safety & health auditing organisation, Workforce Development Authority approved training organisation and bizSAFE service provider.

Having reviewed (i) our records pertaining to the safety and environmental incidents; (ii) the additional measures put in place by our Group to prevent recurrence of the non-compliance incidents; and (iii) the overall workplace safety and environmental management system of our Group, and having carried out on-site inspections at selected work site in which we are carrying out works, the Workplace Safety and Health Auditor is of the opinion that: (a) the aforementioned non-compliances were not caused by any material deficiencies in the design of our environmental management system; and (b) the current workplace environmental management system of our Group is adequate and effective. The aforementioned additional measures put in place by our Group represented enhanced measures which have been audited by the Workplace Safety and Health Auditor during the site audit on 13 March 2017 put in place since 1 January 2017.

Directors' and the Sole Sponsor's views

Our Directors and the Sole Sponsor are of the view that the additional measures put in place by our Group to prevent recurrence of the non-compliance incidents were adequate and effective having considered (i) the results of the Workplace Safety and Health Auditor's review and its opinion; and (ii) that none of the non-compliance incidents led to demerit points being imposed against us.

In addition, our Directors and the Sole Sponsor are of the view that the aforesaid non-compliances have no material negative impact on the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules nor on our Company's suitability [REDACTED] under Rule 8.04 of the Listing Rules, having considered:

(i) that the non-compliances did not result in demerit point awarded against us;

(ii) that certain non-compliances were compounded (forborne from prosecution) by the payment of composite fines under the Control of Vectors and Pesticides Act;

(iii) that the two stop work orders occurred in 2014 and were lifted less than a week after it was issued;

(iv) that the non-compliances were fully rectified and we had implemented additional measures to prevent recurrence of the non-compliances;

(v) the view of the Workplace Safety and Health Auditor's review and its opinion as mentioned above; and

(vi) that after the non-compliances, we have successfully renewed and maintained our licences and registrations, including our gradings for the relevant workheads under the Contractors Registration System.

INSURANCE

Our insurance policies as at the Latest Practicable Date include:

- Contractors' all risks policies to cover against loss or damage to (i) materials and incidental expenses relating to the loss or damage such as removal of debris, extra charges for overtime, express freight and professional fees necessary to reinstate the contract work; and (ii) third party liability to cover accidental bodily injury to or illness of third parties (whether fatal or not), and accidental loss of or damage to property belonging to third parties occurring in direct connection with the respective construction projects. These policies covers the contract period and the defects liability period of the respective construction projects and insures us as main contractor, our subcontractors as well as our customers;

- Work injury compensation policies for all our workers and workers of our subcontractors engaged in respective construction projects. These policies covers the contract period and the defects liability period of the respective construction projects and insures us as main contractor, our subcontractors as well as our customers;

- Foreign worker medical and personal accident insurance, as stipulated by the MOM, renewed annually;

- Medical insurance policy and personal accident insurance for all Singaporeans and permanent resident employees and foreign workers holding employment pass;

- Equipment all-risk policies to cover certain plant and machineries; and
- Fire industrial insurance to insure the building including fixtures, fittings, mechanical and electrical installations and improvements but excluding foundation for the five light industrial units located at 11 Irving Place, Singapore 369551.

Our Directors consider that our insurance coverage is adequate for the operation of our business, and is in line with the industry norm. For the three years ended 31 December 2016 and four months ended 30 April 2017, our total insurance premiums were approximately S$0.4 million, S$0.3 million, S$0.3 million and S$24,000 respectively.

Certain risks disclosed in the "Risk factors" in this document, such as risks in relation to our ability to maintain and renew our licences and registrations, our ability to obtain new contracts, our ability to retain and attract personnel, customer concentration, performance of subcontractors, project and cost management, credit risk and liquidity risk, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Please refer to section headed "Business — Risk management and internal control systems" below for further details regarding how our Group manages certain uninsured risks.

PROPERTY INTERESTS

Owned properties

As at the Latest Practicable Date, we have lodged a caveat in respect of five light industrial units located at 11 Irving Place, Unit no. #08–01, #08–02, #08–03, #08–04 and #08–05, Singapore 369551 (the "**Irving Place Properties**") with a gross floor area of approximately 1,430 square meters with the Singapore Land Authority to register our legal interest in the properties. On 2 July 2015, Wan Yoong had entered into five sale and purchase agreements (the "**SPAs**") with Singhome (Paya Lebar) Pte. Ltd. (the "**Vendor**") in respect of the Irving Place Properties for a total purchase consideration of approximately S$9.4 million based on open market value as supported by a valuation report prepared by an Independent Third Party to the bank for financing purpose. The total purchase consideration of approximately S$9.4 million is partially financed by a bank loan of S$7.5 million. Prior to the receipt of notice of vacant possession, the amount paid to the Vendor was recorded as deposits paid for acquisition of property in our balance sheet. The Vendor had issued to Wan Yoong notice of vacant possession of the lrving Place Properties in March 2017 and currently our Group is planning the renovation works which is expected to complete by end of 2017. Upon receipt of the notice of vacant possession, the amount recorded as deposits paid for acquisition of property in relation to the Irving Place Properties was transferred to property, plant and equipment in our balance sheet. For further information, please refer to the section headed "Financial information — Discussion on selected balance sheet items — Deposits paid for acquisition of property or land" in this document. We intend to use the Irving Place Properties for office use. Under the terms of the SPAs, the Vendor must deliver to Wan Yoong a notice to complete requiring completion of the sale and purchase of each of the Irving Place Properties by no

later than three (3) years after the date of delivery of vacant possession of each of the lrving Place Properties. On completion, the Vendor must execute a proper assurance to Wan Yoong. Subject to the due performance by the Vendors and Wan Yoong of their respective obligations under the SPAs and compliance with all relevant laws and regulations, there is no legal and/or practical impediment for Wan Yoong to register the legal interest in the Irving Place Properties. In the event that the Vendor does not give a notice to complete by the date specified in the SPAs, the Vendor must pay to Wan Yoong liquidated damages.

BHCC Construction has a 10% equity interest in the Vendor. For further details, please refer to section headed "Financial information — Discussion on selected balance sheet items — Available-for-sale investments" in this document. However, the Vendor is not regarded as a related party of the Group in the context of IAS 24 "Related Party Disclosures" by BHCC Construction's holding of the 10% equity interest in the Vendor. There were also no involvement of any related party in the development and purchase of the Irving Place Properties.

Such owned properties were pledged for mortgage loan as at 31 July 2017. For further information, please refer to the section headed "Financial information — Indebtedness — Borrowings" in this document.

On 2 June 2017, the leasehold interest of an industrial land was awarded to BHCC Construction at a purchase consideration of S$7.0 million and deposit of S$350,000 had been paid in respect of this industrial land at Tampines North Drive 3, Singapore. Of the purchase consideration of S$7.0 million, a further amount of approximately S$1.4 million had been paid for this land (excluding stamp duty and goods and services tax), and as at the Latest Practicable Date, there was a commitment of approximately S$5.6 million to complete the acquisition (including S$5,250,000 for the purchase consideration and approximately S$0.4 million for goods and services tax). This land was intended for use mainly for storage of construction materials and equipment relating to our Group's projects.

For further details of our Group's property interests, please refer to the letter, summary of values and valuation certificates prepared by Greater China Appraisal Limited, an independent property valuer, as set out in Appendix III in this document.

Leased property

As at the Latest Practicable Date, we rented four commercial units for our head office out of which two units are rented from Hong Chwee and a unit from Wanda each of whom is a related party (see section headed "Connected transactions" in this document for further details) while a unit was rented from an Independent Third Party, details of which are as follows:

Address	Leased area	Monthly rent	Tenure
20 Sin Ming Lane, #06–65 Midview City, Singapore 573968	Approximately 1,496 square feet	S$3,740	Commencing from 1 March 2017 to 31 December 2017
20 Sin Ming Lane, #06-66 Midview City, Singapore 573968	Approximately 1,496 square feet	S$3,740	Commencing from 1 March 2017 to 31 December 2017
20 Sin Ming Lane, #06–67 Midview City, Singapore 573968	Approximately 1,421 square feet	S$2,600	Commencing from 21 August 2017 to 31 December 2018
20 Sin Ming Lane, #07–51 Midview City, Singapore 573968	Approximately 1,356 square feet	S$3,390	Commencing from 1 March 2017 to 31 December 2017

We also hold temporary occupation licences from Singapore Government as licensor or pay a fee to the HDB to occupy such State Land, details of which are as follows:

Address	Purpose of use	Leased area	Monthly fee	Tenure
State land at Alexandra Road	Storage and site office	Approximately 378.2 square metres	S$870	Commencing from 1 August 2015 to 31 December 2017
State land at Yishun St 43	Storage of precast components and site office	Approximately 5,000 square metres	S$11,529	Commencing from 1 October 2015 to 30 November 2017
State land at Margaret Drive	Storage and worksite/ access	Approximately 4,697.66 square metres	S$10,346	Commencing from 16 May 2016 to 31 January 2019
State land at Bukit Batok West Avenue 8	Storage use	Approximately 1,942 square metres	S$4,273	Commencing from 1 April 2017 to 31 December 2018

As at the Latest Practicable Date, we rented licensed dormitories from Independent Third Parties for use as our foreign workers' dormitory depending on the number of foreign workers we have. We are charged based on the number of units rented on a monthly basis as below:

Address	Purpose of use	Leased area	Monthly fee	Tenure
PPT Lodge 1B No. 2 Seletar North Link Singapore 797601	Dormitory	1 dormitory unit (Block 4 #03–74)	S$3,382.60	Commencing from 8 August 2017 to 7 September 2017
PPT Lodge 1B No. 2 Seletar North Link Singapore 797601	Dormitory	1 dormitory unit (Block 6H #04–363)	S$3,382.60	Commencing from 12 August 2017 to 11 September 2017
PPT Lodge 1B No. 2 Seletar North Link Singapore 797601	Dormitory	2 dormitory units (Block 6H #02–347/370)	S$6,765.20	Commencing from 1 August 2017 to 31 August 2017
25 Kaki Bukit Road 3 Singapore 415815	Dormitory	1 dormitory unit (Block 23, #11–05)	S$3,824.16	Commencing from 1 June 2016 to 31 May 2018
25 Kaki Bukit Road 3 Singapore 415815	Dormitory	1 dormitory unit (Block 25, #05–24)	S$3,824.16	Commencing from 1 December 2016 to 30 November 2018

Our Group will continuously monitor the number of dormitory units required to house our foreign workers and renew the existing rental agreement prior to expiry or rent new dormitory units should the need arise.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we have registered one domain name, **www.bhcc.com.sg** and our trademark in Singapore, and we had applied for registration of our trademark on 10 March 2017 in Hong Kong.

Details of our intellectual property rights are set out in the paragraph headed "B. Further information about the business of our Group — 2. Intellectual property rights" in Appendix V to this document. As at the Latest Practicable Date, we were not aware of any material infringements (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us and we were also not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the material infringement of any intellectual property rights of third parties.

RESEARCH AND DEVELOPMENT

During the Track Record Period and as at the Latest Practicable Date, we did not engage in any research and development activity.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 232 full-time staff (including our Executive Directors), of which 48 were local employees and 184 were foreign employees (including site foreign workers and other employees). All our employees are located in Singapore.

The following sets forth the number of our employees in the respective functions of our Group (including our Executive Directors but not our Independent Non-Executive Directors) as at the Latest Practicable Date:

	As at the Latest Practicable Date
General management	3
Contract and procurement department	11
Project department	65
Accounting, human resource and administrative department	14
Site foreign workers	139
Total	**232**

Out of the 232 employees as at the Latest Practicable Date, 49 have qualifications in engineering/construction degree, 7 have qualifications in non-engineering/construction degree, 13 have qualifications in engineering/construction diploma and 14 have qualifications in non-engineering/construction diploma.

Recruitment policies and foreign workers

Our human resources department assesses our available human resources on a continual basis and, together with our Executive Directors, determines whether additional employees are required to cope with our business. Our human resources department also reviews the policies and procedures on hiring of staff, training and performance appraisals.

Our foreign workers are sourced and recruited through Independent Third Party agencies. The supply of foreign workers in Singapore is subject to various regulations and policies.

In particular, the availability of foreign workers to the construction industry is regulated by the MOM through certain policy instruments, including but not limited to (i) the dependency ceilings based on the ratio of local and foreign workers; and (ii) the quotas based on the man-year entitlements ("**MYE**") in respect of workers from non-traditional sources ("**NTS**") and the PRC.

(i) Dependency ceilings

The dependency ceiling refers to the maximum permitted number of foreign workers to the total workforce that a company in a stipulated sector is allowed to hire.

The dependency ceilings for the construction industry in Singapore is currently set at a ratio of one full-time local worker to seven foreign workers. However, the quota may not apply to higher skilled foreign employees. As at the Latest Practicable Date, our Group had a total of 232 full-time employees (including our Executive Directors), of which 48 were local employees and 184 were foreign workers. Based on the prevailing dependency ceiling regulations we can hire 136 additional foreign workers as at the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, our Group complied with the dependency ceiling based on (i) our ability to apply or renew work permits for our foreign workers (should the dependency ceiling be reached, we would not have been able to apply or renew work permits as application are performed online through a system administered by the MOM which would not allow such application or renewal as the system also tracks dependency ceiling); and (ii) we can hire 136 additional foreign workers as at the Latest Practicable Date.

Our Directors confirmed that as at the Latest Practicable Date, our Group has secured sufficient manpower for our project on hand and the additional 136 foreign workers we can hire based on the prevailing dependency ceiling regulation would be sufficient as the project progress as we generally delegate most of our construction works to our subcontractors and focus on project management for our main contractor projects and thus do not generally require significantly higher number of workers.

(ii) MYE

MYE is a work permit allocation system for employment of construction workers from NTS countries and the PRC. MYE represents the total number of work permit holders a main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. A main contractor's MYE will expire on the completion date of the relevant project.

As at the Latest Practicable Date, the maximum number of foreign workers our Group can hire is subject to the ratio of one full-time local worker to seven foreign work permit workers set under the dependency ceilings, regardless of the MYE our Group has obtained. Our Group's compliance on the dependency ceiling is explained in the paragraph above. Companies without MYE may still employ NTS and PRC construction work permit holders upon a waiver granted by MOM, subject to the compliance with, *inter alia*, the dependency ceiling and paying a higher foreign worker levy rate. During the Track Record Period and up to the Latest Practicable Date, our Group hired one NTS construction work permit holder without MYE and a waiver was obtained from the MOM.

Please see section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Employment of foreign manpower" in this document for further details of the availability of foreign workers for the construction sector in Singapore.

Employees' remuneration and benefits

Our employees are remunerated according to their job scope, responsibilities, and performance. Our local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of our Group. Our foreign workers are typically employed on a one-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills. Our Group provides medical insurance coverage for our foreign workers as required by the MOM.

Central Provident Fund

Our Group participates in the mandatory provident fund for our employees in accordance with the Central Provident Fund Act (Chapter 36) of Singapore, and has paid the relevant contributions accordingly.

Employee training

Our employees received training depending on their department and the scope of works. Typically they are required to attend trainings relating to our quality, environmental, health and workplace safety policies, and courses required by the BCA and MOM such as Building Construction Supervisor Safety Course, Work-At-Height Courses, CONQUAS Training (for Builders) and Environmental Control Officer course.

Employee relations

Our Directors believe that we have a good relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant problems with employees or other labour disturbances to our operations and we did not experience any material difficulties in the recruitment and retention of experienced staff.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key risks relating to our business are set out in the section headed "Risk factors" in this document. The following sets our the key measures adopted by our Group under our risk management and internal control systems for managing the more particular operational and financial risks relating to our business operation:

Continuity of projects secured

We recognise that new projects secured are critical for our financial performance and business sustainability. In this regard, we maintain good working relationship with our customers. In addition, so far as our Executive Directors are aware, most of our customers (including Singapore Government agencies) have maintained some forms of an evaluation system to track their contractors's performance, financial capability, reputation and certifications. Our competitive strengths (as detailed in the section headed "Business — Competitive strengths" above) will put us in an advantageous position when competing for tenders. Please also refer to the section headed "Business — Project management and operations — Tender phase — Tender success rates" above for further details of our tender success rates.

We monitor GeBIZ on a daily basis to explore new opportunities. Moreover, we are often approached by our repeat customers, architects or external consultants to tender for their projects. Our Executive Directors' contact with our private sector customers will also allow us to be invited for available tender opportunities. Furthermore, with the proceeds from the [REDACTED], we intend to take on more customers and projects as discussed in the section headed "Business — Business strategies" above.

Project risk management

We have established procedures for assessing and monitoring project risk. For details, please refer to the section headed "Business — Project management and operations — Project implementation phase" above.

Risk of cost overruns

We will typically obtain quotations from our suppliers and subcontractors at the time of submitting tender proposals. While our suppliers and subcontractors are required to deliver their materials and works at the agreed price, there remain a risk of cost overruns should the project be delayed, rectification of works are required or cost increases to our labour cost or cost increases by our suppliers/subcontractors which they are entitled to charge, for instance in variation order. We manage the risk of cost overruns by (i) buffering a gross profit margin during tendering that can cater for unanticipated increase in costs; (ii) strong project management in particular for our main contractor project to ensure that there is no delay and (iii) working with subcontractors and suppliers who are able to deliver quality materials and works on a timely and reliable basis. We will also obtain quotations from our suppliers and subcontractors for all major categories of materials and subcontracting works required for a project, so as to reduce the likelihood of certain categories of materials and works being more costly than that anticipated when we tender for a project.

Risk of loss of key personnel

Our Executive Directors will ensure that suitable and sufficient numbers of staff are properly appointed and assigned to manage each project. This will ensure that sufficient experience and technical knowledge are available within the project team and any loss of any team member will have limited impact on the continuity of project implementation.

Quality control system

Please refer to section headed "Business — Quality control" above in this document.

Environmental, health and workplace safety management system

Please refer to section headed "Business — Environmental, health and workplace safety ("EHS") policy" in this document.

Credit management

During the tender or quotation phase, we will consider the credit worthiness of the customer and the key contract terms, including progress payment terms and retention money. We will also take into consideration the past payment history of the customer. We generally grant a 30 to 60 days credit term to customers upon issuance of invoice. For the three years ended 31 December 2016 and four months ended 30 April 2017, no provision for impairment of trade receivables were made.

The credit term granted by our suppliers and subcontractors is generally 30 to 60 days and payment to them is typically by cheque. For our subcontractors, we will review and approve their progress claims, and upon receipt of their invoice, make the requisite payment after netting off retention money (where applicable). We typically make prompt payment to our suppliers and subcontractors.

Liquidity risk management

Under a typical contract undertaken by us, we do not receive any upfront payments or deposits from our customers prior to the commencement of work. However, there are costs which are typically incurred at an early stage of a contract before we receive payments from our customers and which are therefore required to be paid from our available financial resources, such as the costs of labours, supplies and/or subcontracting works. In addition, throughout the execution of a contract, we receive payments after the performance of our works, for which we would have incurred costs (including costs of labours, supplies and/or subcontracting works) that are also required to be paid from our available financial resources. In addition, contracts undertaken by us mainly have security deposits/performance bonds and retention money requirements, which may also affect our liquidity position.

We will also monitor our working capital to ensure that our financial obligations can be met when due, by, *inter alia* (i) ensuring a healthy bank balances and cash for payment of our short-term working capital needs; (ii) monitoring our trade receivables and its aging monthly, and following up closely to ensure prompt receipt of amounts due from our customers; (iii) monitoring our trade payables and its aging monthly, to ensure that payments to our suppliers and subcontractors are made on a timely basis; and (iv) monitoring our bank and finance lease payments.

We employed a Finance Manager on 1 March 2017 who will oversee the financial reporting functions, including but not limited to, the abovementioned monitoring of our cash, financial obligations and working capital needs, aging analysis and monthly closing and reconciliation duties. She was previously admitted as the Certified Public Accountant Singapore (non-practising member) from the then Institute of Certified Public Accountants of Singapore (now known as Institute of Singapore Chartered Accountants) in September 2005, and has over 15 years of banking, audit and accounting experience.

Regulatory risk management

Our Group keeps abreast of any changes in government policies, regulations, licensing requirement and permits and safety requirements and we are aware that any non-compliance of the above may have an adverse impact on our operation and business. We will ensure that all changes in government policies, regulations, licensing requirement and safety requirements are closely monitored and communicated to our management and supervisory team members for proper implementation and compliance.

Risk of labour shortage

Please refer to the section headed "Business — Employees — Recruitment policies and foreign workers" above in this document.

Corporate governance measures

Our Company will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. We have established three board committees, namely, the audit committee, the nomination committee and the remuneration committee, with respective terms of reference in compliance with the Corporate Governance Code. For details, please refer to the section headed "Directors and senior management — Board committees" in this document. In particular one of the primary duties of our audit committee is to review the effectiveness of our Company's internal audit activities, internal controls and risk management systems. Our audit committee consists of all three of our Independent Non-Executive Directors, whose backgrounds and profiles are set out in the section headed "Directors and senior management" in this document.

In addition, to avoid potential conflicts of interest, we will implement corporate governance measures as set out in the section headed "Relationship with our Controlling Shareholders — Corporate governance measures" in this document.

Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance reports to be included in our annual reports [REDACTED].

LITIGATION AND CLAIMS

(i) Litigation

During the Track Record Period and up to the Latest Practicable Date, we were involved in a number of litigation as tabled below:

Date filed	BHCC Construction as Defendant/ Plaintiff	Counterparty	Nature	Status	Settlement amount *(S$)*
10 April 2014	Defendant	Corporate; rental of equipment	Rental	Discontinued	Nil
2 December 2014	Defendant	Corporate; rental of equipment	Rental	Discontinued	29,549
16 November 2015	Second defendant	Individual; employee of another defendant(1)	Industrial accident	Concluded	70,385

Date filed	BHCC Construction as Defendant/ Plaintiff	Counterparty	Nature	Status	Settlement amount *(S$)*
29 January 2016	Second defendant	Individual; employee of another defendant(1)	Industrial accident	Concluded	74,209
31 August 2016	Plaintiff	Individual; external party	Motor accident	Pending	To be ascertained
10 September 2016	Second defendant	Individual; external party	Motor accident (same accident as above)	Pending	To be ascertained
11 October 2016	First defendant	Individual; employee of BHCC Construction	Industrial accident	Pending	To be ascertained

Note:

(1) The counterparty was the employee of our subcontractors who were named as first defendant in the respective litigations.

The two corporate cases related to disputes over the claimed compensation amounts over damages/alleged damage to the rental crane, scaffolding equipment and accessories. These two suppliers of rental equipment are not on our approved supplier list. Settlement amounts to be ascertained (for which we are the defendants) would be covered by insurance.

Our Executive Directors confirm that as at the Latest Practicable Date, no member of our Group was engaged in any litigation of material importance, and no litigation was known to our Directors or pending or threatened against any member of our Group.

(ii) Employees' compensation claims

Where we are the main contractor, we are required to procure contractors' all risks insurance and work injury compensation insurance for the benefit of our customers, our Group as main contractor and our subcontractors specifically for the project. The employees' compensation claims as disclosed below are the total claims of the workers of our subcontractors and also our own workers.

During the Track Record Period and up to the Latest Practicable Date, there were 12 accidents out of which 2 workers were employed by our Group while the remaining workers are employed by our subcontractors which resulted in employees' compensation claims. The

duty of reporting these accidents to the relevant authorities vests on the respective employer of the injured workers. The following table sets out the nature of the accidents involving the workers employed by our Group and our subcontractors during the Track Record Period and up to the Latest Practicable Date:

Nature of accident	Number of claims
Caught in between object	3
Struck by object	5
Slip and fall	2
Exposure to hazardous substance	1
Cut	1
Total	**12**

Out of the 12 incidents, there were eight settled employees' compensation claims of which the total amount settled were approximately S$327,491 and was fully covered by insurance. There were four outstanding employees' compensation claims against our Group as at the Latest Practicable Date, of which the quantum of such claims has yet to be ascertained, out of which one resulted in common law claims for injury and compensation. All the four outstanding employees' compensation claims will be fully covered by insurance. Please refer to the paragraph headed "Litigation and claims — (i) Litigation" above for details. Our Group is required under the Work Injury Compensation Act, Chapter 354 of Singapore, to take out and had taken out a compulsory insurance policy in Singapore to provide for a liability under such claim. Therefore, our Directors confirm that all such claims and outstanding claims are fully covered by our Group's insurance companies and would not result in any material impact on the financial position or results and operations of our Group.

During the Track Record Period and up to the Latest Practicable Date, our Group had not encountered any difficulties in making claims from our insurers or encountered any dispute on liability from our insurers and had not incurred any residual liabilities not covered by the insurance arising from any employees' compensation claims.

Indemnity from our Controlling Shareholders

Our Controlling Shareholders have executed the Deed of Indemnity in favour of our Group whereby they will jointly and severally indemnify each member of our Group against, among others, all expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (among others, but not limited to, legal and other professional costs), charges, liabilities, fines, penalties and tax which any member of our Group may incur, suffer or accrue, as a result of directly or indirectly or in connection with, or in consequence of any non-compliance with or breach of any applicable laws, rules or regulations in any jurisdiction by any member of our Group on or before [REDACTED]. Please refer to the section headed "E. Other information — 1. Tax and other indemnities" in Appendix V to this document for further details of the Deed of Indemnity.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), [REDACTED] of the issued share capital of our Company will be owned by Huada Developments, which is owned as to 80% by Mr. Yang and 20% by Mrs. Yang, and [REDACTED] of the issued share capital of our Company will be owned by Eagle Soar, which is wholly-owned by Mdm. Han. Each of Mr. Yang, Mrs. Yang and Mdm. Han entered into the Concert Party Deed confirming the existence of mutual understanding and arrangement in the past, and agreed to act in concert for all operational, management and financial matter in relation to each of BHCC Construction and Wan Yoong for so long as he/she remains interested (either directly or indirectly) in the share capital of these companies and/or remain as the key management members of any of these companies. In view of the above, Huada Developments, Mr. Yang, Mrs. Yang, Eagle Soar and Mdm. Han are a group of controlling shareholders of our Company under the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group is capable of operating independently of our Controlling Shareholders and their respective associates [REDACTED] on the basis of the following information:

Management independence

The day-to-day management and operation of the business of our Group will be the responsibility of all of our Executive Directors and senior management personnel of our Company. Our Board has five Directors comprising two Executive Directors and three Independent Non-Executive Directors. Mr. Yang and Mdm. Han, our Executive Directors, and Mrs. Yang, our senior management, are also our ultimate Controlling Shareholders. Save for Mr. Yang, Mdm. Han and Mrs. Yang, none of the other Directors nor other members of our senior management is a Controlling Shareholder.

We consider that our Board and senior management will function independently from our Controlling Shareholders because:

(a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) will abstain from voting at

the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum of the relevant meeting(s) of the Board; and

(c) all Independent Non-Executive Directors, namely Ms. Chan Bee Leng, Mr. Ooi Soo Liat and Ms. Li Xueling, Sharlene, are sufficiently experienced and capable of monitoring the operations of our Group independently of our Controlling Shareholders.

Operational independence

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities for daily operations of our Group. Our Group has not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their associates. Our Group has also established a set of internal controls to facilitate the effective operation of our business.

During the Track Record Period, we also conducted transactions with certain connected persons, namely, Top Star, Hong Chwee, Sin Hill and Wanda. Save for the entering into of the #06–65 Tenancy Agreement and the #06–66 Tenancy Agreement with Hong Chwee, and the entering into of the #07–51 Tenancy Agreement with Wanda, all the connected transactions will cease [REDACTED]. For details of each of the continuing connected transactions, please refer to the section headed "Connected transactions" in this document.

Save as disclosed above, our suppliers and customers are all independent from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their associates. We have our independent access to our suppliers and our customers for the provision of services and materials, and we have an independent management team to handle our day-to-day operations.

Financial independence

Our Group has its own financial management system, internal control and accounting systems, accounting and finance department, independent treasure function for cash receipts and payments, and the ability to operate independently from our Controlling Shareholders from a financial perspective.

During the three years ended 31 December 2016, we have arranged for the issuance of performance bonds (please refer to the section headed "Business — Key contract terms with customers — security deposits/performance bonds" in this document) and security bonds (please refer to the section headed "Regulatory overview — Employment of foreign manpower — Security bonds and levies" in this document), which were secured by, among other things, personal guarantees given by Mr. Yang and Mdm. Han, and of which S$12,141,362, S$23,959,046 and S$25,673,398

remained outstanding as at 31 December 2014, 2015 and 2016 respectively. All such personal guarantees will be released and replaced by our corporate guarantee [REDACTED].

During the three years ended 31 December 2016, Mr. Yang and Mdm. Han also provided a joint and several personal guarantee in respect of borrowings of the Group, of which S$36,576, S$904,321 and S$4,131,841 remained outstanding as at 31 December 2014, 2015 and 2016 respectively. Such personal guarantee will be released and replaced by our corporate guarantee to be provided by our Company and/or other member of our Group [REDACTED] subject to, among other things, the condition that each of Mr. Yang and Mdm. Han shall hold key management position(s) of our Company for an initial term of three years from [REDACTED].

In view of our Group's internal resources and the estimated [REDACTED] from the [REDACTED], our Directors believe that our Group will have sufficient capital for its financial needs without dependence on our Controlling Shareholders. Our Directors also believe that, [REDACTED], our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders despite the fact that the personal guarantee in respect of the borrowings of the Group might not be released before [REDACTED]. Regarding the condition which requires each of Mr. Yang and Mdm. Han to hold key management position(s) of our Company for an initial term of three years from [REDACTED], our Directors consider such term to be commercially agreeable having taking into account the fact that (i) pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders, including Mr. Yang and Mdm. Han, would be subject to a lock-up undertaking which requires them not to dispose of any of their Shares within the first six months [REDACTED], and within the following six months, not to dispose of their Shares such that they would cease to be a group of controlling shareholders (as defined in the Listing Rules) of our Company; and (ii) Mr. Yang has already been appointed as chairman and Executive Director, and Mdm. Han has already been appointed as Executive Director and each of Mr. Yang and Mdm. Han has entered into a service agreement with our Company for an initial term of three years commencing from [REDACTED]. As such, our Directors consider it would not compromise the financial independence of our Group and could be dealt with by way of disclosure, and we shall comply with the disclosure requirements pursuant to Rules 13.16 and 13.22 of the Listing Rules as and when appropriate.

OTHER BUSINESSES OF OUR CONTROLLING SHAREHOLDERS

Apart from our Group, as at the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates were conducting any businesses or holding controlling interest directly or indirectly in companies which are engaged in businesses in competition with the businesses of our Group. As at the Latest Practicable Date, our Controlling Shareholders and their respective close associates had businesses which carry out trading, property holding investment in incubator, property development, and air-conditioning and electrical works.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

As we principally carry out building construction works in Singapore as a main contractor, and selectively provide reinforcement concrete works, being the area of our expertise as a subcontractor, none of the businesses owned by our Controlling Shareholders and their respective close associates outside our Group is involved in the above, our Directors are of the view that there are clear delineations between the principal businesses of our Group and those other companies owned by our Controlling Shareholders and their respective close associates.

Save as disclosed above, none of our Executive Directors, our Controlling Shareholders and their respective close associates has any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules. To minimise the potential competition in the future, our Controlling Shareholders has entered into the Deed of Non-competition with us to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest or otherwise be involved in, any business which may be in competition with our businesses.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders (each a "**Covenantor**" and collectively, the "**Covenantors**") entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) prior to [REDACTED], under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, warranted and undertaken to our Company (for ourselves and as trustee for and on behalf of our subsidiaries) that:

(a) each of the Covenantors shall not, and shall procure each of his/her/its close associates, whether on his/her/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, not to carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which is similar to, or competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to the provision of building construction works in Singapore as a main contractor, provision of reinforcement concrete works, being the area of our expertise as a subcontractor, and businesses ancillary to any of the foregoing), in Hong Kong, Singapore and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on business mentioned above from time to time (the "**Restricted Business**"). Each of the Covenantors has represented and warranted to our Group that neither he/she/it nor any of his/her/its close associates is currently interested, involved or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business otherwise than through our Group;

(b) if any of the Covenantors and/or any of his/her/its close associates is offered or becomes aware of any project or new business opportunity ("**New Business Opportunity**") that relates to the Restricted Business, whether directly or indirectly, he/she/it shall: (i) promptly, in any event not later than seven days, notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such opportunity; and (ii) use his/her/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such opportunity is offered to him/her/it and/or his/her/its close associates; and

(c) if our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within 30 Business Days (the "**30-day Offering Period**") of receipt of notice from the Covenantor(s), the Covenantor(s) and/or his/her/its close associates shall be permitted to invest in or participate in the New Business Opportunity on his/her/its own accord. The Covenantors also agree to extend the 30 Business Days to a maximum of 60 Business Days if our Company requires so by giving a written notice to the Covenantors within the 30-day Offering Period.

In addition, [REDACTED], each of the Covenantors has also undertaken:

(i) in favour of our Company to provide our Company and our Directors from time to time (including our Independent Non-Executive Directors) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by our Independent Non-Executive Directors, for the annual review by our Independent Non-Executive Directors with regard to compliance of the terms of the Deed of Non-competition and the enforcement of the non-competition undertakings in the Deed of Non-competition;

(ii) to provide to our Company, (if necessary) after the end of each financial year of our Company, a declaration made by each of the Covenantors which shall state whether or not the Covenantors have during that financial year complied with the terms of the Deed of Non-competition, and if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the annual report of our Company for the relevant financial year, such annual declaration shall be consistent with the principles of making voluntary disclosures in the corporate governance report; and

(iii) to our Group to allow our Directors (including our Independent Non-Executive Directors), their respective representatives and the auditors to have sufficient access to the records of the Covenantors and his/her/its close associates to ensure their compliance with the terms and conditions under the Deed of Non-competition.

Further, each of the Covenantors has undertaken that during the period in which he/she/it and/or his/her/its close associates, individually or taken as a whole, remains as a Controlling Shareholder:

(i) he/she/it will not invest or participate in any project or business opportunity that competes or may compete, directly or indirectly, with the business activities engaged by our Group from time to time unless pursuant to the provisions stipulated in the Deed of Non-competition;

(ii) he/she/it will not solicit any existing or then existing employee of our Group for employment by him/her/it or his/her/its associates (excluding our Group);

(iii) he/she/it will not without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to his/her/its knowledge in his/her/its capacity as our Controlling Shareholder for any purposes; and

(iv) he/she/it will procure his/her/its close associates (excluding our Group) not to invest or participate in any project or business opportunity mentioned above unless pursuant to the provisions stipulated in the Deed of Non-competition.

The above undertakings (i) and (iv) are subject to the exception that any of the Covenantors and their respective associates (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Business or any project or business opportunity, regardless of value, which has been offered or made available to our Group, provided always that information about the principal terms thereof has been disclosed to our Company and our Directors, and our Company shall have, after review and approval by our Directors (including our Independent Non-Executive Directors without the attendance by any Director with beneficial interest in such project or business opportunities, in which resolutions have been duly passed by the majority of our Independent Non-Executive Directors), confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Business and provided also that the principal terms on which that Covenantor and/or his/her/its respective close associate invests, participates or engages in the Restricted Business are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if that relevant Covenantor or the relevant close associate decides to be involved, engaged, or participate in the relevant Restricted Business, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as practicable.

The non-competition undertaking will take effect from [REDACTED] and will cease to have any effect upon the earlier of the date on which (i) such Covenantors and his/her/its close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital in our Company directly or indirectly or cease to be deemed as our Controlling Shareholder and do not have power to control our Board or there is at least one other independent Shareholder other than the Covenantors and/or his/her/its

respective close associates holding more Shares than the Covenantors and his/her/its respective close associates taken together; or (ii) the Shares cease [REDACTED] and traded on the Stock Exchange or other recognised stock exchange.

In order to strengthen the corporate governance and to effectively monitor the observance under the Deed of Non-competition in respect of the potential conflict of interests between our Group and the Covenantors, [REDACTED]:

(1) our Company will disclose in the annual reports the compliance and enforcement of the undertakings by the Covenantors in respect of the Deed of Non-competition and the appropriate action to be taken by our Company;

(2) our Company will disclose the details and basis of the decisions on the matters reviewed by our Independent Non-Executive Directors in relation to the compliance and enforcement of arrangement of the New Business Opportunity in the annual reports;

(3) our Independent Non-Executive Directors will be responsible for deciding, in the absence of any Executive Director (except as invited by our Independent Non-Executive Directors to assist them or provide any relevant information, but in no circumstances shall our Executive Director(s), who participate in such meeting, be counted towards the quorum or allowed to vote in such meeting), whether or not to take up, or whether or not to allow any Covenantor(s) or his/her/its close associate(s) to participate in, a New Business Opportunity referred to us under the terms of the Deed of Non-competition from time to time and if so, any conditions to be imposed;

(4) our Board will ensure reporting any event relating to potential conflict of interests to our Independent Non-Executive Directors as soon as practicable when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;

(5) following the reporting of any event relating to potential conflict of interests, our Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the Listing Rules in order to monitor any irregular business activities and alert our Board, including our Independent Non-Executive Directors, to take any precautious actions; and

(6) in the event that there is any potential conflict of interest relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the Listing Rules, be required to declare his/her/its interests and, where required, abstain from voting in the relevant board meeting and/or general meeting on the transaction and not to be counted in the quorum where required.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen our corporate governance practice and to safeguard the interests of our Shareholders:

(1) the Articles provide that a Director shall not be counted in the quorum or vote on any resolutions of our Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested unless in certain circumstances as expressly stated in the Articles;

(2) our audit committee will review, on an annual basis, compliance with the Deed of Non-competition given by our Controlling Shareholders;

(3) our Company will obtain (i) an annual written confirmation in respect of our Controlling Shareholders' compliance with the terms of the Deed of Non-competition; (ii) consent (from each of our Controlling Shareholders) to refer to the said confirmation in our annual reports; and (iii) all information as may reasonably be requested by us and/or our Independent Non-Executive Directors for our review and enforcement of the Deed of Non-competition;

(4) our Company will disclose decisions on matters reviewed by our Independent Non-Executive Directors relating to compliance and enforcement of the Deed of Non-competition of our Controlling Shareholders in the annual reports of our Company;

(5) our Independent Non-Executive Directors may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertaking or connected transaction(s) at the cost of our Company;

(6) our Independent Non-Executive Directors will be responsible for deciding whether or not to allow any Controlling Shareholder and/or his/her/its close associates to be involved in or participate in a Restricted Business and if so, specifying any condition to be imposed; and

(7) our Company have appointed Vinco Capital as the compliance adviser which shall provide our Company with professional advice and guidance in respect of compliance with the Listing Rules and applicable laws.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective close associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

None of the members of our Group has experienced any dispute with its shareholders or among the shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of the Shareholders will be protected.

CONNECTED TRANSACTIONS

CONNECTED PERSONS

Hong Chwee

Hong Chwee was incorporated on 21 September 2010 in Singapore and as at the Latest Practicable Date was wholly-owned by Mr. Yang.

Wanda

Wanda was incorporated on 27 February 2007 in Singapore and as at the Latest Practicable Date, Wanda was wholly-owned by Mr. Liu, the spouse of Mdm. Han.

As such, each of Mr. Yang, Mdm. Han, Mr. Liu, Hong Chwee and Wanda is a connected person of our Company [REDACTED].

EXEMPTED CONTINUING CONNECTED TRANSACTIONS

During the Track Record Period, we entered into the following transactions with the relevant connected persons of our Company which will continue [REDACTED], constituting continuing connected transactions on the part of our Company but are exempt from reporting, annual review, announcement and independent Shareholders' approval requirements under Rule 14A.76(1) of the Listing Rules. Details of the transactions are set out below:

(a) the lease of #06–65 Property

During the Track Record Period, BHCC Construction rented from Hong Chwee a property located at sixth storey, No. 20 Sin Ming Lane #06–65, Midview City, Singapore 573968 (the "**#06–65 Property**"), with a saleable area of approximately 1,496 square feet to BHCC Construction for a monthly rent of S$3,740 (exclusive of service tax) for office use.

By a tenancy agreement dated 1 March 2017 (the "**#06–65 Tenancy Agreement**") entered into between BHCC Construction and Hong Chwee, the parties renewed the lease of the #06–65 Property for a monthly rent of S$3,740 (exclusive of service tax) for a term of 10 months commencing from 1 March 2017 and ending on 31 December 2017 (both days inclusive).

Historical transaction amounts, proposed annual cap and basis of determination

The historical amounts paid by our Group for the lease of #06–65 Property during the three years ended 31 December 2016 and the proposed annual cap contemplated under the #06–65 Tenancy Agreement for the year ended 31 December 2017 are set out below:

Historical figures For the year ended 31 December			**Proposed annual cap For the year ended 31 December**
2014	**2015**	**2016**	**2017**
S$44,880 (approximately HK$246,840)	S$44,880 (approximately HK$246,840)	S$44,880 (approximately HK$246,840)	S$44,880 (approximately HK$246,840)

The proposed annual cap with respect to the #06–65 Tenancy Agreement was determined by the parties thereto on an arm's length basis, and based on, among others, the prevailing market rent for similar premises in the vicinity at the time and the historical transaction amounts. Our Directors (including Independent Non-Executive Directors) have reviewed the #06–65 Tenancy Agreement and are of the view that the entering into of the #06–65 Tenancy Agreement is in the ordinary and usual course of business and in the interest of our Shareholders as a whole and the terms therein are normal commercial terms, and are fair and reasonable.

(b) the lease of #06–66 Property

During the Track Record Period, BHCC Construction rented from Hong Chwee a property located at sixth storey, No. 20 Sin Ming Lane #06–66, Midview City, Singapore 573968 (the "**#06–66 Property**"), with a saleable area of approximately 1,496 square feet to BHCC Construction for a monthly rent of S$3,740 (exclusive of service tax) for office use.

By a tenancy agreement dated 1 March 2017 (the "**#06–66 Tenancy Agreement**") entered into between BHCC Construction and Hong Chwee, the parties renewed the lease of the #06–66 Property for a monthly rent of S$3,740 (exclusive of service tax) for a term of 10 months commencing from 1 March 2017 and ending on 31 December 2017 (both days inclusive).

Historical transaction amounts, proposed annual cap and basis of determination

The historical amounts paid by our Group for the lease of #06–66 Property during the three years ended 31 December 2016 and the proposed annual cap contemplated under the #06–66 Tenancy Agreement for the year ended 31 December 2017 are set out below:

Historical figures For the year ended 31 December			**Proposed annual cap For the year ended 31 December**
2014	**2015**	**2016**	**2017**
S$44,880 (approximately HK$246,840)	S$44,880 (approximately HK$246,840)	S$44,880 (approximately HK$246,840)	S$44,880 (approximately HK$246,840)

The proposed annual cap with respect to the #06–66 Tenancy Agreement was determined by the parties thereto on an arm's length basis, and based on, among others, the prevailing market rent for similar premises in the vicinity at the time and the historical transaction amounts. Our Directors (including Independent Non-Executive Directors) have reviewed the #06–66 Tenancy Agreement and are of the view that the entering into of the #06–66 Tenancy Agreement is in the ordinary and usual course of business and in the interest of our Shareholders as a whole and the terms therein are normal commercial terms, and are fair and reasonable.

Listing Rules implications

Given that Hong Chwee is wholly-owned by Mr. Yang, Hong Chwee is an associate of Mr. Yang; in this respect, the transactions under the #06–65 Tenancy Agreement and the #06–66 Tenancy Agreement shall be aggregated as if they were one transaction. As one or more of the applicable percentage ratios under Chapter 14A of the Listing Rules in respect of the transactions under the Tenancy Agreements, as aggregated, are on an annual basis more than 0.1% but less than 5% and the aggregate annual amount for such payments is less than HK$3,000,000; the transactions under the #06–65 Tenancy Agreement and the #06–66 Tenancy Agreement, as aggregated, are considered to be a de minimis transaction [REDACTED] and are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(c) the lease of #07–51 Property

During the Track Record Period, BHCC Construction rented from Wanda a property located at seventh storey, No. 20 Sin Ming Lane #07–51, Midview City, Singapore 573968 (the "**#07–51 Property**"), with a saleable area of approximately 1,356 square feet to BHCC Construction for a monthly rental fee of S$3,390 (exclusive of service tax), for office use.

CONNECTED TRANSACTIONS

By a tenancy agreement dated 1 March 2017 (the "**#07–51 Tenancy Agreement**", together with the #06–65 Tenancy Agreement and the #06–66 Tenancy Agreement, the "**Tenancy Agreements**") entered into between BHCC Construction and Wanda, the parties renewed the lease of the #07–51 Property for a monthly rent of S$3,390 (exclusive of service tax) for a term of 10 months commencing from 1 March 2017 and ending on 31 December 2017 (both days inclusive).

Historical transaction amounts, proposed annual cap and basis of determination

The historical amounts paid by our Group for the lease of #07–51 Property during the three years ended 31 December 2016 and the proposed annual cap contemplated under the #07–51 Tenancy Agreement for the year ended 31 December 2017 are set out below:

Historical aggregate figures For the year ended 31 December			**Proposed annual cap For the year ended 31 December**
2014	**2015**	**2016**	**2017**
S$40,680 (approximately HK$223,740)	S$40,680 (approximately HK$223,740)	S$40,680 (approximately HK$223,740)	S$40,680 (approximately HK$223,740)

The proposed annual cap with respect to the #07–51 Tenancy Agreement was determined by the parties thereto on an arm's length basis, and based on, among others, the prevailing market rent for similar premises in the vicinity at the time and the historical transaction amounts. Our Directors (including Independent Non-Executive Directors) have reviewed the #07–51 Tenancy Agreement and are of the view that the entering into of the #07–51 Tenancy Agreement is in the ordinary and usual course of business and in the interest of our Shareholders as a whole and the terms therein are normal commercial terms, and are fair and reasonable.

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules in respect of the transactions under the #07–51 Tenancy Agreement are on an annual basis more than 0.1% but less than 5% and the aggregate annual amount for such payment is less than HK$3,000,000; the transaction under #07–51 Tenancy Agreement is considered to be a de minimis transaction [REDACTED] and will be exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including the Independent Non-Executive Directors) are of the view that the continuing connected transactions described above have been entered into on normal commercial terms and in the ordinary and usual course of business of our Group, and such transactions are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that the continuing connected transactions under the Tenancy Agreements have been and shall be entered into in the ordinary and usual course of business of our Group on normal commercial terms, and are fair and reasonable and in the interest of our Shareholders as a whole. Having considered the terms of the Tenancy Agreements (including the annual cap, and the basis and assumptions in arriving the annual cap), the Sole Sponsor is also of the view that the annual cap for such continuing connected transactions are fair and reasonable and in the interests of our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

Our Board of Directors consists of two Executive Directors, and three Independent Non-Executive Directors. The following table sets forth the information concerning our Directors and senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. Yang Xinping (楊新平)	47	Chairman and Executive Director	November 2003	21 February 2017	Overall management, strategic planning and business development	Spouse of Ms. Chao Jie
Ms. Han Yuying (韓玉英)	52	Executive Director	November 2007	31 March 2017	Lead operational departments and provide guidance and management experience in contract negotiations	None
Independent Non-Executive Directors						
Ms. Chan Bee Leng (曾美玲)	47	Independent Non-Executive Director	17 August 2017	17 August 2017	Chairwoman of the audit committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	None
Mr. Ooi Soo Liat (黃書烈)	72	Independent Non-Executive Director	17 August 2017	17 August 2017	Chairman of the remuneration committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	None
Ms. Li Xueling, Sharlene (李祢鈴)	32	Independent Non-Executive Director	17 August 2017	17 August 2017	Chairwoman of the nomination committee, providing independent judgement to bear on issues of strategy, policy, performance, accountability, resources and standard of conduct	None
Senior management						
Ms. Chao Jie (晁杰)	47	Administrative, accounting and human resource manager	May 2005	N/A	Oversee the administration, human resource and accounts department	Spouse of Mr. Yang Xinping
Mr. Yeo Ngian Tee (楊仰智)	54	Senior project manager	February 2010	N/A	Responsible for the overall management of projects	None
Mr. Kang Zeng (康增)	30	Project manager	September 2008	N/A	Responsible for the overall management of projects	None
Ms. Zhang Zhiping (章志萍)	43	Accountant	April 2013	N/A	Responsible for financial, accounting, taxation, treasury and banking matters	None

Executive Directors

Mr. Yang Xinping (楊新平), aged 47, founder of our Group, was appointed as our Director on 21 February 2017 and re-designated as our chairman and Executive Director on 31 March 2017. Mr. Yang is also a director of BHCC Construction and BHCC Space since incorporation and Wan Yoong since March 2013. Mr. Yang is responsible for our Group's overall management, strategic planning and business development.

Mr. Yang started his career as an engineer in the Ministry of Coal Industry Xi'an Design & Research Institute which was principally engaged in the provision of design and engineering services for the construction industry from July 1992 to October 1996. He then joined Kok Onn Construction Pte Ltd from October 1996 to July 1999 as project manager. Prior to founding our Group in November 2003, Mr. Yang also worked as the general manager in CGW Construction & Engineering Pte Ltd from November 1999 to July 2003 and was responsible for all daily business matters and management of different departments and construction projects.

Mr. Yang obtained a Bachelor's Degree of Engineering from Xi'an Institute of Metallurgical Architecture, the PRC in July 1992 and a Master's Degree in Science (Civil Engineering) in July 2002 from The National University of Singapore. Mr. Yang has over 24 years of experience in the construction industry.

Mr. Yang does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Ms. Han Yuying (韓玉英), aged 52, was appointed as our Executive Director on 31 March 2017. Mdm. Han is also a director of BHCC Construction since November 2012, BHCC Space since its incorporation and Wan Yoong since April 2015. Mdm. Han joined our Group in November 2007 and is currently responsible for overseeing the tendering, contracts administration, purchasing departments, and providing guidance and management experience in contract negotiations. Mdm. Han obtained a Bachelor's Degree in Engineering from Hohai University, the PRC in July 1988. She has more than 28 years of experience in the construction industry. The following table summarises Mdm. Han's experience prior to joining our Group:

Company name	Principal business activities of the company	Last position held	Roles and responsibilities	Period of services
Northeast Electric Power Design Institute Co., Ltd.	Provision of electrical works	Professional engineer	Design of power station	August 1988 to November 1997
G&C General Contractors (Pte) Ltd	Provision of construction works	Quantity surveyor	Contract management	December 1997 to June 2001

Company name	Principal business activities of the company	Last position held	Roles and responsibilities	Period of services
Wee Poh Construction Co. (Pte.) Ltd.	Provision of construction works	Director	Oversee contract management and administration	July 2001 to January 2007
Ho Lee Construction Pte Ltd	Provision of construction of infrastructure works	Senior quantity surveyor	Oversee contract management and administration	January 2007 to November 2007

Mdm. Han was previously a director of Wee Fong Construction Pte Ltd, a construction company incorporated on 22 May 1987 in Singapore from 3 January 2005 to 1 July 2007. Due to cessation of business, Wee Fong Construction Pte. Ltd. was dissolved on 31 July 2010 by way of members' voluntary winding up. The aforesaid company was solvent at the date of dissolution.

Mdm. Han does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Independent Non-Executive Directors

Ms. Chan Bee Leng (曾美玲), FCA (Singapore) and CPA (Australia), age 47, was appointed as our Independent Non-Executive Director on 17 August 2017. She is currently the chairwoman of audit committee and member of the remuneration and nomination committees. Ms. Chan holds a Bachelor degree of Accountancy from Nanyang Technological University of Singapore and a Degree of Master of Business Administration (Executive) from the University of Hull (United Kingdom). She is a Fellow Chartered Accountant of Singapore and a member of the Institute of Certified Public Accountants of Australia (CPA Australia). Ms. Chan has more than 18 years of experience in group finance, tax, accounting, corporate finance and treasury. The following table summarises Ms. Chan's professional experience:

Company name	Principal business activities of the company	Last/current position held	Roles and responsibilities	Period of services
VDO Singapore Pte Ltd	Research and development of automotive	Assistant finance and administration manager	Controlling, finance and accounting	March 1998 to June 2001
CapitaLand Financial Limited	Real estate property owners & developer/Real estate financial services	Senior finance manager	Finance accounting, reporting, tax and compliance	July 2001 to August 2008

Company name	Principal business activities of the company	Last/current position held	Roles and responsibilities	Period of services
Kingdom Hotel Investments	Owner/Developer of hotels and resorts	Regional financial controller (VP) — Asia	Regional group reporting and accounting	September 2008 to February 2010
Miclyn Express Offshore Pte Ltd	Owners and charters of vessels	Group financial controller	Group reporting and accounting	February 2010 to October 2010
K-REIT Asia Management Limited	Real estate investment trust manager	Chief financial officer	Reporting, accounting, compliance and treasury	October 2010 to April 2012
Singapore Technologies Engineering Ltd	Engineering group	Group financial controller	Group reporting, accounting and treasury	July 2012 to September 2014
PacificLight Power Pte Ltd	Integrated Energy Group	Financial controller	Reporting, accounting, compliance, taxation and treasury	September 2014 to present

Ms. Chan was previously an independent director of Lantrovision (S) Ltd ("**Lantrovision**"), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") from 1 December 2014 to 17 June 2016, being the delisting date of Lantrovision.

Lantrovision was delisted from the official list of SGX-ST for being unable to meet the listing requirement of SGX-ST pursuant to the acquisition by MIRAIT Singapore Pte. Ltd. of all of the issued and paid-up ordinary shares in the capital of Lantrovision by way of a scheme of arrangement ("**Scheme**") in accordance with Section 210 of the Companies Act (Chapter 50) of Singapore and the Singapore Code on Take-overs and Mergers. Save for recommending the shareholders of Lantrovision after taking into account the advice of the independent financial adviser appointed to advise the independent directors of Lantrovision (the "**Lantrovision Independent Directors**") in considering whether the rationale and terms of the Scheme are fair and reasonable, Ms. Chan, as one of the Lantrovision Independent Directors, had no involvement in the delisting and there are no other matters which should be brought to the attention of the Stock Exchange.

Save as disclosed, Ms. Chan did not have other current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Ooi Soo Liat (黃書烈), aged 72, was appointed as our Independent Non-Executive Director on 17 August 2017. He is currently the chairman of the remuneration committee and a member of the audit and nomination committees. Mr. Ooi has more than 20 years of stock broking and trading of securities. Mr. Ooi obtained a postgraduate diploma in business studies from the University of Sheffield, United Kingdom in June 1971 and a master of science in financial studies from the University of Strathclyde, United Kingdom in October 1976. He was admitted as an associate member and subsequently a fellow of the Institute of Cost & Management Accountants in May 1979 and March 1985 respectively. The following table summarises Mr. Ooi's professional experience:

Company name	Principal business activities of the company	Last position held	Roles and responsibilities	Period of services
OCBC Securities Private Limited	Provision of stock and futures broking services	Executive director	Overall management of the business	July 1988 to April 1990
United Securities (2006) Private Limited	Provision of stock broking services	Executive director	Overall management of the business	January 1988 to June 1988 and May 1990 to April 1997
DMG & Partners Securities Pte Ltd	Provision of stock broking services	Managing director	Overall management of the business	April 1997 to June 2007
Westcomb Securities Pte Ltd	Securities brokerage	Managing director	Overall management of the business	January 2008 to June 2009
AmFraser Securities Pte. Ltd.	Provision of online and mobile securities trading services	Securities trading representative	Trading of securities	June 2009 to May 2011

Mr. Ooi was previously a director of Asiasons WFG Securities Pte. Ltd., a securities brokerage company incorporated on 22 January 2003 in Singapore from February 2008 to June 2009 and July 2011 to May 2012. Due to cessation of business, Asiasons WFG Securities Pte. Ltd. was dissolved on 18 February 2014 by way of members' voluntary winding up. The aforesaid company was solvent at the date of dissolution.

Mr. Ooi did not have any current or past directors in any listed companies in the last three years prior to the Latest Practicable Date.

Ms. Li Xueling, Sharlene (李祢鈴), aged 32, was appointed as our Independent Non-Executive Director on 17 August 2017. She is currently the chairwoman of the nomination committee and a member of audit and remuneration committees. Ms. Li Xueling, Sharlene graduated with a bachelor degree of Accountancy from Nanyang Technological University in June 2007. She is a Chartered Accountant of Singapore and has been a member of the Institute of Singapore Chartered Accountants since July 2013. Ms. Li Xueling, Sharlene has over 9 years of relevant experience in the accounting field. The following table summarises Ms. Li Xueling, Sharlene's professional experience:

Name of company/ business	Principal business activities	Last/current position held	Roles and responsibilities	Period of services
Deloitte & Touche LLP	Accounting services	Audit manager	Responsible for the planning, control and co-ordination of all audit assignments, and performing and leading audit engagements	August 2007 to November 2015
CSI & Co. PAC	Accounting services	Audit senior manager	Responsible for the planning, control and co-ordination of all audit assignments, and performing and leading audit engagements	October 2016 to March 2017
CA Transportation & Warehousing Pte Ltd	Provision of transport management services	Financial controller	Responsible for reviewing company accounts, consolidating finance related scope and preparing financial statement	March 2017 to present

Ms. Li Xueling, Sharlene did not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Disclosure of relationships as required under Rule 13.51(2) of the Listing Rules

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any other directorships in public listed companies in the three years prior to the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in the section headed "Substantial shareholders" and the section headed "C. Further information about Directors, management, staff and experts" in Appendix V to this document, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed in this document, none of our Directors have any interests in any business apart from business of our Group which competes or is likely to compete, either directly or indirectly, with business of our Group. Please refer to Appendix V to this document for further information about our Directors, including details of the interest of our Directors in the Shares and underlying shares of our Company (within the meaning of Part XV of the SFO) and particular of their service contract and remuneration.

Except as disclosed in this document, each of our Directors has confirmed that there are no other matters relating to his or her appointment as a Director that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Senior management

Ms. Chao Jie (晁杰), aged 47, joined our Group as quantity surveyor in May 2005. She is the spouse of Mr. Yang, our Executive Director. As a quantity surveyor, she was responsible for project tender, progress claims, budget analysis and cost control. Subsequently, Mrs. Yang is promoted to administrative, accounting and human resources manager in July 2008. She is responsible for overseeing the administrative, accounting and human resources functions of our Group. Mrs. Yang graduated from Xi'an Highway Transportation University, the PRC, with a Bachelor's Degree in Engineering in July 1993. Mrs. Yang also attended the workshop for CEO/Top Workshop for CEO/Top Management (bizSAFE Level 1) in 2013. Mrs. Yang has over 15 years of experience in the construction industry in Singapore. The following table summarises Mrs. Yang's professional experience prior to joining our Group:

Company name	Principal business activities of the company	Last position held	Roles and responsibilities	Period of services
Shaanxi Expressway Group Companies	Development and maintenance of highway roads	Engineer	Responsible for engineering design work	July 1993 to February 1999
Join-Aim Pte Ltd	Provision of construction works	Quantity surveyor	Responsible for project tender and the progress billings and claims process	April 1999 to January 2001
Wee Poh Construction Co. Pte. Ltd.	Provision of construction works	Quantity surveyor	Responsible for project tender and the progress billings and claims process; also responsible for budget analysis and cost control	May 2001 to May 2005

Mrs. Yang did not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mrs. Yang was previously a director of Slioncel Coffee Pte. Ltd., which was incorporated on 18 February 2009 in Singapore, prior to its dissolution. Due to cessation of business, Slioncel Coffee Pte. Ltd. was struck off on 12 May 2015. The aforesaid company was solvent at the date of dissolution.

Mr. Yeo Ngian Tee (楊仰智), aged 54, joined our Group as project manager in February 2010 and was responsible for the overall management of various projects. He was promoted to his current position as a senior project manager with same role and responsibilities in November 2011. Mr. Yeo graduated from Heriot-Watt University, United Kingdom with a bachelor degree of science in construction project management in November 2012. Prior to that, Mr. Yeo obtained a technician diploma in civil engineering from Singapore Polytechnic in May 1983. Mr. Yeo has over 10 years of experience in the construction industry in Singapore. The following table summarises Mr. Yeo's professional experience prior to joining our Group:

Company name	Principal business activities of the company	Last position held	Roles and responsibilities	Period of services
Kay Lim Construction & Trading Pte Ltd	Provision of construction works	Site Manager	Planning, managing and supervising site works	May 2007 to May 2008
Kim Seng Heng Engineering Construction (Pte) Ltd	Provision of building construction works	Project Manager	Overall management of projects	June 2008 to November 2009
Ri Dong Corporation Pte Ltd	Provision of pipe jacking works	Project Manager	Overall management of projects	December 2009 to January 2010

Mr. Yeo did not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Kang Zeng (康增), aged 30, joined our Group as site engineer cum quantity surveyor in September 2008 and is responsible for planning, implementing and monitoring the work schedules of construction projects to ensure the progress of the construction works were in accordance with the master and detailed work programs. As a quantity surveyor, he is also tasked to review contracts and tender documents, prepare tender documents, progress claims and final accounts of each projects under his purview. Subsequently, he was promoted to his current position as a project manager with BHCC Construction since May 2014 and is responsible for the overall management of various projects. Mr. Kang graduated from Heilongjiang University of Science & Technology, the PRC with a degree in civil engineering in June 2008. Mr. Kang has over 8 years of experience in the construction industry in Singapore. Mr. Kang did not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Ms. Zhang Zhiping (章志萍), aged 43, joined our Group as an accountant in April 2013. Ms. Zhang is responsible for financial, accounting, taxation, treasury and banking matters of our Group. Ms. Zhang graduated from Chinese People's University, the PRC, with a Bachelor's Degree in Economics (International Accounting) in July 1996. Ms. Zhang also obtained a Master's Degree in Business Administration from the University of Poitiers in March 2000 under the Sino-French government education cooperation project. Ms. Zhang has over 16 years of experience in the construction industry in Singapore. The following table summarises Ms. Zhang's professional experience prior to joining our Group:

Company name	Principal business activities of the company	Last position held	Roles and responsibilities	Period of services
China Nanchang Aircraft Manufacturing Corporation	Chinese aircraft manufacturer and supplier to the Chinese military	Assistant account manager	Responsible for all matters relating to financial accounting	July 1996 to August 1997
China Construction (South Pacific) Development Co. Pte Ltd	Provision of construction works	Accountant	Responsible for financial, accounting, taxation, treasury and banking matters	February 2001 to March 2013

Ms. Zhang did not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

COMPANY SECRETARY

Ms. Chan So Fun (陳素芬), aged 48, was appointed as the company secretary of our Company on 17 August 2017. Ms. Chan is currently a partner at the law firm of Michael Li & Co, specialising in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. Ms. Chan is a practising solicitor and was admitted as a solicitor in Hong Kong in November 2007. She received a degree of Bachelor of Laws from the University of London in August 2004. She obtained a Master of Business Administration from The University of Hong Kong in December 1998 and she also obtained a degree of Bachelor of Social Science from The Chinese University of Hong Kong in December 1992. Ms. Chan has been the company secretary of SHIS Limited (stock code: 1647) since July 2016. Prior to embarking her legal career, Ms. Chan has over five years of experience in marketing and corporate communications.

Ms. Chan did not have any current or past directorships in any listed companies in the last three years.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company will comply with the Corporate Governance Code in Appendix 14 to the Listing Rules.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report which will be included in our annual reports [REDACTED].

BOARD COMMITTEES

Audit Committee

Our Group established an audit committee on 17 August 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The audit committee consists of all of the Independent Non-Executive Directors, namely, Ms. Chan Bee Leng, Mr. Ooi Soo Liat and Ms. Li Xueling, Sharlene. Ms. Chan Bee Leng is the chairwoman of the audit committee.

The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

Remuneration Committee

Our Group established a remuneration committee on 17 August 2017 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The remuneration committee consists of four members, namely Mr. Ooi Soo Liat, Ms. Chan Bee Leng, Ms. Li Xueling, Sharlene and Mdm. Han. Mr. Ooi Soo Liat is the chairman of the remuneration committee.

The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to our Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination Committee

Our Group also established a nomination committee on 17 August 2017 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The nomination committee consists of four members, namely, Ms. Li Xueling, Sharlene, Ms. Chan Bee Leng, Mr. Ooi Soo Liat and Mr. Yang. Ms. Li Xueling, Sharlene is the chairwoman of the nomination committee.

The primary function of the nomination committee is to make recommendations to the Board to fill vacancies on the same.

COMPLIANCE ADVISER

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Vinco Capital as our compliance adviser to provide advisory services to our Company. It is expected that the compliance adviser will, amongst other things, advise our Company with due care and skill on the following matters:

— before the publication of any regulatory announcement, circular or financial report;

— where a transaction, which might be a notifiable or connected transaction, is contemplated including shares issues and share repurchases;

— where we propose to use the proceeds from the [REDACTED] in a manner different from that detailed in this document or where our business activities, developments or results deviate from any forecast, estimate, or other information in this document; and

— where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on [REDACTED] and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing [REDACTED] and such appointment may be subject to extension by mutual agreement.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the three years ended 31 December 2016 and four months ended 30 April 2017, the aggregate amount of compensation paid (including director fees, salary and allowances, discretionary bonus, and defined contribution) by our Company to our five highest paid individuals were approximately S$1.4 million, S$1.6 million, S$1.6 million and S$0.6 million, respectively.

During the three years ended 31 December 2016 and four months ended 30 April 2017, the aggregate amount of compensation paid (including fees, salaries, allowances, discretionary bonus and defined contribution) by our Company to our Directors were S$767,300, S$888,300, S$894,680 and S$184,160, respectively.

Our Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of our Group. Details of the terms of the service agreements are set out in the paragraph headed "C. Further information about Directors, management, staff and experts — 3. Particulars of service agreements" in Appendix V to this document.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five largest paid individuals as an inducement to join or upon joining our Group. No compensation was paid by our Group to, or receivable by, our Directors, past Directors or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any member of our Group. Our Directors estimate that under the current proposed arrangement, the aggregate basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors will be approximately S$779,000 for the year ending 31 December 2017.

None of our Directors waived any emoluments during the Track Record Period. Save as disclosed in this paragraph headed "Remuneration of Directors and senior management", no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors and the five highest paid individuals during the Track Record Period.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries and other allowances and benefits in kind with reference to those paid by comparable companies, experience, responsibilities and performance of our Group. Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

[REDACTED], the remuneration committee of our Company will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, experience and the performance of our Group. Our Directors may also receive options to be granted under the Share Option Scheme.

SHARE CAPITAL

SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the [REDACTED] and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme):

Authorised share capital:		*HK$*
[REDACTED]	Shares of HK$0.01 each	[REDACTED]
Shares in issue or to be issued, fully paid or credited as fully paid:		
[REDACTED]	Shares in issue as at the date of this document	[REDACTED]
[REDACTED]	Shares to be issued pursuant to the Capitalisation Issue	[REDACTED]
[REDACTED]	[REDACTED] to be issued pursuant to the [REDACTED]	[REDACTED]
[REDACTED]	Shares in total	[REDACTED]

ASSUMPTIONS

The table as shown above assumes the [REDACTED] becoming unconditional and the allotment and issue of Shares pursuant thereto and under the Capitalisation Issue is made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to our Directors to allot and issue or repurchase Shares referred to in the paragraphs headed "General mandate to issue Shares" or "General mandate to repurchase Shares" in this section, as the case may be.

RANKING

The [REDACTED] will rank *pari passu* in all respects with all the Shares in issue or to be issued as mentioned in this document and will qualify for all dividends and other distributions declared, paid or made on the Shares in respect of a record date which falls [REDACTED] (except for the entitlement under the Capitalisation Issue).

SHARE CAPITAL

[REDACTED]

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the section headed "D. Share Option Scheme" in Appendix V to this document.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed "Structure and conditions of the [REDACTED] — Conditions of the [REDACTED]" in this document being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the total number of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

(a) 20% of the total number of Shares in issue immediately following the completion of the [REDACTED] and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme); and

(b) the total number of Shares repurchased pursuant to the authority granted to our Directors as referred to in the paragraph headed "General mandate to repurchase Shares" in this section.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of any options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until:

(a) the conclusion of our Company's next annual general meeting;

(b) the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or

(c) it is varied or revoked by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

For further details of this general mandate, please refer to the section headed "A. Further information about our Group — 3. Written resolutions of all Shareholders dated 17 August 2017" in Appendix V to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in the section headed "Structure and conditions of the [REDACTED]" in this document being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to purchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the total number of Shares in issue immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme).

For further details of this general mandate, please refer to the section headed "A. Further information about our Group — 5. Repurchase by our Company of its own securities" in Appendix V to this document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its share capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Companies Law, reduce the share capital or capital redemption reserve by our Shareholders passing a special resolution. For further details, please refer to the section headed "2. Articles of Association — (a) Shares — (iii) Alteration of capital" in Appendix IV to this document.

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Shares or any class of shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. For further details, please refer to the section headed "2. Articles of Association — (a) Shares — (ii) Variation of rights of existing shares or classes of shares" in Appendix IV to this document.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Long position in our Shares

		As at the Latest Practicable Date		Immediate prior to the [REDACTED] and the Capitalisation Issue		Immediately after completion of the [REDACTED] and the Capitalisation Issue	
Name	**Capacity/Nature of interest**	**Number of Shares held**	**Percentage of shareholding**	**Number of Shares held**	**Percentage of shareholding**	**Number of Shares held**	**Percentage of shareholding**
Huada Developments	Beneficial owner *(Note 1)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Yang	Interest in controlled corporation *(Note 1)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mrs. Yang	Interest of spouse *(Note 2)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Eagle Soar	Beneficial owner *(Note 3)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mdm. Han	Interest in controlled corporation *(Note 3)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Liu	Interest of spouse *(Note 4)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Wai Tian	Beneficial owner *(Note 5)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Mr. Zhan	Interest in controlled corporation *(Note 5)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Ms. Zheng Dan	Interest of spouse *(Note 6)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The issued share capital of Huada Developments is legally and beneficially owned as to 80% by Mr. Yang and 20% by Mrs. Yang. Mr. Yang is deemed to be interested in the Shares in which Huada Developments is interested in under Part XV of the SFO.

(2) Mrs. Yang is the spouse of Mr. Yang. Mrs. Yang is deemed to be interested in the Shares in which Mr. Yang is interested in under Part XV of the SFO.

(3) The entire issued share capital of Eagle Soar is legally and beneficially owned by Mdm. Han. Mdm. Han is deemed to be interested in the Shares in which Eagle Soar is interested in under Part XV of the SFO.

(4) Mr. Liu is the spouse of Mdm. Han. Mr. Liu is deemed to be interested in the Shares in which Mdm. Han is interested in under Part XV of the SFO.

(5) The entire issued share capital of Wai Tian is legally and beneficially owned by Mr. Zhan. Mr. Zhan is deemed to be interested in the Shares in which Wai Tian is interested in under Part XV of the SFO.

(6) Ms. Zheng Dan is the spouse of Mr. Zhan. Ms. Zheng Dan is deemed to be interested in the Shares in which Mr. Zhan is interested in under Part XV of the SFO.

Save as disclosed above, our Directors and chief executives are not aware of any other person who will, immediately following the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), have a beneficial interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group.

Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our results of operations and financial condition in conjunction with our combined financial information as of and for the Track Record Period, including the notes thereto, included in Appendix I to this document. Our combined financial information has been prepared in accordance with IFRSs. The following discussion contains forward-looking statements concerning events that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this document.

OVERVIEW

We are principally engaged as a main contractor in the provision of building and construction works in Singapore. We are also specialised in reinforcement concrete works which we undertake on a selected basis in our subcontractor projects. For each of the three years ended 31 December 2016 and four months ended 30 April 2017, main contractor projects accounted for approximately 61.5%, 53.7%, 83.3% and 76.7% of our revenue while our subcontractor projects accounted for approximately 38.5%, 46.3%, 16.7% and 23.3% of our revenue respectively.

BASIS OF PRESENTATION

The financial information of our Group has been prepared as if our Company had been the holding company of Lion Metro, BHCC Construction and Wan Yoong throughout the Track Record Period.

SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Group's financial condition and results of operations have been and will continue to be affected by a number of factors, including those set out below:

Our success rate on project tenders

Our projects come mainly from two sources, namely, (i) open tender opportunities published on GeBIZ; and (ii) invitations to tender from private customers. Our projects are typically awarded through a competitive tendering process. Our tender success rates for main contractor projects with Singapore Government agencies on open tender basis were approximately 20%, 14%, 11% and 20% and that from invited tenders were approximately 21%, 23%, 33% and 14% respectively for each of the three years ended 31 December 2016 and four months ended 30 April 2017. Our tender success rate depends on various factors, such as our pricing and tender strategy, customers' tender evaluation standards, and our competitors' pricing and tender strategy. Our tender success rate and our order book will affect our financial position and performance.

Pricing of our projects

Our pricing is generally determined based on certain markups over our estimated costs. We need to estimate our costs in order to determine our tender price and there is no assurance that the actual amount of costs would not exceed our estimation during the performance of our projects. There are a range of factors that we typically consider when determining our pricing, including but not limited to the scale, complexity and specifications of the project, the construction schedule, our available capacity and resources, site conditions and restraints, the potential to optimise or share resources for concurrent projects located in proximity to each other, prevailing market price/competitive environment, indicative pricing from our suppliers and subcontractors, and our past experience in tendering for similar projects. For further details, please refer to the section headed "Business — Sales and marketing — Pricing and tender strategy" in this document. Our pricing directly affects our revenue and cash flows.

Staff costs

Staff cost is the third largest component of our costs of services and is also the largest component (including director's remuneration) of our administrative expenses during the Track Record Period. Staff costs comprises salaries, contributions to the Central Provident Fund stipulated by regulations, and also costs related to the employment of foreign workers. As our operations are fairly labour intensive, staff cost is a significant factor of our financial performance.

Fluctuation in costs of services

Our costs of services mainly comprise (i) subcontracting costs; (ii) materials costs; (iii) staff costs; and (iv) rental of machineries. We engage suppliers and subcontractors in Singapore and our main subcontracting services include piling works, electrical works, plumbing works, reinforcement concrete works, steelworks and aluminium and metal works while our main purchases include concrete, reinforcing bars, rental of machineries, hardware such as wiring and tools and earth disposal fee. Please refer to sections headed "Business — Suppliers" and "Business — Subcontractors" in this document for further details on our suppliers and subcontractors.

As part of our project risk management policy, we manage risk of cost overruns by (i) buffering a gross profit margin during tendering that can cater for unanticipated increase in costs; (ii) strong project management in particular for our main contractor project to ensure that there is no delay and (iii) working with subcontractors and suppliers who are able to deliver quality materials and works on a timely and reliable basis. We will also obtain quotations from our suppliers and subcontractors for all major categories of materials and subcontracting works required for a project, so as to reduce the likelihood of certain categories of materials and works being more costly than that anticipated when we tender for a project. Notwithstanding our management of costs, any material fluctuation in our cost of services may adversely impact our financial performance.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of subcontracting costs, materials costs and staff costs (being the major cost components of our costs of services) on our profit before and after taxation during the Track Record Period. The hypothetical fluctuation rates for subcontracting costs and staff costs are set at 2.8% and 3.8%, which correspond to the annual wage percentage changes in the construction industry in Singapore from 2014 to 2016 as stated in the Ipsos Report (see "Industry overview — Market barriers — C. Rising cost and foreign worker levies" in this document) and are therefore considered reasonable for the purpose of this sensitivity analysis. The hypothetical fluctuation rates for material costs are set at 0.2% and 23.3%, which correspond to the annual percentage changes in raw material prices from 2014 to 2016 as reflected in the table in the Ipsos Report (see "Industry overview — Raw materials, Singapore" in this document).

Hypothetical fluctuations in our subcontracting costs	**+/-2.8%**	**+/-3.8%**
	S$	*S$*
Increase/decrease in profit before taxation *(Note 1)*		
Year ended 31 December 2014	-/+701,510	-/+952,049
Year ended 31 December 2015	-/+1,516,553	-/+2,058,179
Year ended 31 December 2016	-/+3,186,374	-/+4,324,365
Four months ended 30 April 2017	-/+704,060	-/+955,510
Increase/decrease in profit for the year/period *(Note 2)*		
Year ended 31 December 2014	-/+582,253	-/+790,201
Year ended 31 December 2015	-/+1,258,739	-/+1,708,288
Year ended 31 December 2016	-/+2,644,691	-/+3,589,223
Four months ended 30 April 2017	-/+584,370	-/+793,073
Hypothetical fluctuations in our staff costs	**-/+2.8%**	**-/+3.8%**
	S$	*S$*
Increase/decrease in profit before taxation *(Note 1)*		
Year ended 31 December 2014	-/+485,758	-/+659,243
Year ended 31 December 2015	-/+664,931	-/+902,407
Year ended 31 December 2016	-/+391,320	-/+531,077
Four months ended 30 April 2017	-/+158,325	-/+214,870
Increase/decrease in profit for the year/period *(Note 2)*		
Year ended 31 December 2014	-/+403,179	-/+547,172
Year ended 31 December 2015	-/+551,893	-/+748,998
Year ended 31 December 2016	-/+324,795	-/+440,794
Four months ended 30 April 2017	-/+131,410	-/+178,342

Hypothetical fluctuations in our material costs	**-/+0.2%**	**-/+23.3%**
	S$	*S$*
Increase/decrease in profit before taxation *(Note 1)*		
Year ended 31 December 2014	-/+37,352	-/+4,351,507
Year ended 31 December 2015	-/+64,091	-/+7,466,615
Year ended 31 December 2016	-/+54,498	-/+6,348,961
Four months ended 30 April 2017	-/+20,434	-/+2,380,604
Increase/decrease in profit for the year/period *(Note 2)*		
Year ended 31 December 2014	-/+31,002	-/+3,611,751
Year ended 31 December 2015	-/+53,196	-/+6,197,291
Year ended 31 December 2016	-/+45,233	-/+5,269,637
Four months ended 30 April 2017	-/+16,961	-/+1,975,902

Notes:

(1) Our profit before taxation was approximately S$3.4 million, S$7.6 million, S$9.4 million and S$5.6 million for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively.

(2) Our profit for the year/period was approximately S$3.4 million, S$7.0 million, S$7.8 million and S$4.5 million for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively.

Breakeven analysis

Breakeven is defined as revenue equals to cost of services. For the year ended 31 December 2014, it is estimated that we would record a breakeven with (i) an increase in approximately 208.2% in our subcontracting costs; (ii) an increase in approximately 313.5% in our material costs; or (iii) an increase in approximately 345.2% in our staff costs, holding all other variables constant.

For the year ended 31 December 2015, it is estimated that we would record a breakeven with (i) an increase in approximately 144.4% in our subcontracting costs; (ii) an increase in approximately 313.1% in our material costs; or (iii) an increase in approximately 457.5% in our staff costs, holding all other variables constant.

For the year ended 31 December 2016, it is estimated that we would record a breakeven with (i) an increase in approximately 55.0% in our subcontracting costs; (ii) an increase in approximately 547.2% in our material costs; or (iii) an increase in approximately 1,162.0% in our staff costs, holding all other variables constant.

For the four months ended 30 April 2017, it is estimated that we would record a breakeven with (i) an increase in approximately 103.4% in our subcontracting costs; (ii) an increase in approximately 400.6% in our material costs; or (iii) an increase in approximately 804.6% in our staff costs, holding all other variables constant.

Changes in laws and regulations governing the construction industry in Singapore

Our business is governed by the various laws and regulations in Singapore, as summarised in the section headed "Regulatory overview" in this document. Changes in laws and regulations governing our business may affect our profitability and financial performance. For instance, any changes in licensing requirements may affect our ability to continue to tender for Singapore Government contracts, and any changes in foreign worker levy rates will affect our costs. Changes in building or construction regulations may also require us to procure new materials or adopt different construction methodologies that significantly increase our costs and affect our profitability.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group has been prepared in accordance with accounting policies which conform with IFRSs. The significant accounting policies adopted by our Group are set forth in detail in note 4 to the Accountants' Report set out in Appendix I to this document.

Some of the accounting policies involve judgments, estimates and assumptions made by our management. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Further information regarding the key judgments made in applying our accounting policies are set forth in note 5 to the Accountants' Report set out in Appendix I to this document.

RESULTS OF OPERATIONS

The following is a summary of the combined statements of profit or loss and other comprehensive income of our Group for each of three years ended 31 December 2016 and four months ended 30 April 2017 respectively, derived from the Accountants' Report set out in Appendix I to this document.

	For the year ended 31 December			For the four months ended 30 April	
S$	**2014**	**2015**	**2016**	**2016**	**2017**
				(unaudited)	
Revenue	77,227,078	132,381,570	176,367,215	51,348,214	51,151,677
Costs of services	(72,101,371)	(122,872,348)	(165,162,254)	(45,478,568)	(43,671,085)
Gross profit	5,125,707	9,509,222	11,204,961	5,869,646	7,480,592
Other income	449,565	569,946	1,029,931	283,997	164,615
Other gains and losses	4,725	7,000	13,657	(10,538)	(29,536)
Selling expenses	(47,716)	(56,679)	(59,360)	(34,662)	(24,807)
Administrative expenses	(2,163,201)	(2,399,149)	(2,592,710)	(739,951)	(712,599)
Other expenses	—	—	(199,148)	—	(1,238,905)
Finance costs	(18,513)	(17,215)	(31,136)	(6,099)	(36,431)
Profit before taxation	3,350,567	7,613,125	9,366,195	5,362,393	5,602,929
Income tax expense	—	(608,872)	(1,526,333)	(863,770)	(1,125,450)
Profit and other comprehensive income for the year/period	3,350,567	7,004,253	7,839,862	4,498,623	4,477,479

PRINCIPAL COMPONENTS OF COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our revenue was principally derived from the provision of building and construction works in Singapore. The following table sets forth a breakdown of our revenue during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2014		2015		2016		2016		2017	
							(unaudited)			
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
Main contractor — Singapore Government agencies	34,315	44.4%	55,505	41.9%	89,566	50.8%	22,830	44.5%	37,210	72.7%
Main contractor — Private customers	13,221	17.1%	15,662	11.8%	57,405	32.5%	17,499	34.1%	2,057	4.0%
Subcontractor — All private customers	29,691	38.5%	61,215	46.3%	29,396	16.7%	11,019	21.4%	11,885	23.3%
Total	77,227	100.0%	132,382	100.0%	176,367	100.0%	51,348	100.0%	51,152	100.0%

We recorded the abovementioned growth in revenue, at CAGR of approximately 51.1% from 2014 to 2016. This was despite relatively flat growth in building construction sector as reflected in the Ipsos Report as our historical growth had been mainly driven by the (i) revenue growth from our main contractor projects, for instance, Project #5 and #7; (ii) new projects secured annually, such as Project #7, #9, #10, #11 and #12 which contributed revenue in 2015 or 2016; and (iii) revenue contributed by subcontractor projects which served to provide a more diversified portfolio of projects, such as Project #19, #20 and #21. Our ability to secure new projects was due to our established track record and competitive strengths, please refer to the section headed "Business — Competitive strengths" in this document and also the upgrade of our CW01 workhead for "General Building" under the CRS to grade A2 in June 2014 which has increased our tender limit from S$40 million to S$85 million. Please also refer to the paragraph headed "Period to period comparison of results of operations" in this section, for how the abovementioned projects contributed to the revenue growth during the Track Record Period.

Costs of services

Cost of services include costs that are related directly to our contracts which comprise of subcontracting costs, materials costs, staff costs, rental of machineries and overheads which amounted to approximately S$72.1 million, S$122.9 million, S$165.2 million and S$43.7 million for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively. The table below sets forth a breakdown of our costs of services by nature and percentage contribution to total costs of services for the periods indicated.

	For the year ended 31 December					
	2014		**2015**		**2016**	
	S$'000	*% to costs of services*	*S$'000*	*% to costs of services*	*S$'000*	*% to costs of services*
Subcontracting costs	25,054	34.7%	54,163	44.1%	113,799	68.9%
Materials costs	18,676	25.9%	32,046	26.1%	27,249	16.5%
Staff costs	17,349	24.1%	23,747	19.3%	13,976	8.5%
Rental of machineries	5,432	7.5%	6,650	5.4%	5,035	3.0%
Overheads	5,590	7.8%	6,266	5.1%	5,103	3.1%
Total	72,101	100.0%	122,872	100.0%	165,162	100.0%

	For the four months ended 30 April			
	2016		**2017**	
	(unaudited)			
	S$'000	*% to costs of services*	*S$'000*	*% to costs of services*
Subcontracting costs	27,535	60.5%	25,145	57.6%
Materials costs	8,803	19.4%	10,217	23.4%
Staff costs	5,630	12.4%	5,655	12.9%
Rental of machineries	1,715	3.8%	914	2.1%
Overheads	1,796	3.9%	1,740	4.0%
Total	45,479	100.0%	43,671	100.0%

A further breakdown of material costs is indicated in the table below:

	For the year ended 31 December					
	2014		2015		2016	
	S$'000	*% to materials costs*	*S$'000*	*% to materials costs*	*S$'000*	*% to materials costs*
Concrete and aggregates	9,607	51.4%	15,798	49.3%	11,787	43.3%
Steel rebar and metal beams	2,776	14.9%	8,974	28.0%	7,575	27.8%
Formwork	1,729	9.3%	2,058	6.4%	1,273	4.7%
Earthwork and disposal fee	1,261	6.8%	1,084	3.4%	1,112	4.1%
Diesel	608	3.2%	748	2.3%	336	1.2%
Hardware and tools	404	2.2%	493	1.5%	273	1.0%
Tiles	282	1.5%	310	1.0%	2,271	8.3%
Site drainage, machine operation and safety fees	740	4.0%	1,369	4.3%	779	2.9%
Others	1,269	6.7%	1,212	3.8%	1,843	6.7%
Total	18,676	100.0%	32,046	100.0%	27,249	100.0%

	For the four months ended 30 April			
	2016		2017	
	(unaudited)			
	S$'000	*% to materials costs*	*S$'000*	*% to materials costs*
Concrete and aggregates	3,337	37.9%	4,843	47.4%
Steel rebar and metal beams	2,996	34.0%	3,270	32.0%
Formwork	406	4.6%	264	2.6%
Earthwork and disposal fee	297	3.4%	236	2.3%
Diesel	63	0.7%	160	1.6%
Hardware and tools	122	1.4%	58	0.6%
Tiles	734	8.4%	379	3.7%
Site drainage, machine operation and safety fees	229	2.6%	189	1.8%
Others	619	7.0%	818	8.0%
Total	8,803	100.0%	10,217	100.0%

Our costs of services during the Track Record Period comprised (i) subcontracting costs for services such as piling works, electrical works, plumbing works, reinforcement concrete works, steelworks and aluminium and metal works; (ii) materials costs as shown in the breakdown above; (iii) staff costs for staff directly involved in our projects, such as supervisors and site workers; (iv) rental of machineries such as cranes, excavators, concrete pumps and boom lifts and (v) overheads such as depreciation of property, plant and equipment, site sundry expenses and insurance for projects.

Gross profit

Our gross profit was approximately S$5.1 million, S$9.5 million, S$11.2 million and S$7.5 million for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively. The following table set forth our gross profit and gross profit margin for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively:

	For the year ended 31 December 2014			For the year ended 31 December 2015			For the year ended 31 December 2016		
	Revenue recognised *S$' million*	**Gross profit** *S$' million*	**Gross profit margin** *Approximate %*	**Revenue recognised** *S$' million*	**Gross profit** *S$' million*	**Gross profit margin** *Approximate %*	**Revenue recognised** *S$' million*	**Gross profit** *S$' million*	**Gross profit margin** *Approximate %*
Main contractor — Singapore Government agencies	34.3	1.3	3.8%	55.5	(0.5)	(1.0)%	89.6	4.2	4.6%
Main contractor — Private customers	13.2	0.2	1.7%	15.7	0.4	2.6%	57.4	2.0	3.5%
Subcontractor — All private customers	29.7	3.6	12.1%	61.2	9.6	15.7%	29.4	5.0	17.2%
Total	77.2	5.1	6.6%	132.4	9.5	7.2%	176.4	11.2	6.4%

	For the four months ended 30 April					
	2016 (unaudited)			**2017**		
	Revenue recognised *S$ million*	**Gross profit** *S$ million*	**Gross profit margin** *Approximate %*	**Revenue recognised** *S$ million*	**Gross profit** *S$ million*	**Gross profit margin** *Approximate %*
Main contractor — Singapore Government agencies	22.8	2.1	9.3%	37.2	2.4	6.6%
Main contractor — Private customers	17.5	0.6	3.5%	2.1	1.4	65.9%
Subcontractor — All private customers	11.0	3.2	28.5%	11.9	3.7	30.9%
Total	51.3	5.9	11.4%	51.2	7.5	14.6%

Our gross profit and gross profit margin are dependent on our pricing strategy. When preparing for project tenders or quotations, there will be a project budget prepared based on various factors, please refer to section headed "Business — Sales and marketing — Pricing and tender strategy" for further details.

Our overall gross profit margins were approximately 6.6%, 7.2%, 6.4% and 14.6% during the Track Record Period. As reported in the section headed "Industry overview — Competitive landscape" in this document, the industry gross profit margin ranged from negative 6.4% to positive 30% with an average of approximately 10.5% (for year 2016 published data), and our gross profit margin of approximately 6.4% for the year ended 31

December 2016 was in the low end of the abovementioned range and below the industry average. Our Executive Directors are of the view that our gross profit margin being at the low end of the industry range would likely be due to that a significant portion of our projects were generated from public residential and public educational sectors, which were generally more competitive.

During the Track Record Period, the gross profit margins were generally higher for our subcontractor projects from approximately 12.1% to 30.9%. Subcontractor projects were more profitable as our scope of works were mainly in specialised reinforced concrete works, which we perform in-house and a narrower work scope meant that we need not engage as many subcontractors. However, during the Track Record Period and in line with our business strategy, the majority of our revenue was contributed by main contractor projects with approximately 61.5%, 53.7%, 83.3% and 76.7% contributed by main contractor projects from both Singapore Government agencies and private customers. Our Executive Directors considered that main contracting projects remained an important strategic objective, mainly due to:

(i) main contractor projects would typically be of higher value and therefore added to the requisite contract track record required under CW01 workhead for "General Building"; a higher grading such as "A1" would allow contractors to tender directly to Singapore Government agencies for unlimited project value. One of the prerequisites to obtaining such grading was the value of completed contracts within a 3-year period prior to application for new grading or value of ongoing and completed contracts within a 5-year period prior to renewal application; and

(ii) notwithstanding that main contractor projects were larger scale and required more subcontracting costs, our main scope of works in-house would mainly be project management (including overall site supervision, and reinforced concrete works for selected projects). This would reduce the engagement of direct labour, which in the opinion of our Executive Directors would reduce the time and efforts spent on administration of foreign workers, management of employee relations and reduce risks associated with changing labour regulations which may affect both the supply and costs of hiring foreign labour.

Subcontracting projects, on the other hand, were generally of lower value and required more direct labour and materials to carry out the contracted subcontracting work scope. Notwithstanding, our Executive Directors considered that taking on subcontracting projects remained an important part of our business model as (i) potential for higher margin is important to our overall project profile which was attributed to our specialisation in reinforcement concrete works; (ii) subcontracting projects are awarded on invited tenders, and our more than ten years' relationship with some of our private customers increased the likelihood of our tender success (please refer to the section headed "Business — Customers — Top five customers" for details of our customers and also the section headed "Business — Project management and operations — Tender phase — Tender success

rates" for further details of our tender success rates); and (iii) taking on projects as a subcontractor would also lend credibility to be able to effectively manage subcontractors for our main contractor projects.

Please also refer to the section headed "Financial information — Period to period comparison of results of operations" below for the reasons for the year to year fluctuations in our gross profit margins during the Track Record Period.

Other income

The table below sets forth a breakdown of our other income for the year indicated.

	For the year ended 31 December			For the four months ended 30 April	
S$	**2014**	**2015**	**2016**	**2016**	**2017**
				(unaudited)	
Government grants	202,485	228,799	743,760	157,696	66,387
Sale of scrap material, net	58,796	121,141	30,340	—	—
Service income on secondment of labour and subcontracting fee, net	52,083	13,536	17,391	—	19,601
Interest income	45,407	33,085	130,992	47,973	52,305
Rental income	14,720	97,600	8,000	—	—
Others	76,074	75,785	99,448	78,328	26,322
Total other income	449,565	569,946	1,029,931	283,997	164,615

During the Track Record Period, our other income comprised: (a) government grants, which mainly included payments under the Productivity Innovation Project scheme whereby the Singapore Government aims to encourage and facilitate Singapore-registered business to build up their capacity, identify productivity gaps and improve site processes so as to achieve higher site productivity, and payments under Mechanisation Credit whereby the Singapore government provides assistance to Singapore-registered businesses to defray the cost of adopting technologies that improve productivity in construction projects (please refer to the sections headed "Regulatory overview — Productivity Innovation Project Scheme" and "Regulatory overview — Mechanisation Credit Scheme" for details of these schemes). It is a common practice for construction contractors in Singapore to apply for funding or monetary support from the Singapore Government, and the approval of such funding or monetary support will be subjected to the criteria of the initiatives by the Singapore Government from time to time; (b) sale of scrap materials such as rebar, scaffold and cable; (c) service income on secondment of labour and subcontracting fee, which represented fees earned from our subcontractors when we provided labour and ancillary services to them; (d) interest income, which represented interest earned on amounts due from directors and on time deposits; (e) rental income for part of a yard space for storage of construction materials; and (f) other income, which represented ad-hoc income such as sponsorship for our annual dinner and dance, and reimbursement from the Singapore Government on the salaries of our employees who attended the national service training.

Other gains and losses

Other gains and losses refer to gain or loss arising on disposal of property, plant and equipment and unrealised exchange gain or loss.

Selling expenses

Our selling expenses mainly included advertisement costs and expenses for our annual dinner and dance.

Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	For the year ended 31 December			For the four months ended 30 April	
S$	**2014**	**2015**	**2016**	**2016**	**2017**
				(unaudited)	
Staff costs	776,553	799,144	886,780	302,851	184,485
Directors' remuneration	767,300	888,300	894,680	184,160	184,160
Staff welfare	65,122	40,252	32,060	20,974	19,062
Rental expenses	128,174	148,999	163,891	57,783	64,333
Donations	76,860	150,373	94,142	5,153	8,722
Depreciation	40,217	46,631	152,653	43,999	30,997
Other miscellaneous expenses	308,975	325,450	368,504	125,031	220,840
Total administrative expenses	2,163,201	2,399,149	2,592,710	739,951	712,599

Our administrative expenses amounted to approximately 2.8%, 1.8%, 1.5% and 1.4% of our total revenue for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively.

Staff costs included staff salaries, bonus and CPF contributions. Directors' remuneration included directors' salaries and allowances, discretionary bonus, CPF contributions and fees for Mr. Yang and Mdm. Han. Staff welfare included medical expenses and foreign workers related expenses. Rental expenses included rental for commercial units for our head office (refer to section headed "Business — Property interests — Leased property" for further details). Donations mainly refer to cash donations to a few charitable organisations in support of healthcare and education causes. Depreciation refers to depreciation of our property, plant and equipment which are not directly related to our projects. Other miscellaneous expenses include utilities expenses, insurance for our staff, printing and postage expenses.

Other expenses

Other expenses refer to our [REDACTED].

Finance costs

Finance costs comprised mainly of interest expenses on borrowings from financial institutions and finance leases for certain motor vehicles, plant and machineries.

Income tax expense

Since our operation is based in Singapore, our Group is subject to corporate income tax in accordance with the tax regulations of Singapore (see "Regulatory overview — Singapore taxation" in this document). Income tax expenses of our Group amounted to nil, S$608,872, S$1,526,333 and S$1,125,450 for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively.

The statutory corporate tax rate in Singapore was 17% throughout the Track Record Period. The income tax for the Track Record Period can be reconciled to the profit before tax as follows:

	For the year ended 31 December			For the four months ended 30 April	
S$	**2014**	**2015**	**2016**	**2016**	**2017**
				(unaudited)	
Profit before taxation	3,350,567	7,613,125	9,366,195	5,362,393	5,602,929
Tax at applicable tax rate of 17%	569,596	1,294,231	1,592,253	911,607	952,498
Adjustments:					
Tax effect of expenses not deductible for tax purpose	32,967	23,388	62,644	12,709	233,808
Tax effect of income not taxable for tax purpose	(10,200)	(9,207)	—	—	—
Effect of tax concessions and partial tax exemption	—	(45,925)	(50,925)	(50,925)	(35,925)
Tax effect of enhanced allowance	(65,830)	(590,144)	(76,844)	(15,454)	(25,086)
Under provision of tax in prior years	—	983	—	—	—
Effect of tax losses not recognised	51,473	—	—	—	—
Utilisation of tax losses not recognised in the prior years	(578,006)	(51,473)	—	—	—
Others	—	(12,981)	(795)	5,833	155
Income tax	—	608,872	1,526,333	863,770	1,125,450

During the Track Record Period, our effective tax rates (calculated as income tax expense for the year divided by profit before taxation) were as follows:

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
				(unaudited)	
Effective tax rate	—	8.0%	16.3%	16.1%	20.1%

Our effective tax rate was nil for the year ended 31 December 2014 mainly due to utilisation of tax losses not recognised in the prior years of approximately S$0.6 million.

Our effective tax rate was lower than the statutory tax rate for the years ended 31 December 2015 and 2016 mainly due to tax effect of enhanced allowances in relation to additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the PIC scheme in Singapore for the Year of Assessment 2015 and 2016.

Our effective tax rate was higher than the statutory tax rate for the four months ended 30 April 2017 mainly due to tax effect of expenses not deductible for tax purposes in relation to our [REDACTED].

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2014 compared to year ended 31 December 2015

Revenue

The following table sets forth our revenue recognised and the number of projects with works performed for the two years ended 31 December 2015:

	For the year ended 31 December					
	2014			2015		
	Number of projects	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*
Main contractor — Singapore Government agencies	5	34,315	44.4%	6	55,505	41.9%
Main contractor — Private customers	3	13,221	17.1%	3	15,662	11.8%
Subcontractor — All private customers	11	29,691	38.5%	8	61,215	46.3%
Total	19	77,227	100.0%	17	132,382	100.0%

Our revenue increased by approximately S$55.2 million or 71.4% from approximately S$77.2 million for the year ended 31 December 2014 to approximately S$132.4 million for the year ended 31 December 2015. The increase in our revenue was mainly due to increase in our revenue for main contractor projects with Singapore Government agencies and subcontractor projects. The increase in revenue contributed by main contractor projects with Singapore Government agencies was related to:

(i) increase in revenue contributed by our main contractor projects for Singapore government agencies as a result of more works completed for two educational institution projects (Project #5 and #6; all referenced to project are detailed under the section headed "Business — Our business model — Main contractor" and extracted below for ease of reference); and

(ii) two new public residential projects in 2015, referring to Project #9 and #10).

The increase in revenue contributed by subcontractor projects was mainly a result of more reinforcement concrete works completed for two industrial building projects (Project #19 and #21) and one new industrial building project in 2015 (Project #20).

			Revenue recognised				
			For the year ended 31 December			**For the four months ended 30 April**	**Track record period**
Project #	**Building type**	**Customer**	**2014**	**2015**	**2016**	**2017**	
			S$ million	*S$' million*	*S$' million*	*S$' million*	*S$' million*
#5	Educational institution	Singapore Government agency	2.6	26.6	2.7	—	31.9
#6	Educational institution	Singapore Government agency	1.0	14.5	13.6	0.1	29.2
#9	Residential	Singapore Government agency	—	5.9	17.9	8.0	31.8
#10	Residential	Singapore Government agency	—	6.4	34.2	7.9	48.5
#19	Industrial	Private	3.2	15.7	—	—	18.9
#20	Industrial	Private	—	21.8	1.7	—	23.5
#21	Industrial	Private	7.3	18.5	6.4	2.4	34.6

Costs of services

Our costs of services increased by approximately S$50.8 million or 70.4% from approximately S$72.1 million for the year ended 31 December 2014 to approximately S$122.9 million for the year ended 31 December 2015. The increase in our costs of services was mainly due to (i) increase in our subcontracting costs from approximately S$25.1 million for the year ended 31 December 2014 to approximately S$54.2 million for the year ended 31 December 2015 as a result of increase in revenue for our main contractor projects with the Singapore Government agencies; and (ii) increase in our materials costs from approximately S$18.7 million for the year ended 31 December 2014 to approximately S$32.0 million for the year ended 31 December 2015 mainly due to increase in purchase of steel rebar and concrete as a result of increase in revenue for our subcontractor projects.

Gross profit and gross profit margin

Our gross profit increased by approximately S$4.4 million or 85.5% from approximately S$5.1 million for the year ended 31 December 2014 to approximately S$9.5 million for the year ended 31 December 2015. Our gross profit margin was approximately 6.6% and 7.2% for the two years ended 31 December 2015 respectively, mainly driven by the increase in gross profit margin recorded for our subcontractor projects. The table below showed our overall gross profit margins:

	For the year ended 31 December 2014			For the year ended 31 December 2015		
	Revenue recognised	**Gross profit**	**Gross profit margin**	**Revenue recognised**	**Gross profit/ (loss)**	**Gross profit/ (loss) margin**
	S$' million	*S$' million*	*Approximate %*	*S$' million*	*S$' million*	*Approximate %*
Main contractor — Singapore Government agencies	34.3	1.3	3.8%	55.5	(0.5)	(1.0)%
Main contractor — Private customers	13.2	0.2	1.7%	15.7	0.4	2.6%
Subcontractor — All private customers	29.7	3.6	12.1%	61.2	9.6	15.7%
Total	77.2	5.1	6.6%	132.4	9.5	7.2%

The improvement in our gross profit and gross profit margin was mainly contributed by an improvement in our subcontractor projects, whereas for gross profit margin for our main contractor projects with Singapore Government agencies declined from approximately 3.8% to negative 1.0%. The table below showed our key subcontractor projects that affected our gross profits for the two years ended 31 December 2015.

			Revenue recognised					Gross profit margin
				For the year ended 31 December		For the four months ended	Track record	
Project #	**Building type**	**Customer**	**2014**	**2015**	**2016**	**30 April 2017**	**period**	**Track record period**
			S$ million	*S$' million*	*S$' million*	*S$' million*	*S$' million*	*Approximate %*
#19	Industrial	Private	3.2	15.7	—	—	18.9	Above 13%
#20	Industrial	Private	—	21.8	1.7	—	23.5	Above 13%
#21	Industrial	Private	7.3	18.5	6.4	2.4	34.6	Above 13%

As seen from the above table, the key subcontractor projects which contributed to an improvement in revenue also recorded gross profits margin of above 13% during the Track Record Period.

We recorded a negative gross profit margin of approximately 1.0% from our main contractor projects with Singapore Government agency for the year ended 31 December 2015. This was attributed to the following project:

			Revenue recognised					Gross profit margin
				For the year ended 31 December		For the four months ended 30 April	Track record period	Track record period
Project #	**Building type**	**Customer**	**2014**	**2015**	**2016**	**2017**	**Track record period**	
			S$ million	*S$' million*	*S$' million*	*S$' million*	*S$' million*	*Approximate %*
#1	Residential	Singapore Government agency	6.5	(0.8)	—	1.0	6.7	(11.6)%

Project #1 recorded gross losses of approximately S$0.3 million and S$1.3 million, representing a negative gross profit margin of approximately 4.0% and 162.4% for the two years ended 31 December 2015. Overall, this project recorded an overall gross loss of approximately S$5.5 million, or approximately negative 21.8%, and this was mainly due to the inability of our supplier for precast products to deliver the contracted sum of approximately S$5.3 million of precast concrete, as there was a shortage of precast concrete during that time. As a result, we engaged an alternative supplier but due to shortage of precast products, we had to deploy additional labour for construction on-site. As precast concrete was manufactured off-site, it allowed for increased productivity and reduction of labour on-site. Without the use of precast concrete, more workers were required to construct and build the concrete foundation at the worksite. We thus incurred aggregate additional costs of approximately S$6.5 million. In addition to the above mentioned additional costs incurred due to shortage of precast products, negative revenue of approximately S$0.8 million was recorded for the year ended 31 December 2015 due to downward revision of our contract value in that year (as there was a variation in our scope of work which resulted from lesser work required from us) resulted in the gross loss of S$1.3 million. As the variation in our scope of work was agreed with the customer in 2015, this amount was recognised as incurred loss for the year ended 31 December 2015 and thus not foreseen prior to the Track Record Period. Subsequently in March 2017, we received an additional amount of approximately S$1.0 million upon finalisation of accounts. Other than the abovementioned project, no other projects recorded overall negative gross profit margin.

Other income

Our other income increased by approximately S$0.1 million or 26.8% from approximately S$0.4 million for the year ended 31 December 2014 to approximately S$0.6 million for the year ended 31 December 2015. The increase was mainly due to higher sale of scrap materials in particular, sale of scrap cable and higher rental income as we rented out more yard space to external parties for storage of construction materials.

Other gains and losses

Our other gains and losses increased by approximately S$2,000 or 48.1% from approximately S$5,000 for the year ended 31 December 2014 to S$7,000 for the year ended 31 December 2015 due to gains recognised for the disposal of motor vehicles.

Selling expenses

Our selling expenses increased slightly by approximately S$9,000 or 18.8% from approximately S$48,000 for the year ended 31 December 2014 to S$57,000 for the year ended 31 December 2015 due to increase in our annual dinner and dance expenses.

Administrative expenses

Our administrative expenses increased by approximately S$0.2 million or 10.9% from approximately S$2.2 million for the year ended 31 December 2014 to approximately S$2.4 million for the year ended 31 December 2015 mainly due to higher directors' remuneration and donations.

Finance costs

Our finance costs remained stable at approximately S$19,000 and S$17,000 for the two years ended 31 December 2015. This was mainly due to lower interest on bank borrowings, from 3.75% per annum for the year ended 31 December 2014 to 1.98% per annum for the year ended 31 December 2015 notwithstanding an increase of approximately S$0.9 million of bank borrowings as at 31 December 2015 as compared to as at 31 December 2014.

Income tax expense

Our income tax expense increased from nil for the year ended 31 December 2014 to approximately S$0.6 million for the year ended 31 December 2015. Such increase was primarily due to the combined effect of an increase in our profit before taxation from approximately S$3.4 million for the year ended 31 December 2014 to approximately S$7.6 million for the year ended 31 December 2015, representing an increase of approximately 127.2%, and the tax effect of enhanced allowance which partially reduced our income tax expense for the year ended 31 December 2015.

Profit for the year

Our profit for the year increased by approximately S$3.7 million or 109.0% from approximately S$3.4 million for the year ended 31 December 2014 to S$7.0 million for the year ended 31 December 2015. Such increase was primarily due to the increase in our revenue and gross profit as discussed above.

Year ended 31 December 2015 compared to year ended 31 December 2016

Revenue

The following table sets forth the revenue recognised in main contractor projects and subcontractor projects for the two years ended 31 December 2016:

	For the year ended 31 December					
	2015			2016		
	Number of projects	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*
Main contractor — Singapore Government agencies	6	55,505	41.9%	7	89,566	50.8%
Main contractor — Private customers	3	15,662	11.8%	3	57,405	32.5%
Subcontractor — All private customers	8	61,215	46.3%	6	29,396	16.7%
Total	17	132,382	100.0%	16	176,367	100.0%

Our revenue increased by approximately S$44.0 million or 33.2% from approximately S$132.4 million for the year ended 31 December 2015 to approximately S$176.4 million for the year ended 31 December 2016. The increase in our revenue was mainly due to increase in revenue for our main contractor projects. The increase in our revenue for main contractor project with the Singapore Government agencies and private customers were mainly due to:

(i) more works completed in 2016 for the two new public residential projects in 2015 (Project #9 and #10; all referenced to project are detailed under the section headed "Business — Our business model — Main contractor" and extracted below for ease of reference);

(ii) one new public residential project (Project #12) and one new educational institution project in 2016 (Project #11); and

(iii) more works completed in 2016 for an educational institution project secured directly with the private school (Project #7).

Revenue contributed from our subcontractor projects decreased approximately S$31.8 million, or 52.0% from approximately S$61.2 million for the year ended 31 December 2015 to approximately S$29.4 million for the year ended 31 December 2016. This was mainly due to projects that were completed in 2015 or with lesser works performed in 2016, as seen in the subcontractor projects (Project #19, #20 and #21) with significant decrease in revenue recognised for the year ended 31 December 2016.

			Revenue recognised				
				For the year ended 31 December		**For the four months ended 30 April**	**Track record period**
Project #	**Building type**	**Customer**	**2014**	**2015**	**2016**	**2017**	
			S$ million	*S$' million*	*S$' million*	*S$' million*	*S$' million*
#7	Educational institution	Private	—	3.5	31.6	1.7	36.8
#9	Residential	Singapore Government agency	—	5.9	17.9	8.0	31.8
#10	Residential	Singapore Government agency	—	6.4	34.2	7.9	48.5
#11	Educational institution	Singapore Government agency	—	—	10.3	6.4	16.7
#12	Residential	Singapore Government agency	—	—	10.5	11.8	22.3
#19	Industrial	Private	3.2	15.7	—	—	18.9
#20	Industrial	Private	—	21.8	1.7	—	23.5
#21	Industrial	Private	7.3	18.5	6.4	2.4	34.6

Costs of services

Our costs of services increased by approximately S$42.3 million or 34.4% from approximately S$122.9 million for the year ended 31 December 2015 to approximately S$165.2 million for the year ended 31 December 2016. The increase in our costs of services was mainly due to increase in our subcontracting fee from approximately S$54.2 million for the year ended 31 December 2015 to approximately S$113.8 million for the year ended 31 December 2016 consistent with the increase in revenue for our main contractor projects as we mainly focus in project management and delegated all construction works to subcontractors.

Gross profit and gross profit margin

Our gross profit increased by approximately S$1.7 million or 17.8% from approximately S$9.5 million for the year ended 31 December 2015 to approximately S$11.2 million for the year ended 31 December 2016. Our gross profit margin was approximately 7.2% and 6.4% for the two years ended 31 December 2016 respectively, a decrease of 0.8 percentage points due to the higher gross profit margin subcontractor projects described above (Project #19, #20 and #21) having the majority of the works performed in 2015. The table below showed our overall gross profit margins:

	For the year ended 31 December 2015			**For the year ended 31 December 2016**		
	Revenue recognised	**Gross profit/ (loss)**	**Gross profit margin/(loss)**	**Revenue recognised**	**Gross profit**	**Gross profit margin**
	S$' million	*S$' million*	*Approximate %*	*S$' million*	*S$' million*	*Approximate %*
Main contractor — Singapore Government agencies	55.5	(0.5)	(1.0)%	89.6	4.2	4.6%
Main contractor — Private customers	15.7	0.4	2.6%	57.4	2.0	3.5%
Subcontractor — All private customers	61.2	9.6	15.7%	29.4	5.0	17.2%
Total	132.4	9.5	7.2%	176.4	11.2	6.4%

The improvement in our gross profit was mainly contributed by our main contractor projects that had more works completed and revenue recognised in 2016, which also had gross profit margins at or above 2%. While our subcontractor projects recorded a higher gross profit margin of approximately 17.2% for the year ended 31 December 2016 as compared to the year ended 31 December 2015, the lower quantum of revenue and gross profits resulted in the slight decrease in our overall gross profit margin. The table below showed our projects that affected our gross profits for the two years ended 31 December 2016.

			Revenue recognised					Gross profit margin
			For the year ended 31 December			For the four months ended 30 April	Track record period	Track record period
Project #	**Building type**	**Customer**	**2014**	**2015**	**2016**	**2017**	**Track record period**	**Track record period**
			S$ million	*S$' million*	*S$' million*	*S$' million*	*S$' million*	*Approximate %*
#7	Educational institution	Private	—	3.5	31.6	1.7	36.8	Above 2%
#9	Residential	Singapore Government agency	—	5.9	17.9	8.0	31.8	2%
#10	Residential	Singapore Government agency	—	6.4	34.2	7.9	48.5	2%
#11	Educational institution	Singapore Government agency	—	—	10.3	6.4	16.7	Above 2%
#12	Residential	Singapore Government agency	—	—	10.5	11.8	22.3	Above 2%
#19	Industrial	Private	3.2	15.7	—	—	18.9	Above 13%
#20	Industrial	Private	—	21.8	1.7	—	23.5	Above 13%
#21	Industrial	Private	7.3	18.5	6.4	2.4	34.6	Above 13%
#22	Industrial	Private	—	2.6	14.2	1.1	17.9	Above 13%

Other income

Our other income increased by approximately S$0.5 million or 80.7% from approximately S$0.6 million for the year ended 31 December 2015 to approximately S$1.0 million for the year ended 31 December 2016. The increase was mainly due to higher government grants, in particular under the Productivity Innovation Project scheme which aims to encourage and facilitate Singapore-registered business to build up their capacity, identify productivity gaps and improve site processes so as to achieve higher site productivity.

Other gains and losses

Our other gains and losses increased by approximately S$7,000 or 95.1% from S$7,000 for the year ended 31 December 2015 to approximately S$14,000 for the year ended 31 December 2016. The increase was mainly due to unrealised exchange gain which was partially offset by loss arising from disposal of property, plant and equipment.

Selling expenses

Our selling expenses remained relatively stable at approximately S$57,000 and S$59,000 for the two years ended 31 December 2016.

Administrative expenses

Our administrative expenses increased by approximately S$0.2 million or 8.1% from approximately S$2.4 million for the year ended 31 December 2015 to approximately S$2.6 million for the year ended 31 December 2016. The increase was mainly due to increase depreciation of approximately S$0.1 million mainly arising from additions of plant and machinery and increase in staff costs.

Other expenses

Other expenses increased from nil for the year ended 31 December 2015 to approximately [REDACTED] for the year ended 31 December 2016 due to [REDACTED] incurred.

Finance costs

Our finance costs increased by approximately S$14,000 or 80.9% from approximately S$17,000 for the year ended 31 December 2015 to approximately S$31,000 for the year ended 31 December 2016 mainly due to increased interest for our bank borrowings as a result of increased in our bank borrowings to purchase the commercial units which will be used as our head office (refer to section headed "Business — Property interests — Owned properties" for details).

Income tax expense

Our income tax expense increased by approximately S$0.9 million or 150.7% from approximately S$0.6 million for the year ended 31 December 2015 to approximately S$1.5 million for the year ended 31 December 2016. Such increase was primarily due to the combined effect of an increase in our profit before taxation from approximately S$7.6 million for the year ended 31 December 2015 to approximately S$9.4 million for the year ended 31 December 2016, representing an increase of approximately S$1.8 million or 23.0%, and decrease in tax effect of enhanced allowance.

Profit for the year

Our profit for the year increased by approximately S$0.8 million or 11.9% from approximately S$7.0 million for the year ended 31 December 2015 to approximately S$7.8 million for the year ended 31 December 2016. Such increase was primarily due to the increase in our revenue and gross profit as discussed above.

Four months ended 30 April 2016 compared to four months ended 30 April 2017

Revenue

The following table sets forth the revenue recognised in main contractor projects and subcontractor projects for the four months ended 30 April 2017:

	For the four months ended 30 April					
	2016			2017		
	Number of projects	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*
Main contractor — Singapore Government agencies	6	22,830	44.5%	6	37,210	72.7%
Main contractor — Private customers	3	17,499	34.1%	2	2,057	4.0%
Subcontractor — All private customers	4	11,019	21.4%	6	11,885	23.3%
Total	13	51,348	100.0%	14	51,152	100.0%

Our revenue was relatively stable at approximately S$51.3 million and approximately S$51.2 million for the four months ended 30 April 2016 and 2017 respectively. We recorded an increase in our revenue for main contractor with the Singapore Government agencies mainly due to more works completed in the four months ended 30 April 2017 for one educational institution project and one public residential project (Project #11 and #12; all referenced to project are detailed under the section headed "Business — Our business model — Main contractor" and extracted below for ease of reference). This was offset by the decrease in our revenue for main contractor with private customers mainly due to completion of one educational institution project secured directly with the private school (Project #7) and one private residential project (Project #8) in the four months ended 30 April 2017. Revenue contributed from our subcontractor projects was relatively stable at approximately S$11.0 million and approximately S$11.9 million for the four months ended 30 April 2016 and 2017 respectively.

			Revenue recognised					
			For the year ended 31 December			For the four months ended 30 April		Track record
Project #	**Building type**	**Customer**	**2014**	**2015**	**2016**	**2016**	**2017**	**period**
			S$'million	*S$'million*	*S$'million*	*S$'million*	*S$'million*	*S$'million*
#7	Educational institution	Private	—	3.5	31.6	10.0	1.7	36.8
#8	Residential	Private	1.1	10.8	25.7	7.4	0.3	37.9
#11	Educational institution	Singapore Government agency	—	—	10.3	0.1	6.4	16.7
#12	Residential	Singapore Government agency	—	—	10.5	*	11.8	22.3

Note:

* *Negligible*

Cost of services

Our cost of services decreased by approximately S$1.8 million or 4.0% from approximately S$45.5 million for the four months ended 30 April 2016 to approximately S$43.7 million for the four months ended 30 April 2017. The decrease in our costs of services was mainly due to decrease in our subcontracting fee from approximately S$27.5 million for the four months ended 30 April 2016 to approximately S$25.1 million for the four months ended 30 April 2017 consistent with the decrease in the revenue for our main contractor projects.

Gross profit and gross profit margin

Our gross profit increased by approximately S$1.6 million or 27.4% from approximately S$5.9 million for the four months ended 30 April 2016 to approximately S$7.5 million for the four months ended 30 April 2017. Our gross profit margin was approximately 11.4% and 14.6% for the four months ended 30 April 2016 and 30 April 2017 respectively, an increase of 3.2 percentage point mainly due to higher gross profit margin for main contractor with private customers particularly on Project #7 as a result of additional works performed for the four months ended 30 April 2017 and certain budgeted costs for the project were not required. The table below showed our overall gross profit margins:

	For the four months ended 30 April 2016			**For the four months ended 30 April 2017**		
	Revenue recognised	**Gross profit**	**Gross profit margin**	**Revenue recognised**	**Gross profit**	**Gross profit margin**
	S$'million	*S$'million*	*Approximate %*	*S$'million*	*S$'million*	*Approximate %*
Main contractor — Singapore Government agencies	22.8	2.1	9.3%	37.2	2.4	6.6%
Main contractor — Private customers	17.5	0.6	3.5%	2.1	1.4	65.9%
Subcontractor — All private customers	11.0	3.1	28.5%	11.9	3.7	30.9%
Total	51.3	5.8	11.4%	51.2	7.5	14.6%

Other income

Our other income decreased by approximately S$0.1 million or 42.0% from approximately S$0.3 million for the four months ended 30 April 2016 to approximately S$0.2 million for the four months ended 30 April 2017. The decrease was mainly due to lower government grants received as we have fully claimed for the grants which we had applied for.

Other gains and losses

Our other losses increased by approximately S$19,000 or 180.3% from S$11,000 for the four months ended 30 April 2016 to S$30,000 for the four months ended 30 April 2017. The increase was mainly due to unrealised exchange loss arising from the depreciation of Singapore Dollars against the United States Dollar on certain of our Group's bank balances.

Selling expenses

Our selling expenses decreased by approximately S$10,000 or 28.4% from approximately S$35,000 for the four months ended 30 April 2016 to approximately S$25,000 for the four months ended 30 April 2017. The decrease was mainly due to decrease in our annual dinner and dance expenses.

Administrative expenses

Our administrative expenses remained relatively stable at approximately S$740,000 and S$710,000 for the four months ended 30 April 2016 and 2017 respectively.

Other expenses

Other expenses increased from nil for the four months ended 30 April 2016 to approximately [REDACTED] for the four months ended 30 April 2017 due to [REDACTED] incurred.

Finance costs

Our finance costs increased by approximately S$30,000 or 497.3% from approximately S$6,000 for the four months ended 30 April 2016 to approximately S$36,000 for the four months ended 30 April 2017 mainly due to increased interest for our bank borrowings as a result of increased in our bank borrowings to purchase the commercial units which will be used as our head office (refer to section headed "Business — Property interests — Owned properties" for details).

Income tax expense

Our income tax expense increased by approximately S$0.3 million or 30.3% from approximately S$0.8 million for the four months ended 30 April 2016 to approximately S$1.1 million for the four months ended 30 April 2017. Such increase was primarily due to combined effect of an increase in our profit before taxation from approximately S$5.4 million for the four months ended 30 April 2016 to approximately S$5.6 million for the four months ended 30 April 2017, and increase in expenses not deductible for tax purposes which was mainly our [REDACTED].

Profit for the year

Our profit for the year remained relatively stable at approximately S$4.5 million for the four months ended 30 April 2016 and 2017 respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our source of funds for our operations mainly comes from cash generated from our operation and bank borrowings. Our primary uses of cash are for payment to suppliers, subcontractors and working capital needs. [REDACTED], our source of funds will be a combination of internal generated funds, bank borrowings and [REDACTED] from the [REDACTED].

As at 31 July 2017, being the most recent practicable date for the purpose of the disclosure of our liquidity position, we had cash and cash equivalents of approximately S$28.0 million and unutilised banking facilities available for cash drawdown of approximately S$8.8 million (see section headed "Financial information — Indebtedness — Unutilised banking facilities" below).

Net current assets

The following table sets forth a breakdown of our Group's current assets and liabilities as at 31 December 2014, 2015 and 2016, 30 April 2017 as well as 31 July 2017:

S$	As at 31 December 2014	2015	2016	As at 30 April 2017	As at 31 July 2017 (unaudited)
Current assets					
Trade receivables	29,077,834	33,891,456	21,809,619	22,085,414	23,293,788
Other receivables and deposits	1,407,154	1,551,184	1,103,161	1,338,583	781,636
Amounts due from customers for construction work	719,673	895,072	851,457	456,854	617,458
Amounts due from related companies	21,740	163,526	11,956,199	2,291,667	2,269,927
Amounts due from directors	1,003,540	—	—	—	—
Amounts due from shareholders	1,899,647	14,696	—	182	182
Bank balances and cash	6,332,254	18,490,429	29,729,924	29,005,304	28,040,174
	40,461,842	55,006,363	65,450,360	55,178,004	55,003,165
Current liabilities					
Amounts due to customers for construction work	15,319,566	19,678,886	12,555,796	11,162,241	11,632,171
Amounts due to related companies	337,485	1,267,623	1,914,480	10,912	—
Amounts due to directors	—	—	35,096	—	—
Amount due to a shareholder	7,894	—	93,865	312,001	—
Trade and other payables	20,977,658	30,291,702	34,298,233	28,803,381	26,338,870
Obligations under finance leases	183,012	9,371	69,875	—	—
Borrowings	36,576	37,378	182,025	287,951	289,689
Income tax payable	—	388,089	1,613,708	1,776,083	1,572,099
	36,862,191	51,673,049	50,763,078	42,352,569	39,832,829
Net current assets	3,599,651	3,333,314	14,687,282	12,825,435	15,170,336

The decrease in our net current assets from approximately S$3.6 million as at 31 December 2014 to approximately S$3.3 million as at 31 December 2015 was primarily due to increase in our trade and other payables which was consistent with the increase in our subcontracting costs and materials costs in our cost of services and amounts due to customers for construction work.

The increase in our net current assets from approximately S$3.3 million as at 31 December 2015 to approximately S$14.7 million as at 31 December 2016 was primarily due to increase in our bank balances and cash which was consistent with the increase in our revenue as well as proceeds from the issuance of shares to our existing shareholders and an Independent Third Party, Mr. Zhan.

The decrease in our net current assets from approximately S$14.7 million as at 31 December 2016 to approximately S$12.8 million as at 30 April 2017 was primarily due to the combined effect of (i) decrease in amounts due from related companies mainly as a result of settlement from Top Star; and (ii) payment of dividends of S$5.0 million in February 2017. Please refer to section headed "Financial information — Discussion on selected balance sheet items — Amounts due from related companies" for further details.

The increase in our net current assets from approximately S$12.8 million as at 30 April 2017 to approximately S$15.2 million as at 31 July 2017 was primarily due to decrease in trade payables as a result of prompt settlement to our suppliers and subcontractors.

For further discussions on the fluctuations of the components of our current assets and current liabilities mentioned above, please refer to the paragraph headed "Discussion on selected balance sheet items" below.

Cash flows

	For the year ended 31 December			For the four months ended 30 April	
S$	**2014**	**2015**	**2016**	**2016**	**2017**
				(unaudited)	
Net cash from/(used in) operating activities	7,601,733	15,627,806	10,554,277	(2,458,769)	4,823,958
Net cash used in investing activities	(2,922,943)	(1,352,073)	(578,644)	(244,478)	(453,755)
Net cash (used in)/from financing activities	(734,066)	(2,117,558)	1,239,670	(2,354,011)	(5,068,174)
Net increase/(decrease) in cash and cash equivalents	3,944,724	12,158,175	11,215,283	(5,057,258)	(697,971)
Cash and cash equivalents at beginning of the year/period	2,387,530	6,332,254	18,490,429	18,490,429	29,729,924
Effect of foreign exchange rate changes on the balance of cash	—	—	24,212	—	(26,649)
Cash and cash equivalents at end of the year/period	6,332,254	18,490,429	29,729,924	13,433,171	29,005,304

Operating activities

Our operating cash inflow is primarily derived from our business operation of providing building construction works whereas our operating cash outflow mainly includes payments for subcontracting costs, staff costs, purchase of materials, as well as other working capital needs.

The following table sets forth a reconciliation of our profit before taxation to net cash from operating activities:

	For the year ended 31 December			For the four months ended 30 April	
S$	**2014**	**2015**	**2016**	**2016**	**2017**
				(unaudited)	
Profit before taxation	3,350,567	7,613,125	9,366,195	5,362,393	5,602,929
Adjustments for:					
Depreciation of property, plant and equipment	446,705	538,129	751,599	226,848	293,149
Finance costs	18,513	17,215	31,136	6,099	36,431
(Gain)/loss on disposal of property, plant and equipment, net	(4,725)	(7,000)	10,555	10,538	2,887
Interest income	(45,407)	(33,085)	(130,992)	(47,973)	(52,305)
Unrealised exchange (gain)/loss	—	—	(24,212)	—	26,649
Operating cash flow before movement in working capital	3,765,653	8,128,384	10,004,281	5,557,905	5,909,740
Movements in working capital:					
(Increase)/decrease in trade receivables	(9,549,067)	(4,813,622)	12,081,837	1,899,728	(275,795)
(Increase)/decrease in other receivables	(1,052,081)	(144,030)	448,023	(637,718)	(191,137)
Decrease/(increase) in amounts due from customers for construction works	2,311,754	(175,399)	43,615	(1,173,806)	394,603
(Increase)/decrease in amounts due from related companies	—	(141,786)	(11,792,373)	(6,178,223)	9,664,532
Increase/(decrease) in trade and other payables	3,968,743	7,567,584	6,402,991	1,384,552	(6,436,648)
(Decrease)/increase in amounts due to related companies	(28,517)	930,138	646,007	266,888	(1,878,707)
Increase/(decrease) in amounts due to customers for construction work	8,185,248	4,359,320	(7,123,090)	(3,548,643)	(1,393,555)
Cash generated from/(used in) operations	7,601,733	15,710,589	10,710,991	(2,429,317)	5,793,033
Income taxes paid	—	(82,783)	(156,714)	(29,452)	(969,075)
Net cash from/(used in) operating activities	7,601,733	15,627,806	10,554,277	(2,458,770)	4,823,958

For the year ended 31 December 2014, 2015 and 2016 and four months ended 30 April 2017, the respective differences between our profit before taxation and our net cash from operating activities were mainly due to the amount and timing of receipts from our customers and the amount and timing of payments to our suppliers and subcontractors.

Investing activities

Our cash used in investing activities are primarily for the purchase of property, plant and equipment, deposits paid for acquisition of property, additional capital contribution to an investee classified as available-for-sale investments and purchase of intangible asset. Our cash generated from investing activities are primarily from the proceeds from disposal of property, plant and equipment, repayment from shareholder and related companies, and interests received.

	For the year ended 31 December			For the four months ended 30 April	
S$	**2014**	**2015**	**2016**	**2016** (unaudited)	**2017**
Purchase of property, plant and equipment	(621,943)	(1,103,609)	(556,079)	(268,713)	(113,476)
Purchase of intangible asset	—	—	(175,000)	—	—
Proceeds from disposal of property, plant and equipment	53,000	7,000	6,727	6,377	1,701
Deposits paid for acquisition of property or land	—	(2,173,500)	—	—	(350,000)
Repayment from advances to related companies	50,000	—	—	—	—
Repayment from a shareholder	—	1,899,647	14,696	—	—
Loan to director	(50,000)	—	—	—	—
Advance to a shareholder	—	(14,696)	—	—	—
Interests received	—	33,085	130,992	17,858	8,020
Additional capital contribution to an investee classified as available-for-sale investments	(2,354,000)	—	—	—	—
Net cash used in investing activities	(2,922,943)	(1,352,073)	(578,644)	(244,478)	(453,755)

For the year ended 31 December 2014, our net cash used in investing activities mainly included (i) purchase of property, plant and equipment such as lorries and diesel trucks, system formwork hollow sections and mild steel plates; and (ii) additional capital contribution to an investee classified as available-for-sale investments which refers to our 10% equity interest in Singhome (Paya Lebar) Pte. Ltd., a company incorporated in Singapore on 26 August 2013 with the principal activity of investment holding.

For the year ended 31 December 2015, our net cash used in investing activities mainly included (i) purchase of property, plant and equipment such as scaffolds, telehandler, scissors lift, hollow sections and mild steel plates; and (ii) deposit paid for acquisition of property which refers to the purchase of five light industrial units located at 11 Irving Place,

Singapore 369551 for the use as our head office (see section headed "Business — Property interest — Owned properties" for further information). Our net cash from investing activities was mainly from the repayment from a shareholder (being Mrs. Yang) in the amount of approximately S$1.9 million in relation to the previous cash advance from our Group to her.

For the year ended 31 December 2016, our net cash used in investing activities mainly included (i) purchase of property, plant and equipment such as lorries and diesel trucks, excavator and mild steel plates; and (ii) purchase of intangible assets which represented a Singapore country club membership.

For the four months ended 30 April 2017, our net cash used in investing activities mainly included (i) deposits paid for acquisition of land located at Tampires North Drive 3, Singapore; and (ii) purchase of property, plant and equipment which relates to the instalment to be paid in cash for the purchase of five light industrial units located at 11 Irving Place, Singapore 369551 for the use as our head office.

Financing activities

Our cash (used in)/from financing activities during the Track Record Period included the following:

	For the year ended 31 December			For the four months ended 30 April	
S$	**2014**	**2015**	**2016**	**2016**	**2017**
				(unaudited)	
Interests paid	(18,513)	(17,215)	(31,136)	(6,099)	(36,431)
Repayment of borrowings	(104,866)	(39,681)	(68,767)	(12,388)	(77,929)
Repayment of finance leases	(214,698)	(402,768)	(43,778)	(5,284)	(111,993)
Advances from related companies	24,011	—	850	518,710	46,523
Repayment of advances from related companies	—	—	—	(461,490)	(71,384)
Advances from (repayment of advances from) directors	—	—	35,096	—	(35,096)
Advances from a shareholder	—	—	261,019	48,646	397,964
Repayment to a shareholder	—	(7,894)	(167,154)	(39,646)	(179,828)
Dividends paid	(420,000)	(1,650,000)	(3,896,460)	(2,396,460)	(5,000,000)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash (used in)/from financing activities	(734,066)	(2,117,558)	1,239,670	(2,354,011)	(5,068,174)

For the years ended 31 December 2014 and 2015 and four months ended 30 April 2017, our net cash used in financing activities mainly included (i) dividends paid; (ii) repayment of finance leases and borrowings; and (iii) interest paid.

For the year ended 31 December 2016, our net cash from financing activities was mainly from the proceeds from issue of new shares to existing shareholders and an Independent Third Party, Mr. Zhan of approximately [REDACTED]. Our net cash from financing activities was partially offset mainly with dividends paid amounting to approximately S$3.9 million.

Working capital

Our Directors are of the opinion that, taking into consideration the internal resources and banking facilities presently available to our Group, cash generated from our operation, and the estimated [REDACTED] to be received by us from the [REDACTED], our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this document.

INDEBTEDNESS

The table below sets out the indebtedness of our Group as at the respective dates indicated. As at 31 July 2017, being the latest practicable date for this indebtedness statement, save as disclosed below, we do not have any debt securities issued and outstanding or agreed to be issued, bank borrowings or other similar indebtedness, liabilities under acceptances, acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities. Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying, nor breached any major covenant or restriction of our bank loans or other bank facilities during the Track Record Period. As at the Latest Practicable Date, there are no material covenant related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing. Please refer to the paragraph headed "Borrowings" below for a summary of the material covenants. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since 31 July 2017 and up to the date of this document. Our Directors confirmed that as at the Latest Practicable Date, we did not have any immediate plan for material external debt financing.

S$	As at 31 December 2014	2015	2016	As at 30 April 2017	As at 31 July 2017 (unaudited)
Non-current					
Borrowings	—	866,943	3,949,816	6,120,452	6,043,783
Obligations under finance lease	229,127	—	42,118	—	—
	229,127	866,943	3,991,934	6,120,452	6,043,783
Current					
Borrowings	36,576	37,378	182,025	287,951	289,689
Obligations under finance leases	183,012	9,371	69,875	—	—
Amount due to a shareholder	7,894	—	93,865	312,001	—
Amounts due to related companies	337,485	1,267,623	1,914,480	10,912	—
Amounts due to directors	—	—	35,096	—	—
	564,967	1,314,372	2,295,341	610,864	289,689
	794,094	2,181,315	6,287,275	6,731,316	6,333,472

Unutilised banking facilities

The table below summarises the details of our banking and other facilities as at 31 July 2017:

S$	Facility granted	Utilisation	Unutilised
Borrowings	7,500,000	6,558,204	941,796
Bank overdraft, letters of guarantee and trade facilities	7,900,000	—	7,900,000
	15,400,000	6,558,204	8,841,796

Borrowings

Set out below is the maturity profile of our borrowings as at the respective dates indicated:

	As at 31 December			As at 30 April	As at 31 July
S$	2014	2015	2016	2017	2017 (unaudited)
Within one year	36,576	37,378	182,025	287,951	289,689
More than one year but not exceeding two years	—	38,173	185,556	293,718	295,477
More than two year but not exceeding five years	—	119,115	579,005	916,612	922,329
More than five years	—	709,655	3,185,255	4,910,121	4,825,977
	36,576	904,321	4,131,841	6,408,403	6,333,472

The borrowings mainly included loan for purchase of five light industrial units located at 11 Irving Place, Singapore 369551 for the use as our head office (see section headed "Business — Property interests — Owned properties" for details). As at 31 July 2017, the bank loans are secured by a legal mortgage over the properties purchased, a corporate guarantee from BHCC Construction and a joint and several personal guarantee by Mr. Yang and Mdm. Han, which shall be released [REDACTED] and replaced by corporate guarantees granted by our Company. As at 31 December 2014, 2015 and 2016 as well as 30 April 2017, the bank loans bear fixed interest rates of 3.75%, 1.98%, 1.98% and 1.98% per annum, respectively.

The specific material covenants related to the above borrowings are as follows:

a) BHCC Construction and Wan Yoong will not, and will procure that none of their holding or subsidiary entities (collectively, the "**Group**") shall, without the bank's prior written consent, (i) undertake or permit any merger, demerger, re-organisation, amalgamation, reconstruction, take-over or any other schemes of compromise or arrangement affecting any of their or their Group entity's present constitution; or (ii) permit any change in the membership or constitution of the firm or any change in the name or style of the firm or dissolution of the firm. If any member of the firm should cease for any reason to be a member of the firm, BHCC Construction or Wan Yoong (as the case may be) must promptly notify the bank of the fact. In this regard, our Group has obtained the bank's consent ("**Consent**") in respect of the restructuring exercise in connection with [REDACTED], subject to certain conditions to be fulfilled;

b) save for the security created pursuant to the security documents and any other security interests previously disclosed in writing by BHCC Construction or Wan Yoong (as the case may be) to the bank and approved by the bank, BHCC Construction and Wan Yoong will not and will ensure that none of the Group

entities will create or permit to arise or subsist any encumbrance on the Group's assets or factor any of the Group's accounts receivables. This covenant has been complied with;

c) BHCC Construction and Wan Yoong will ensure that neither BHCC Construction and Wan Yoong respectively nor any company in the Group will (a) lease, let out or sub-let any of the assets over which security has been created in the bank's favour; or (b) sell, transfer, lease out, lend or otherwise dispose of all or substantially all of any Group entity's assets or any part of such assets which, either alone or when aggregated with all other disposals required to be taken into account, is substantial in relation to its or the Group entity's assets or the disposal of which could have a material or adverse effect on any Group entity. This covenant has been complied with;

d) BHCC Construction shall at all times maintain an Adjusted Net Worth of not less than S$4,800,000, and "Adjusted Net Worth" means the aggregate of BHCC Construction's paid-up capital, revenue reserves/retained earnings and capital reserves, including amount due to directors/shareholders/related parties, less amount owing by directors/shareholders/related parties. This covenant has been complied with;

e) BHCC Construction shall grant the bank the right of first refusal to provide any other new project financing that it may require for the banker's guarantee issued under the letters of guarantee facility/long term letters of guarantee facility in respect of the projects which it has contracted. In the event that BHCC Construction has obtained a firm offer from any other bank or financial institution with respect to such new project financing requirement, BHCC Construction shall offer the bank the opportunity to match an offer before BHCC Construction accepts it. BHCC Construction has not required any other new project financing;

f) the remaining progress claims (less retention sum) must adequately cover the bank's exposure under BHCC Construction's overdraft facility and trade facilities at any point in time. This covenant has been complied with;

g) each of BHCC Construction and Wan Yoong represents and warrants that save for the security created pursuant to the documents executed in favour of the bank pursuant to the facilities and any other security interests previously disclosed in writing by BHCC Construction or Wan Yoong (as the case may be) to the bank and approved by the bank, no encumbrance exists on any Group entity's assets or (in each case) any part thereof or any interest therein). This representation and warranty has not been breached;

h) each of BHCC Construction and Wan Yoong shall ensure that its obligations and the obligations of each Group entity under the documents relating to the facilities are direct, unconditional and unsubordinated and will at all times rank at least

pari passu with all its other present and future unsecured and unsubordinated obligations (except for such obligations mandatorily preferred by law). This covenant has been complied with;

i) Wan Yoong will not, and will procure that no Group entity shall, declare, pay or make any dividend or other distribution, whether of an income or capital nature and whether in cash or in specie, in respect of any accounting period. In this regard, our Group has obtained the bank's Consent confirming that the bank has no objection to our Group's intention to declare, pay or make dividends from time to time [REDACTED] subject to certain conditions to be fulfilled; and

j) each of BHCC Construction and Wan Yoong will, and will procure that each Group entity shall, maintain a positive net worth at all times. BHCC Construction has complied with this covenant and Wan Yoong has obtained the bank's waiver of its obligation to comply with this covenant based on its financial position for FY2016.

The bank's Consent is subject to, among others, the following conditions:

i) Mr. Yang and Mdm. Han each holding key management position(s) in our Company for an initial term of three (3) years commencing from the date of [REDACTED];

ii) our Company maintaining a consolidated Group Adjusted Net Worth of not less than S$18,000,000, where "Adjusted Net Worth" means the aggregate of our Company's paid-up capital, revenue reserves/retained earnings and capital reserves, including amount due to directors/shareholders/related parties (non-trade), less amount owing by directors/shareholders/related parties (non-trade). As at 31 July 2017, our Group Adjusted Net Worth was approximately S$30.2 million based on the assumption that [REDACTED] Shares are in issued immediately following the completion of the [REDACTED] with [REDACTED] of [REDACTED] per Share; and

iii) the Leverage Ratio not exceeding 2.5 times where "Leverage Ratio" means the ratio of total debt to Adjusted Net Worth. As at 31 July 2017, our Leverage Ratio was approximately 1.5 times.

Obligations under finance leases

As at 31 December 2014, 2015 and 2016, 30 April 2017 and 31 July 2017, our total obligations under finance leases amounted to S$412,139, S$9,371, S$111,993 nil and nil respectively. Please refer to note 23 to the Accountants' Report set out in Appendix I to this document for details of the present value of minimum lease payments in respect of our obligations under finance leases.

Obligations under finance leases relate to our purchase of certain machinery and motor vehicles by way of finance lease arrangement. Interest rates underlying all obligations under finance leases were fixed at respective contract dates and were 1.38% to 2.99% for the year ended 31 December 2014, 2.99% for the year ended 31 December 2015 and 1.38% to 2.99% for the year ended 31 December 2016.

The obligations under finance leases are secured by charge over the leased assets with aggregate carrying value of approximately S$398,228, nil, S$212,092, nil and nil as at 31 December 2014, 2015 and 2016, 30 April 2017 and 31 July 2017 respectively.

Amount due to a shareholder

As at 31 December 2014, 2015 and 2016, 30 April 2017 and 31 July 2017, the amount due to a shareholder amounted to S$7,894, nil, S$93,865, S$312,001 and nil respectively. The amount due to a shareholder as at 31 December 2014, 2016 and 30 April 2017 were unsecured, non-interest bearing and without a fixed repayment term.

Amount due to related companies

As at 31 December 2014, 2015 and 2016, 30 April 2017 and 31 July 2017, the amount due to related companies amounted to approximately S$0.3 million, S$1.3 million, S$1.9 million, S$11,000 and nil respectively. Please refer to note 20d to the Accountants' Report set out in Appendix I to this document for the breakdown by related companies. The breakdown between trade related and non-trade related as at the respective dates indicated is as follows:

	As at 31 December			As at 30 April	As at 31 July
S$	**2014**	**2015**	**2016**	**2017**	**2017**
					(unaudited)
Trade related	313,474	1,243,612	1,889,619	10,912	—
Non-trade related	24,011	24,011	24,861	—	—
	337,485	1,267,623	1,914,480	10,912	—

Amount due to directors

As at 31 December 2014, 2015 and 2016, 30 April 2017 and 31 July 2017, the amount due to directors amounted to nil, nil, S$35,096, nil and nil respectively. The amount due to directors as at 31 December 2016 is unsecured, non-interest bearing and without a fixed repayment term.

Contingent liabilities

As at Latest Practicable Date, we have no contingent liabilities.

Capital commitments

As at the Latest Practicable Date, the Group has commitment of approximately S$5.6 million (including S$5,250,000 for the purchase consideration and approximately S$0.4 million for goods and services tax) to complete the acquisition of the leasehold interests of an industrial land located at Tampines North Drive 3, Singapore.

Operating lease commitments

The Group as lessee

Our Group leases four properties for our head office under operating leases, temporary occupation licences for storage and dormitories (see "Business — Property interest — Leased properties" in this document) as well as certain machineries. The following table sets forth our future minimum rental payable under non-cancellable leases as at the end of reporting period as follows:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Within one year	721,319	1,026,858	952,707	420,303
After one year but within five years	210,940	173,799	61,187	—
	932,259	1,200,657	1,013,894	420,303

These leases have tenures ranging from one to two years and no contingent rent provision included in the contracts.

CAPITAL EXPENDITURES

During the Track Record Period, our Group's capital expenditures have principally consisted of expenditures on property, plant and equipment. We incurred cash flows on capital expenditures for purchase of property, plant and equipment in the amounts of approximately S$0.6 million, S$1.1 million, S$0.6 million and S$0.1 million for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively.

ASSETS AND LIABILITIES

The table below sets out our assets and liabilities as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 April 2017:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Non-current assets				
Property, plant and equipment	2,074,219	2,639,699	2,573,297	12,062,536
Intangible asset	—	—	175,000	175,000
Deposits paid for acquisition of property or land	—	3,080,926	6,377,213	350,000
Available-for-sale investments	2,724,910	2,724,910	2,724,910	2,724,910
	4,799,129	8,445,535	11,850,420	15,312,446
Current assets				
Trade receivables	29,077,834	33,891,456	21,809,619	22,085,414
Other receivables and deposits	1,407,154	1,551,184	1,103,161	1,338,583
Amounts due from customers for construction work	719,673	895,072	851,457	456,854
Amounts due from related companies	21,740	163,526	11,956,199	2,291,667
Amounts due from directors	1,003,540	—	—	—
Amounts due from shareholders	1,899,647	14,696	—	182
Bank balances and cash	6,332,254	18,490,429	29,729,924	29,005,304
	40,461,842	55,006,363	65,450,360	55,178,004
Current liabilities				
Amounts due to customers for construction work	(15,319,566)	(19,678,886)	(12,555,796)	(11,162,241)
Amounts due to related companies	(337,485)	(1,267,623)	(1,914,480)	(10,912)
Amounts due to directors	—	—	(35,096)	—
Amount due to a shareholder	(7,894)	—	(93,865)	(312,001)
Trade and other payables	(20,977,658)	(30,291,702)	(34,298,233)	(28,803,381)
Obligations under finance leases	(183,012)	(9,371)	(69,875)	—
Borrowings	(36,576)	(37,378)	(182,025)	(287,951)
Income tax payable	—	(388,089)	(1,613,708)	(1,776,083)
	(36,862,191)	(51,673,049)	(50,763,078)	(42,352,569)
Net current assets	3,599,651	3,333,314	14,687,282	12,825,435
Non-current liabilities				
Obligations under finance leases	(229,127)	—	(42,118)	—
Borrowings	—	(866,943)	(3,949,816)	(6,120,452)
Deferred tax liabilities	—	(138,000)	(282,000)	(276,000)
	(229,127)	(1,004,943)	(4,273,934)	(6,396,452)
Net assets	8,169,653	10,773,906	22,263,768	21,741,429

DISCUSSION ON SELECTED BALANCE SHEET ITEMS

Deposits paid for acquisition of property or land

Deposits paid for acquisition of property or land as at 31 December 2015 and 2016 refers to the five light industrial units located at 11 Irving Place, Singapore 369551 (see details in section headed "Business — Property interests — Owned properties" of this document). This amount had been transferred to property, plant and equipment as at 30 April 2017 upon the receipt of the notice of vacant possession in March 2017. Deposits paid for acquisition of property or land as at 30 April 2017 refers to the industrial land awarded to us on 2 June 2017 at a purchase consideration of S$7.0 million. This amount will be transferred to property, plant and equipment upon the transfer of title to our Group.

Available-for-sale investments

Our available-for-sale investments of approximately S$2.7 million as at 31 December 2014, 2015 and 2016 and 30 April 2017 respectively represents paid-up capital for 10% equity interest and additional capital contribution made to Singhome (Paya Lebar) Pte. Ltd. ("**Singhome**"). Singhome is a private company incorporated in Singapore on 26 August 2013 with the principal activity of investment holding. Singhome is also the developer of an industrial building located at 11 Irving Place, Singapore 369551. All the other shareholders of Singhome are Independent Third Parties. The details of the shareholders of Singhome are as follows:

Shareholder	Principal business activities	Percentage shareholding in Singhome
Shareholder A	Investment holding company	35%
Shareholder B	Provision of building construction services	20%
Shareholder C	Provision of rental of machinery and equipment	10%
Shareholder D	Provision of building construction services	15%
Shareholder E	Investment holding company	10%
BHCC Construction	Provision of building and construction works	10%
Total		100%

BHCC Construction's invested in Singhome mainly with a view to gain understanding on how a property developer assesses its contractors and manages the development of a project. As a main contractor, our customers also consist of property developers/owners in Singapore, and such knowledge may be useful when we tender for similar projects. Further, it has also provided us with an opportunity to expand our network with various

stakeholders such as the shareholders of the property development company, architects, consultants and contractors. We did not have an investment policy and do not intend to make further similar investments.

Trade receivables

Our trade receivables as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 April 2017 were approximately S$29.1 million, S$33.9 million, S$21.8 million and S$22.1 million respectively, of which a breakdown is set out below:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Trade receivables	9,436,521	9,283,036	7,332,069	3,717,943
Unbilled revenue	13,938,492	15,974,226	8,853,541	13,751,728
Retention receivable	5,702,821	8,634,194	5,624,009	4,615,743
	29,077,834	33,891,456	21,809,619	22,085,414

Trade receivables

Trade receivables were approximately S$9.4 million as at 31 December 2014 and approximately S$9.3 million as at 31 December 2015, which remained relatively stable. Our trade receivables as at 31 December 2016 decreased to approximately S$7.3 million and further decreased to approximately S$3.7 million as at 30 April 2017 mainly due to faster collection from our customers as we generated higher revenue from Singapore Government agencies for the year ended 31 December 2016 and four months ended 30 April 2017 which enable us to collect our progress claims promptly.

Unbilled revenue

Unbilled revenue referred to accrued revenue which the construction certifications were issued but billings had not been raised to the customers as at the respective year/period end dates. We recorded unbilled revenue of approximately S$13.9 million, S$16.0 million, S$8.9 million and S$13.8 million as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 April 2017 respectively. Up to 31 July 2017, approximately 97.8% (or approximately S$13.4 million) of our unbilled revenue had been billed to our customers.

Retention receivable

A portion of the contract value, normally 5% is withheld by our private customers as retention money, of which half will typically be released upon substantial completion and the remaining released upon final completion (which is after the defect liability period, usually 12 months from the substantial completion date). Our retention receivable increased from approximately S$5.7 million as at 31 December 2014 to approximately S$8.6 million as at 31 December 2015 which was consistent with the increase in our revenue from private customers. Our retention receivable decreased to approximately S$5.6 million as at 31 December 2016 mainly due to reclassification of a portion of retention receivable amounting to approximately S$2.3 million to amounts due from related companies (Fantasia (Novena) Pte. Ltd.) as Mr. Yang was appointed as a director of Fantasia (Novena) Pte. Ltd. in January 2016. Our retention receivable further decreased to approximately S$4.6 million as we received the retention money for three projects upon expiry of defect liability period.

Trade receivables turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2014	**2015**	**2016**	**2017**
Trade receivables turnover days *(Note 1)*	46	26	17	13

Note:

(1) Trade receivables turnover days is calculated based on the average beginning and ending balance of trade receivables, (excluding unbilled revenue and retention receivable) divided by revenue during the year/period, then multiplied by the number of days of the year (365 days) or period (120 days).

The credit period that we granted to customers generally ranged from 30 to 60 days. Our trade receivables turnover days were approximately 46 days, 26 days, 17 days and 13 days for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively.

The decrease in our trade receivables turnover days from approximately 46 days for the year ended 31 December 2014 to approximately 26 days for the year ended 31 December 2015 to approximately 17 days for the year ended 31 December 2016 and further decreased to approximately 13 days for the four months ended 30 April 2017 was mainly due to higher revenue contributed by Singapore Government projects which enabled us to collect our progress claims promptly.

Ageing analysis and subsequent settlement

The ageing analysis of trade receivables based on invoice date is as follows:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Within 60 days	9,039,715	9,169,937	7,310,652	3,686,414
61 days to 90 days	291,730	—	—	10,112
91 days to 180 days	6,863	—	—	—
181 days to 365 days	75,325	—	—	—
Over 1 year but not more than 2 years	15,933	113,099	—	—
More than 2 years	6,955	—	21,417	21,417
Total	9,436,521	9,283,036	7,332,069	3,717,943

The ageing analysis of trade receivables that are past due but not impaired is as follows:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Neither past due and not impaired	8,961,287	9,161,377	6,948,059	3,616,188
Less than 60 days past due	78,428	8,560	362,593	80,338
61 days to 90 days past due	291,730	—	—	—
91 days to 180 days past due	6,863	—	—	—
More than 180 days past due	98,213	113,099	21,417	21,417
Total trade receivables	9,436,521	9,283,036	7,332,069	3,717,943

As shown in the table above, approximately 95.0%, 98.7%, 94.8% and 97.3% of our trade receivables as at 31 December 2014, 2015 and 2016 and 30 April 2017 respectively was not past due nor impaired.

Up to 31 July 2017, approximately 99.4% (or approximately S$3.7 million) of our trade receivables as at 30 April 2017 had been settled:

	Trade receivables as at 30 April 2017	**Subsequent settlement up to 31 May 2017**	
	S$	*S$*	*%*
Within 60 days	3,686,414	3,686,414	100.0%
61 days to 90 days	10,112	10,112	100.0%
91 days to 180 days	—	—	—
181 days to 365 days	—	—	—
Over 1 year but not more than 2 years	—	—	—
More than 2 years	21,417	—	0%
	3,717,943	3,696,526	99.4%

We review the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate impairment losses are provided for irrecoverable amounts. As at 30 April 2017, trade receivables which were past due but not impaired related to a number of independent third party customers that had a good track record of credit with us. Having considered the background of the relevant customers and their past credit history and given the subsequent settlement shown in the above table, our Executive Directors believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable. For our credit risk management, please refer to the section headed "Business — Risk management and internal control systems — Credit management" in this document.

Other receivables and deposits

The following table sets forth our other receivables and deposits as at the dates indicated:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Deposits	325,004	626,193	418,802	467,768
Staff loan	148,583	88,952	—	—
Sundry debtors	901,149	703,605	493,565	212,935
Goods and Service Tax ("GST") receivable	—	65,926	131,851	231,194
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	32,418	66,508	58,943	44,285
	1,407,154	1,551,184	1,103,161	1,338,583

Our other receivables and deposits increased slightly from approximately S$1.4 million as at 31 December 2014 to approximately S$1.6 million as at 31 December 2015 mainly due to increase in deposits and partially offset with decrease in sundry debtors. Our other receivables and deposits decreased to approximately S$1.1 million as at 31 December 2016 mainly due to decrease in deposits and sundry debtors. Sundry debtors mainly refer to amount due from our subcontractors as we purchase materials on behalf of our subcontractors for certain project. Our other receivables and deposits increased to approximately S$1.3 million as at 30 April 2017 mainly due to deferred [REDACTED].

Amounts due from related companies

Amounts due from related companies are both trade and non-trade in nature with breakdown as follows:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Non-trade related	21,740	21,740	21,740	21,740
Trade related	—	141,786	11,934,459	2,269,927
	21,740	163,526	11,956,199	2,291,667

The non-trade related amounts due from related companies were unsecured, non-interest bearing and repayable at the end of the lease term. The non-trade related amounts due from related companies had been settled on 31 July 2017.

The trade related amounts due from related companies increased from approximately S$0.1 million as at 31 December 2015 to approximately S$11.9 million as at 31 December 2016 mainly due to increase in provision of site support to Top Star for a project secured by Top Star in October 2015 with a contract value of approximately S$28.8 million. In addition, there is also a reclassification of retention receivable in relation to a contract with Fantasia (Novena) Pte. Ltd as Mr. Yang was appointed as a director of Fantasia (Novena) Pte. Ltd. in January 2016.

The aging of trade related amounts due from related companies presented based on the invoice date at the end of the reporting period is as follows:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Within 90 days	—	141,786	11,932,854	2,269,927
91 days to 180 days	—	—	—	—
181 days to 365 days	—	—	1,605	—
	—	141,786	11,934,459	2,269,927[(1)]

Note:

(1) The abovementioned amount due from related company of approximately S$2.3 million related to that due from Fantasia (Novena) Pte. Ltd in relation to retention receivable for a private residential project. We have received the certificate of substantial completion for this project in March 2017 and currently in the midst of finalising the account. The retention monies would be released after the completion of the defect liability period, which is 18 months from the certificate of substantial completion.

Amounts due from directors

The amount due from directors represented advances to Mr. Yang and Mdm. Han in the form of loan and the amounts were unsecured, with no fixed repayment term and bore a 5% interest per annum. The amounts due from directors had been settled in 2015.

Amounts due from shareholders

The amounts due from shareholders as at 31 December 2014 with the amount of approximately S$1.9 million represented advances to Mrs. Yang in the form of loan and the amount was unsecured, non-interest bearing and without a fixed repayment term. The amounts due from shareholders as at 31 December 2015 with the amount of S$14,696 was in relation to the cash of Wan Yoong temporarily held by Mrs. Yang after the changing of a bank account of Wan Yoong. The amounts due from shareholders as at 30 April 2017 with

the amount of [REDACTED] represented the nil paid shares subscribed by our shareholders on 31 March 2017 as part of the Reorganisation. This amount shall be settled prior to [REDACTED].

Amount due from/(to) customer for construction works

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work.

The following table sets out the amounts due from/(to) customer for construction works:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Contract costs incurred plus recognised profits (less recognised losses) to date	88,867,338	122,697,547	243,143,967	255,818,437
Less: Progress billings	(103,467,231)	(141,481,361)	(254,848,306)	(266,523,824)
	(14,599,893)	(18,783,814)	(11,704,339)	(10,705,387)
Analysed for reporting purposes as:				
Amounts due from customers for construction works	719,673	895,072	851,457	456,854
Amounts due to customers for construction works	(15,319,566)	(19,678,886)	(12,555,796)	(11,162,241)
	(14,599,893)	(18,783,814)	(11,704,339)	(10,705,387)

As at 31 July 2017, none of the amounts due from customers for construction works as at 30 April 2017 had been invoiced to the respective customers.

As at 31 July 2017, approximately S$6.3 million or 56.9% of the amounts due to customers for construction work as at 30 April 2017 had been recognised as revenue.

Trade and other payables

The following table sets out a breakdown of our trade and other payables as at the dates indicated:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Trade payables	3,828,604	6,682,574	6,585,805	4,995,622
Trade accruals	12,215,551	16,839,629	24,006,911	20,792,610
	16,044,155	23,522,203	30,592,716	25,788,232
Accrued operating expenses	356,895	278,945	305,808	129,333
GST payable	561,788	380,041	246,156	581,163
Dividend payable	650,000	2,396,460	—	—
Accrued payroll costs	3,340,900	3,703,653	3,142,650	1,354,346
Payable for acquisition of properties	—	—	—	941,796
Others	23,920	10,400	10,903	8,511
	4,933,503	6,769,499	3,705,517	3,015,149
	20,977,658	30,291,702	34,298,233	28,803,381

Trade payables

Our trade payables mainly comprised payables to subcontractors and suppliers in relation to our building construction projects. Trade payables increased from approximately S$3.8 million as at 31 December 2014 to approximately S$6.7 million as at 31 December 2015. The increase was consistent with the increase in our costs of services as we secured higher value contracts with larger scope of works which requires more materials and subcontracting fees.

Our trade payables as at 31 December 2016 of approximately S$6.6 million was relatively stable compared to our trade payables as at 31 December 2015 of approximately S$6.7 million despite an increase in our costs of services mainly due to prompt settlement by us as we had reviewed their invoiced amounts when approving their progress claims to us.

Our trade payables decreased from approximately S$6.6 million as at 31 December 2016 to approximately S$5.0 million as at 30 April 2017 consistent with the decrease in our cost of services mainly due to decrease in our subcontracting fee as a result of decrease in the revenue of our main contractor projects during the period.

The ageing analysis of trade payables based on the invoice at the end of each financial year is as follows:

	As at 31 December			As at 30 April
S$	**2014**	**2015**	**2016**	**2017**
Within 90 days	3,441,658	5,957,330	6,287,982	4,931,941
91 days to 180 days	272,005	612,842	74,953	9,340
181 days to 365 days	106,617	110,793	134,942	38,858
Over 1 year but not more than 2 years	8,324	1,352	86,576	13,917
Over 2 years	—	257	1,352	1,566
Total	3,828,604	6,682,574	6,585,805	4,995,622

Up to 31 July 2017, approximately 99.1% (or approximately S$4.9 million) of our trade payables as at 30 April 2017 had been settled.

We are usually offered by suppliers and subcontractors a credit period ranged between 30 to 60 days. The following table sets forth our trade payables turnover days during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2014	**2015**	**2016**	**2017**
Trade payables turnover days *(Note 1)*	35	21	17	19

Note:

(1) Trade payables turnover days is calculated based on the average beginning and ending balance of trade payables divided by the aggregate of subcontractor costs, material costs and machinery rental costs classified under costs of services (see section headed "Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Costs of services") during the year, then multiplied by the number of days of the year (365 days) or period (120 days).

Our trade payables turnover days decreased from approximately 35 days for the year ended 31 December 2014 to approximately 21 days for the year ended 31 December 2015 and further decreased to approximately 17 days for the year ended 31 December 2016 while slightly increased to approximately 19 days for the four months ended 30 April 2017. The decrease in our trade payables turnover days during our Track Record Period were mainly due to prompt settlement to our suppliers and subcontractors as aforementioned.

Trade accruals

Trade accruals refers to cost of services relating to our building construction projects which had been recognised but for which we had not yet received invoices from our subcontractors and suppliers as at 31 December 2014, 2015 and 2016 and 30 April 2017 respectively. Typically, such amounts arose when services had been rendered by our subcontractors or supplies had been delivered by our suppliers as at year end but we had not received invoices from them. Our trade accruals amounted to approximately S$12.2 million, S$16.8 million, S$24.0 million and S$20.8 million respectively as at 31 December 2014, 2015 and 2016 and 30 April 2017 respectively. The fluctuation was consistent with the fluctuation in our cost of services as aforementioned.

Income tax payable

The income tax paid for FY2015 and FY2016 mainly pertained to Year of Assessment ("**YA**") 2015 and 2016 respectively based on the notice of assessment from Inland Revenue Authority of Singapore ("**IRAS**") which was determined by estimated chargeable income. In connection with [REDACTED] of the Group on the Stock Exchange of Hong Kong, Deloitte & Touche LLP Singapore has re-audited the financial statements of BHCC Construction and Wan Yoong for the years ended 31 December 2014 and 2015. Certain prior years' accounting errors as explained below in relation to BHCC Construction were corrected in conformity with requirement of IFRS which led to the decrease of chargeable income for YA 2015 and increase in chargeable income for YA 2016.

The provision on Singapore income tax during the Track Record Period as stated in the Accountants' Report was determined at chargeable income of BHCC Construction and Wan Yoong multiplied by the applicable tax rate. The chargeable income of BHCC Construction was derived from its financial information prepared in accordance with IFRS, and have been adjusted for correction of accounting errors, among others, primarily in respect of:

(i) correction of contract revenue in accordance with the percentage of completion method. The percentage of completion is measured by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for the work performed to date relative to the estimated total contract costs which involved management's assumption. Costs assumptions relating to certain projects were corrected in accordance with IAS 11 "Construction Contracts" during the course of the audit; and

(ii) cut off errors on expenditures related to the financial year ended 31 December 2013 due to late submission of relevant invoices from ground staff.

During the Track Record Period, there was no delay in the payment of the relevant tax by our Group. Our Group had submitted a revised tax computation together with the extract of the re-audited financial statements of BHCC Construction to the tax authority of

Singapore on 9 June 2017. There is no limit to the number of times that a company can revise its tax computation and revision can be done for the years of assessment which covers the Track Record Period of our Group.

Under Section 95 of the Income Tax Act (Chapter 134) of Singapore ("**Income Tax Act**"), every person who makes an incorrect return by omitting or understating any income of which a return is required by the Income Tax Act, or who gives any incorrect information in relation to any matter affecting that person's liability to tax or the liability of any other person, shall be guilty of an offence and shall, on conviction, pay a penalty equal to the amount of tax undercharged as a result of the incorrect return or information. However, under Section 95(2) of the Income Tax Act, every person who makes such incorrect return or gives such incorrect information without reasonable excuse or through negligence (but without any wilful intent to evade tax or to assist any person to evade tax), shall be guilty of an offence and shall, on conviction, pay a penalty equal to double the amount of tax undercharged, and also be liable to a fine not exceeding S$5,000 or to imprisonment for a term not exceeding 3 years, or to both.

Where the errors in the tax returns or information provided are made by a person with a wilful intent to evade tax or to assist any person to evade tax, under Section 96 of the Income Tax Act, such person shall be guilty of an offence and shall, on conviction, pay a penalty of 3 times the amount of tax undercharged, and also be liable to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 3 years, or to both. Where any person, who not only has a wilful intent to evade tax or to assist any person to evade tax, but also either (i) prepares or maintains or authorises the preparation or maintenance of any false books of account or other records or falsifies or authorises the falsification of any books of account or records; or (ii) makes use of, or authorises any fraud, art or contrivance, Section 96A of the Income Tax Act imposes on that person, on conviction, a penalty of 4 times the amount of tax undercharged and liability to a fine not exceeding S$50,000 or to imprisonment not exceeding 5 years, or to both.

Based on the legal opinion issued by our Singapore legal adviser, our Singapore legal adviser is of the opinion that notwithstanding the foregoing, no penalty will be imposed in respect of the accounting errors for YA2016 if BHCC Construction submits an application under the IRAS voluntary disclosure programme ("**VDP**") within the 1-year "grace period" from the corporate tax statutory filing deadline for YA2016, i.e. by 30 November 2017, where there is no wilful intent to evade or to assist any other person to evade tax, nor any fraud involved, and subject to the following qualifying conditions under the VDP ("**Qualifying Conditions**") being met:

(a) the voluntary disclosure is timely, accurate, complete and self-initiated, meaning, it is to be made before BHCC Construction receives any query from IRAS relating to tax, and before BHCC Construction receives any notification from IRAS of the commencement of an audit or investigation of tax;

(b) BHCC Construction cooperates fully with IRAS to correct the errors made; and

(c) BHCC Construction pays or makes arrangements with IRAS to pay the additional taxes and honours all such arrangements on a timely basis till all payments are made.

Based on the legal opinion issued by our Singapore legal adviser, our Singapore legal adviser is of the opinion that where the accounting errors for YA2015 are not made with an intent to evade tax, nor to assist any other person to evade tax, nor with any fraudulent intention, and that Qualifying Conditions for the VDP are met in respect of the VDP application for YA2015 (even if made outside the 1-year "grace period"), no penalty would be imposed on BHCC Construction under Sections 95, 96 and 96A of the Income Tax Act as there has been no tax undercharged for YA2015 as a result of the accounting errors.

Our Directors are of the view that BHCC Construction had met the Qualifying Conditions (a) and (b) above as we had submitted a revised tax computation together with the extract of the re-audited financial statements of BHCC Construction to the tax authority of Singapore on 9 June 2017 voluntarily and cooperates fully with IRAS to correct the errors made. As at the Latest Practicable Date, we have yet to receive the notice of assessment from IRAS to arrange for payment of additional taxes. Our Group is committed to pay the additional taxes on a timely basis once we received the notice of assessment from IRAS.

Our Directors and Sole Sponsor are of the view that the abovementioned accounting errors were not made with an intent to evade tax, to assist any other person to evade tax, or with any fraudulent intention based on (i) the prior year accounts were audited by an Independent Third Party accounting firm; and (ii) the errors had resulted in overpayment of tax for YA2015.

KEY FINANCIAL RATIOS

	As at 31 December			As at 30 April
	2014	**2015**	**2016**	**2017**
	(times)	*(times)*	*(times)*	*(times)*
Current ratio [(1)]	1.1	1.1	1.3	1.3
Gearing ratio [(2)]	0.1	0.1	0.2	0.3

	For the year ended 31 December			For the four months ended 30 April
	2014	2015	2016	2017
	(%)	*(%)*	*(%)*	*(%)*
Gross profit margin [3]	6.6	7.2	6.4	14.6
Profit before taxation margin [4]	4.3	5.8	5.3	11.0
Profit for the year margin [5]	4.3	5.3	4.4	8.8
Return on total assets [6]	7.4	11.0	10.1	N/A[10]
Return on equity [7]	41.0	65.0	35.2	N/A[10]

	For the year ended 31 December			For the four months ended 30 April
	2014	2015	2016	2017
	(days)	*(days)*	*(days)*	*(days)*
Trade receivables turnover days [8]	46	26	17	13
Trade payables turnover days [9]	35	21	17	19

Notes:

(1) Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

(2) Gearing ratio is calculated as total borrowings (bank borrowings and finance lease obligations) divided by total equity as at the respective reporting dates.

(3) Gross profit margin is calculated as gross profit divided by revenue.

(4) Profit before taxation margin is calculated as profit before tax divided by revenue.

(5) Profit for the year margin is calculated as profit for the year/period divided by revenue.

(6) Return on total assets is calculated as profit for the year divided by the total assets as at the respective reporting dates.

(7) Return on equity is calculated as profit for the year divided by the total equity as at the respective reporting dates.

(8) Trade receivables turnover days is calculated based on the average beginning and ending balance of trade receivables (excluding unbilled revenue and retention receivables) divided by revenue during the year/period, then multiplied by the number of days of the year (365 days) or period (120 days).

(9) Trade payables turnover days is calculated based on the average beginning and ending balance of trade payables divided by the aggregate of subcontractor costs, material costs and machinery rental costs classified under costs of services (see section headed "Financial information — Principal components of combined statements of profit or loss and other comprehensive income — Costs of services") during the year/period, then multiplied by the number of days of the year (365 days) or period (120 days).

(10) N/A denotes not applicable as the ratios are not meaningful given the recorded net profit only represented amount for four months ended 30 April 2017.

Current ratio

Our current ratio as at 31 December 2014 and 2015 were relatively stable at 1.1 times. Our current ratio as at 31 December 2016 increased to approximately 1.3 times mainly due to increase in our bank balances and cash which was consistent with the increase in our revenue and prompt settlement by our customers as well as proceeds from the issuance of shares to our existing shareholders and an Independent Third Party, Mr. Zhan and remained relatively stable at approximately 1.3 times as at 30 April 2017.

Gearing ratio

Our gearing ratio as at 31 December 2014 and 2015 were relatively stable at 0.1 times.

Our gearing ratio increased to approximately 0.2 times as at 31 December 2016 and approximately 0.3 times as at 30 April 2017 mainly due to increase in our borrowings for the acquisition of the five light industrial units located at 11 Irving Place, Singapore 369551 which will be used as our head office (for details, please refer to section headed "Business — Property interests — Owned properties" in this document).

Gross profit margin

Our gross profit margin was approximately 6.6%, 7.2%, 6.4% and 14.6% for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively. Please refer to the section headed "Financial information — Period to period comparison of results of operations" above for the explanations of our gross profit margin.

Profit before taxation margin

Our profit before taxation margin increased from approximately 4.3% for the year ended 31 December 2014 to approximately 5.8% for the year ended 31 December 2015 and decreased to approximately 5.3% for the year ended 31 December 2016. Our profit before taxation margin then increased to approximately 11.0% for the four months ended 30 April 2017. Such fluctuation was mainly due to the fluctuation in our gross profit margin as explained above.

Profit for the year margin

Our profit for the year margin increased from approximately 4.3% for the year ended 31 December 2014 to approximately 5.3% for the year ended 31 December 2015 and decreased to approximately 4.4% for the year ended 31 December 2016. Our profit for the year margin then increased to approximately 8.8% for the four months ended 30 April 2017. Such fluctuation was mainly due to the fluctuation in our profit before taxation margin as mentioned above.

Return on total assets

Our return on total assets increased from approximately 7.4% for the year ended 31 December 2014 to approximately 11.0% for the year ended 31 December 2015. Such increase was mainly due to the increase in our profit for the year from approximately S$3.4 million for the year ended 31 December 2014 to approximately S$7.0 million for the year ended 31 December 2015. Our return on total assets for the year ended 31 December 2016 of approximately 10.1% was relatively stable as compared to our return on total assets of approximately 11.0% for the year ended 31 December 2015.

Return on equity

Our return on total equity increased from approximately 41.0% for the year ended 31 December 2014 to approximately 65.0% for the year ended 31 December 2015. Such increase was mainly due to the increase in our profit for the year from approximately S$3.4 million for the year ended 31 December 2014 to approximately S$7.0 million for the year ended 31 December 2015.

Our return on total equity decreased from approximately 65.0% for the year ended 31 December 2015 to approximately 35.2% for the year ended 31 December 2016 mainly due to increase in our equity as a result of issuance of new shares to our existing shareholders and an Independent Third Party, Mr. Zhan.

Trade receivables turnover days

Please refer to the section headed "Financial information — Discussion on selected balance sheet items — Trade receivables" above for the reasons for the change in our trade receivables turnover days.

Trade payables turnover days

Please refer to the section headed "Financial information — Discussion on selected balance sheet items — Trade payables" above for the reasons for the change in our trade payables turnover days.

RELATED PARTY TRANSACTIONS

Our related party transactions during the Track Record Period are summarised in note 29 to the Accountants' Report set out in Appendix I to this document. During the Track Record Period, our transactions with related parties mainly include the following:

	For the year ended 31 December			For the four months ended 30 April
S$	**2014**	**2015**	**2016**	**2017**
Provision of building and construction works				
— Fantasia (Novena) Pte. Ltd.	—	—	26,698,695	144,633
Provision of site support				
— Top Star	—	141,786	10,892,906	374,121
Miscellaneous service				
— ISPACE Innovations Asia Pacific Pte. Ltd.	—	—	8,500	—
Purchases				
— Top Star	382,075	2,260,105	1,092,198	52,558
— Wanda	206,980	397,927	524,782	74,081
— Sin Hill	711,904	991,070	771,116	160,551
Rental expense				
— Wanda	37,290	44,545	40,680	13,560
— Hong Chwee	89,760	89,760	89,760	29,920

The natures of the material related party transactions shown in the above table were as follows:

(i) Provision of building and construction works as main contractor by us to Fantasia (Novena) Pte Ltd

Fantasia (Novena) Pte. Ltd. (formerly known as 25 Hours Business Consultant Pte. Ltd.) ("**Fantasia**") is a private limited company incorporated in Singapore on 17 March 2011 with the principal activity of real estate development. Mr. Yang is appointed as one of the three directors of Fantasia (Novena) Pte. Ltd. in January 2016, and held a deemed indirect shareholding interests of approximately 6.0% in it by virtue of his spouse's, Mrs. Yang's shareholding of approximately 66.79% in Ultra Development Pte. Ltd. and Ultra Development Pte. Ltd.'s shareholding of 60,000 shares (representing 6% of the shareholding interest) in Fantasia (Novena) Pte. Ltd.

For the year ended 31 December 2016 and four months ended 30 April 2017, we provided building and construction works as main contractor to Fantasia for a private residential project in our ordinary course of business. Our Executive Directors confirmed that this related party transactions were conducted on arm's length basis and on normal commercial terms and would not distort our results during the Track Record Period, as supported by the fact that (i) there are Independent Third Parties shareholders and directors in Fantasia; and (ii) we secured the project through a competitive tender process.

The provision of building and construction works by us to Fantasia is expected to terminate upon completion of the ongoing private residential project. We have received the certificate of substantial completion for this project in March 2017 and currently in the midst of finalising the account with Fantasia. As Mr. Yang and Mrs. Yang do not hold 30% or more of the shares of Fantasia, the ongoing transactions in relation to the provision of building and construction works do not constitute continuing connected transactions for our Company [REDACTED] for the purpose of Chapter 14A of the Listing Rules.

(ii) Purchase of subcontracting services and provision of site support to Top Star

Top Star is a general contractor for building construction and upgrading works in Singapore by providing subcontracting service in construction works. Prior to the disposal of the entire equity interest in Top Star, Top Star was owned as to 60% by Mr. Yang, 25% by Mdm. Han and 15% by Mrs. Yang. On 16 January 2017, Mr. Yang, Mrs. Yang and Mdm. Han disposed of their respective interests in Top Star to an Independent Third Party.

During the Track Record Period, Top Star provided subcontracting services to BHCC Construction, and the costs amounted to S$382,075, S$2,260,105, S$1,092,198 and S$52,558 for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively. Our Executive Directors confirmed that the subcontracting services from Top Star were conducted in the ordinary course of business, on normal commercial terms and on arm's length basis as supported by the fact that quotations were obtained from Independent Third Parties and the prices offered by Top Star were generally in line with the prices offered by Independent Third Party subcontractors. During the Track Record Period, BHCC Construction also provided site support to Top Star, and the costs represented recovery of such costs that amounted to nil, S$141,786, S$10,832,906 and S$374,121 for the three years ended 31 December 2016 and four months ended 30 April 2017 respectively. Our Executive Directors confirmed that the provision of site support would not distort our results during the Track Record Period, as supported by the fact that the costs incurred for site support were recovered from Top Star.

Reasons for our Executive Directors' and Mrs. Yang's disposal of their interests in Top Star

The principal business of Top Star is to provide subcontracting service for construction works which was overlapping with the principal business of our Group. At the end of 2016, our Group began to consider the possibility of a [REDACTED], as part of the group restructuring and in order to streamline the operation of our Group and reduce corporate entities engaged in overlapping activities, our Executive Directors and Mrs. Yang decided to dispose of the entire equity interest in Top Star so as to streamline the operation of our Group, to ensure clear delineation and to avoid any perception of competing interests or any concerns on potential conflicts of interest arising from possible ongoing transactions between our Group and Top Star [REDACTED].

Top Star recorded net profit for each of the three years ended 31 December 2016. Therefore, our Group's ability to meet the minimum profit requirement under Rule 8.05(1)(a) of the Listing Rules would not be affected if the financial results of Top Star during the Track Record Period were included. Our Executive Directors and Mrs. Yang confirm that, during the Track Record Period when they were the shareholders and/or directors of Top Star, Top Star had no material non-compliance with the laws and regulations of Singapore, litigations or claims.

(iii) Purchase of subcontracting works from Wanda

Wanda was incorporated in Singapore with limited liability on 27 February 2007. It is principally engaged in the provision of air-conditioning and electrical works. As at the Latest Practicable Date Wanda was wholly-owned by Mr. Liu, the spouse of Mdm. Han.

In the ordinary course of business of our provision of building construction works, we engaged subcontractors from time to time to provide supply, installation and maintenance of air-conditioning works.

Our Executive Directors confirmed that our purchases of subcontracting works from Wanda were conducted on arm's length basis and on normal commercial terms and would not distort our results during the Track Record Period as supported by the fact that the prices offered by Wanda were in line with the prices offered by other Independent Third Party subcontractors during the Track Record Period. Our Directors confirm that our Group has no intention of entering into similar transaction with Wanda [REDACTED].

(iv) Purchase of hardware by us from Sin Hill

Sin Hill is principally engaged in general wholesale trading. Sin Hill is wholly-owned by Mr. Liu Hai, the spouse of Mdm. Han, our Executive Director since 18 June 2008. In the ordinary course of our business in the provision of building construction works, we purchase hardware from time to time.

Our Executive Directors confirmed that our purchases of hardware from Sin Hill were conducted on arm's length basis and on normal commercial terms and would not distort our results during the Track Record Period, as supported by the fact that we obtained a hardware price list from other Independent Third Party suppliers and the prices offered by Sin Hill were generally in line with the prices offered by other Independent Third Party suppliers. Our Directors confirm that our Group has no intention of entering into similar transaction with Sin Hill [REDACTED].

For further details on the related party transactions on rental expenses, please refer to section headed "Connected transactions" of this document.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The unaudited pro forma adjusted combined net tangible assets, which was prepared to illustrate the effect of the [REDACTED] on the audited combined net tangible assets of our Group as at 30 April 2017 as if the [REDACTED] had taken place on 30 April 2017, was approximately [REDACTED] (assuming a [REDACTED] of [REDACTED] per [REDACTED]) or [REDACTED] (assuming a [REDACTED] of [REDACTED] per [REDACTED]). This figure does not take into account any trading results or other transactions entered into subsequent to 30 April 2017. Please refer to Appendix II to this document for the bases and assumptions in calculating the unaudited pro forma adjusted net tangible assets figure.

ACCUMULATED LOSS/PROFITS

As at 1 January 2014, our Group recorded an accumulated loss of S$640,914 mainly due to the provision of foreseeable loss for a public residential project with a Singapore Government agency as a result of the inability of our supplier for precast products to deliver the contracted sum of precast concrete which led to additional costs to our Group to (i) engage alternative supplier; and deploy more workers to construct and build the concrete foundation at the worksite. For further details, please refer to section headed "Financial information — Period to period comparison of results of operations — Year ended 31 December 2014 compared to year ended 31 December 2015 — Gross profit and gross profit margin" of this document. The accumulated loss has since improved during the year ended 31 December 2014 and we recorded an accumulated profit of S$1.6 million as at 31 December 2014 due to profitable operations of our Group. The aggregate amount of accumulated profits as at 31 December 2014, 31 December 2015, 31 December 2016 and 30 April 2017 of our Group were approximately S$1.6 million, S$4.2 million, S$7.1 million and S$6.5 million respectively.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 21 February 2017. As at 30 April 2017, our Company had no reserves available for distribution to our Shareholders.

PROPERTY INTERESTS

As at the Latest Practicable Date, our Group owned five light industrial units and we have a commitment to complete the acquisition of the leasehold interest of an industrial land in Singapore mainly for storage of construction materials and equipment relating to our Group's projects. For details of our owned properties, please refer to the section headed "Business — Properties interests — Owned properties" in this document.

Greater China Appraisal Limited, an independent property valuer, has valued our property interests at 30 June 2017. The letter, summary of values and valuation certificates are set out in Appendix III to this document.

A reconciliation of our property interests (the "**Reconciliation**") under property, plant and equipment as at 30 June 2017 and such property interests in our combined financial information as at 30 April 2017 as required under Rule 5.07 of the Listing Rules, is set out solely for illustrative purpose. Our Group's accounting policy of the property interests is to state such property, plant and equipment at cost less accumulated depreciation and any impairment loss. The Reconciliation is set forth as followings:

	S$
Net carrying value of freehold land and buildings as at 30 April 2017	9,633,194
Depreciation for the two months ended 30 June 2017	40,306
Net carrying value of freehold land and buildings as at 30 June 2017	9,592,888
Net valuation surplus*	3,457,112
Valuation as at 30 June 2017	13,050,000

Note:

* Net valuation surplus, represents variance between the net carrying value, at cost less accumulated depreciation and any impairment loss of our freehold land and buildings, and the valuation of such properties as at 30 June 2017, as if such properties are stated at fair value. The net valuation surplus of the freehold land and buildings will not be included in our Group's financial statements in accordance with our Group's accounting policies.

For reference purpose, the valuation of the leasehold interest of the industrial land as at 30 June 2017 would be S$7.0 million assuming all the tendered sale price and other relevant charges (if any) have been fully settled, the relevant titleship of the land has been obtained and the land could be freely transferred which is equivalent to the purchase consideration of the said land.

DIVIDENDS

For each of the three years ended 31 December 2016 and four months ended 30 April 2017, BHCC Construction declared dividends of approximately S$1.1 million, S$4.4 million, S$1.5 million and S$5.0 million respectively, out of the distributable profit of BHCC Construction. All of these dividends had been paid as at the Latest Practicable Date.

Dividends declared and paid in the past should not be regarded as an indication of the dividend policy to be adopted by our Company following [REDACTED]. Our Group does not have any dividend policy or any pre-determined dividend payout ratio and so long as our Company maintains a consolidated group adjusted net worth of not less than S$18,000,000 and the leverage ratio does not exceed 2.5 times as required under the bank loan documents, our Directors shall have the full discretion (without seeking for the bank's consent) to determine the payment and amount of dividends after considering our Group's earnings, cash flow, financial condition, capital requirements and any other conditions that our Directors consider relevant. Cash dividends on our shares, if any, will be paid in Hong Kong dollars.

[REDACTED]

During the Track Record Period, we had incurred and recognised approximately [REDACTED] (approximately [REDACTED]) [REDACTED] in the profit and loss account. The total estimated expenses in relation to [REDACTED] (based on the mid-point of our indicative [REDACTED] of [REDACTED] per Share) are approximately [REDACTED]. Out of the estimated [REDACTED] of approximately [REDACTED] to be borne by us, approximately [REDACTED] is expected to be charged to the profit or loss of our Group for the year ending 31 December 2017 (approximately [REDACTED] has been recognised in the profit or loss during the year ended 31 December 2016) while approximately [REDACTED] is to be accounted for as an equity deduction. The recognition of the [REDACTED] is expected to materially affect our financial results for the year ending 31 December 2017. The estimated [REDACTED] of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of [REDACTED].

FINANCIAL AND CAPITAL RISK MANAGEMENT

Our Group is exposed to certain financial risks including interest rate risk, credit risk and liquidity risk in the normal course of business. For further details of our financial and capital risk management, please refer to the section headed "Business — Risk management and internal control systems" and notes 30 and 31 to the Accountants' Report set out in Appendix I to this document.

We manage our capital to ensure that we will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Our management reviews our Group's capital structure from time to time and, as part of the review, considers the cost of capital and the risks associated with each class of capital. Depending on our capital structure and needs from time to time, we may balance our overall capital structure through the payment of dividends, the issue of new shares, and/or new debts.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there are no circumstances that would give rise to the disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENT SUBSEQUENT TO THE TRACK RECORD PERIOD AND NO MATERIAL ADVERSE CHANGE

We have continued to focus on strengthening our market position for our building construction works in Singapore. As far as we are aware, our industry remained relatively stable after the Track Record Period. There was no material adverse change in the general economic and market conditions in Singapore or the industry in which we operate that had affected or would affect our business operations or financial condition materially and adversely. From 1 May 2017 up to the Latest Practicable Date, we did not experience any significant drop in revenue or increase in cost of services or other costs (apart from [REDACTED] incurred) as there were no significant changes to the general business model of our Group and economic environment. From 1 May 2017 up to the Latest Practicable Date, we are in the midst of finalising a new subcontractor project of contract value of S$8.5 million for which we have received notification from customer of our award. We have also submitted five tenders out of which two tenders were unsuccessful and three tenders are still pending award results with an estimated total contract value of approximately S$246.0 million. Including the tenders we submitted during the Track Record Period, as at the Latest Practicable Date, we have ten tenders still pending results with an estimated total contract value of approximately S$361.2 million.

Our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since 30 April 2017 and there is no event since 30 April 2017 which would materially affect the information shown in our financial statements included in the Accountants' Report set forth in Appendix I to this document.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the sections headed "Business — Business strategies" in this document for a detailed description of our business strategies and future plans.

[REDACTED]

The aggregate [REDACTED] from the [REDACTED] (after deducting underwriting fees and estimated expenses in connection with the [REDACTED] and assuming an [REDACTED] of [REDACTED] per Share (being the mid-point of the indicative [REDACTED] range of [REDACTED] to [REDACTED] per Share) and the [REDACTED] is not exercised will be approximately [REDACTED]. Our Directors intend to apply the [REDACTED] from the [REDACTED] as follows:

[REDACTED]

FUTURE PLANS AND USE OF PROCEEDS

[REDACTED]

FUTURE PLANS AND USE OF PROCEEDS

[REDACTED]

FUTURE PLANS AND USE OF PROCEEDS

Our Group will seek to utilise the [REDACTED] based on the expected time frame as follows:

[REDACTED]

[REDACTED]

The above [REDACTED] on equipment and machinery, hardware and software were expected to increase our depreciation charges by approximately [REDACTED], [REDACTED] and [REDACTED] for the three years ending 31 December 2019.

With the abovementioned [REDACTED], we will be better equipped to take on more projects, concurrent higher value contracts as well as to do so with higher productivity. These uses of [REDACTED] in aggregate serve to meet our business objective of maintaining sustainable business growth, and thus potentially increasing our market share and ranking among main contractors in Singapore. Although the uses of [REDACTED] may potentially increase our market share and ranking among main contractors in Singapore, it is not predictable as to whether our market share and ranking will be increased proportionately as it depends on numerous factors pertaining to the competitive environment and outlook of the construction industry in Singapore. If the [REDACTED] is fixed at the high-end of the indicative [REDACTED] range, being [REDACTED] per Share, the [REDACTED] we receive from the [REDACTED] will increase by approximately [REDACTED]. We intend to apply the additional [REDACTED] for the above purposes on a *pro-rata* basis. If the [REDACTED] is set at the low-end of the indicative [REDACTED] range, being [REDACTED] per Share, the [REDACTED] we receive from the [REDACTED] will decrease by approximately [REDACTED]. We intend to reduce the [REDACTED] for the above purposes on a pro-rata basis.

To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the [REDACTED] into short-term demand deposits with authorised financial institutions and/or licensed banks in Singapore or Hong Kong.

UNDERWRITING

[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

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[REDACTED]

UNDERWRITING

[REDACTED]

UNDERWRITING

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for the obligations under the Underwriting Agreements, as at the Latest Practicable Date, none of the Underwriters was interested, directly or indirectly, in any shares or securities in any member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in any member of our Group.

SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

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[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

HOW TO APPLY FOR [REDACTED]

[REDACTED]

The following is the text of a report set out on pages I-1 to I-56 received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purposes of inclusion in this document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BHCC HOLDING LIMITED AND VINCO CAPITAL LIMITED

Introduction

We report on the historical financial information of BHCC Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages I-4 to I-56 which comprises the combined statements of financial position as at 31 December 2014, 2015, 2016 and 30 April 2017 and the statement of financial position of the Company as at 30 April 2017 and the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the three years ended 31 December 2016 and the four months ended 30 April 2017 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-56 forms an integral part of this report, which has been prepared for inclusion in this document of the Company dated [REDACTED] (the "[REDACTED]") in connection with the initial listing of shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's combined financial position as at 31 December 2014, 2015, 2016 and 30 April 2017, of the Company's financial position as at 30 April 2017 and of the Group's combined financial performance and combined cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the four months ended 30 April 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial

Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

The Historical Financial Information is stated after making such adjustments to the Underlying Financial Statements as defined on page I-4 as were considered necessary.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about dividends paid by the Company's subsidiaries and states that no dividend have been paid by the Company in respect of the Track Record Period.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
[REDACTED]

A. ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of the accountants' report.

The Historical Financial Information in this report was prepared based on the financial statements of BHCC Construction Pte. Ltd. ("BHCC Construction") and Wan Yoong Construction Pte. Ltd. ("Wan Yoong") for the Track Record Period and the management accounts of the Company for the period from 21 February 2017 (date of incorporation) to 30 April 2017. The financial statements of BHCC Construction and Wan Yoong have been prepared in accordance with accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and were audited by Deloitte & Touche LLP Singapore, a firm of Public Accountants and Chartered Accountants registered in Singapore, in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Singapore dollars ("S$").

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December			For the four months ended 30 April	
		2014	2015	2016	2016	2017
	NOTES	*S$*	*S$*	*S$*	*S$* (unaudited)	*S$*
Revenue	6	77,227,078	132,381,570	176,367,215	51,348,214	51,151,677
Costs of services		(72,101,371)	(122,872,348)	(165,162,254)	(45,478,568)	(43,671,085)
Gross profit		5,125,707	9,509,222	11,204,961	5,869,646	7,480,592
Other income	7a	449,565	569,946	1,029,931	283,997	164,615
Other gains and losses	7b	4,725	7,000	13,657	(10,538)	(29,536)
Selling expenses		(47,716)	(56,679)	(59,360)	(34,662)	(24,807)
Administrative expenses		(2,163,201)	(2,399,149)	(2,592,710)	(739,951)	(712,599)
[REDACTED]	7c	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Finance costs	8	(18,513)	(17,215)	(31,136)	(6,099)	(36,431)
Profit before taxation	9	3,350,567	7,613,125	9,366,195	5,362,393	5,602,929
Income tax expense	10	—	(608,872)	(1,526,333)	(863,770)	(1,125,450)
Profit and other comprehensive income for the year/period		3,350,567	7,004,253	7,839,862	4,498,623	4,477,479
Profit attributable to:						
Owners of the Company		3,350,567	7,004,253	7,705,432	4,498,623	3,895,952
Non-controlling interest		—	—	134,430	—	581,527
		3,350,567	7,004,253	7,839,862	4,498,623	4,477,479

COMBINED STATEMENTS OF FINANCIAL POSITION

		The Group				The Company
		As at 31 December			As at 30 April	As at 30 April
		2014	2015	2016	2017	2017
	NOTES	*S$*	*S$*	*S$*	*S$*	*S$*
Non-current assets						
Property, plant and equipment	14	2,074,219	2,639,699	2,573,297	12,062,536	—
Intangible asset	15	—	—	175,000	175,000	—
Deposits paid for acquisition of property or land		—	3,080,926	6,377,213	350,000	—
Available-for-sale investments	16	2,724,910	2,724,910	2,724,910	2,724,910	—
		4,799,129	8,445,535	11,850,420	15,312,446	—
Current assets						
Trade receivables	17	29,077,834	33,891,456	21,809,619	22,085,414	—
Other receivables and deposits	18	1,407,154	1,551,184	1,103,161	1,338,583	382,401
Amounts due from customers for construction work	19	719,673	895,072	851,457	456,854	—
Amounts due from related companies	20a	21,740	163,526	11,956,199	2,291,667	—
Amounts due from directors	20b	1,003,540	—	—	—	—
Amounts due from shareholders	20c	1,899,647	14,696	—	182	182
Bank balances and cash	21	6,332,254	18,490,429	29,729,924	29,005,304	—
		40,461,842	55,006,363	65,450,360	55,178,004	382,583
Current liabilities						
Amounts due to customers for construction work	19	15,319,566	19,678,886	12,555,796	11,162,241	—
Amounts due to related companies	20d	337,485	1,267,623	1,914,480	10,912	—
Amounts due to directors	20e	—	—	35,096	—	—
Amount due to a shareholder	20f	7,894	—	93,865	312,001	—
Amount due to BHCC Construction	20g	—	—	—	—	1,621,306
Trade and other payables	22	20,977,658	30,291,702	34,298,233	28,803,381	—
Obligations under finance leases	23	183,012	9,371	69,875	—	—
Borrowings	24	36,576	37,378	182,025	287,951	—
Income tax payable		—	388,089	1,613,708	1,776,083	—
		36,862,191	51,673,049	50,763,078	42,352,569	1,621,306
Net current assets (liabilities)		3,599,651	3,333,314	14,687,282	12,825,435	(1,238,723)

		The Group				The Company
		As at 31 December			As at 30 April	As at 30 April
		2014	2015	2016	2017	2017
	NOTES	*S$*	*S$*	*S$*	*S$*	*S$*
Non-current liabilities						
Obligations under finance leases	23	229,127	—	42,118	—	—
Borrowings	24	—	866,943	3,949,816	6,120,452	—
Deferred tax liabilities	25	—	138,000	282,000	276,000	—
		229,127	1,004,943	4,273,934	6,396,452	—
Net assets (liabilities)		8,169,653	10,773,906	22,263,768	21,741,429	(1,238,723)
Capital and reserves						
Share capital	26a	6,530,000	6,530,000	13,530,000	13,530,182	182
Accumulated profits (losses)	26b	1,639,653	4,243,906	7,099,338	6,495,290	(1,238,905)
Equity attributable to owners of the Company		8,169,653	10,773,906	20,629,338	20,025,472	(1,238,723)
Non-controlling interest		—	—	1,634,430	1,715,957	—
		8,169,653	10,773,906	22,263,768	21,741,429	(1,238,723)

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Equity attributable to owners of the Company				
	Share capital	Accumulated profits	Sub-total	Non-controlling interest	Total
	S$	*S$*	*S$*	*S$*	*S$*
At 1 January 2014	6,530,000	(640,914)	5,889,086	—	5,889,086
Profit and other comprehensive income for the year	—	3,350,567	3,350,567	—	3,350,567
Dividends *(Note 12)*	—	(1,070,000)	(1,070,000)	—	(1,070,000)
At 31 December 2014	6,530,000	1,639,653	8,169,653	—	8,169,653
Profit and other comprehensive income for the year	—	7,004,253	7,004,253	—	7,004,253
Dividends *(Note 12)*	—	(4,400,000)	(4,400,000)	—	(4,400,000)
At 31 December 2015	6,530,000	4,243,906	10,773,906	—	10,773,906
Profit and other comprehensive income for the year	—	7,705,432	7,705,432	134,430	7,839,862
Dividends *(Note 12)*	—	(1,500,000)	(1,500,000)	—	(1,500,000)
Issue of share capital *(Note 26)*	800,000	—	800,000	—	800,000
Capitalisation	3,350,000	(3,350,000)	—	—	—
[REDACTED] *(Note 26)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
At 31 December 2016	13,530,000	7,099,338	20,629,338	1,634,430	22,263,768
Profit and other comprehensive income for the period	—	3,895,952	3,895,952	581,527	4,477,479
Issue of share capital *(Note 26)*	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Dividends *(Note 12)*	—	(4,500,000)	(4,500,000)	(500,000)	(5,000,000)
At 30 April 2017	13,530,182	6,495,290	20,025,472	1,715,957	21,741,429
For the four months ended 30 April 2016 (unaudited)					
At 1 January 2016	6,530,000	4,243,906	10,773,906	—	10,773,906
Profit and other comprehensive income for the period	—	4,498,623	4,498,623	—	4,498,623
At 30 April 2016 (unaudited)	6,530,000	8,742,529	15,272,529	—	15,272,529

Note The [REDACTED] equity interest, same as the corresponding voting rights, in BHCC Construction held by an individual, Mr. Zhan Lixiong was regarded as non-controlling interest. No separate disclosure of financial information of BHCC Construction is presented as the non-controlling interest is not regarded material to the Group.

COMBINED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Operating activities					
Profit before taxation	3,350,567	7,613,125	9,366,195	5,362,393	5,602,929
Adjustments for:					
Depreciation of property, plant and equipment	446,705	538,129	751,599	226,848	293,149
Finance costs	18,513	17,215	31,136	6,099	36,431
(Gain) loss on disposal of property, plant and equipment, net	(4,725)	(7,000)	10,555	10,538	2,887
Interest income	(45,407)	(33,085)	(130,992)	(47,973)	(52,305)
Unrealised exchange (gain) loss	—	—	(24,212)	—	26,649
Operating cash flow before movement in working capital	3,765,653	8,128,384	10,004,281	5,557,905	5,909,740
Movements in working capital:					
(Increase) decrease in trade receivables	(9,549,067)	(4,813,622)	12,081,837	1,899,728	(275,795)
(Increase) decrease in other receivables	(1,052,081)	(144,030)	448,023	(637,718)	(191,137)
Decrease (increase) in amounts due from customers for construction work	2,311,754	(175,399)	43,615	(1,173,806)	394,603
(Increase) decrease in amounts due from related companies	—	(141,786)	(11,792,673)	(6,178,223)	9,664,532
Increase (decrease) in trade and other payables	3,968,743	7,567,584	6,402,991	1,384,552	(6,436,648)
(Decrease) increase in amounts due to related companies	(28,517)	930,138	646,007	266,888	(1,878,707)
Increase (decrease) in amounts due to customers for construction work	8,185,248	4,359,320	(7,123,090)	(3,548,643)	(1,393,555)
Cash generated from (used in) operations	7,601,733	15,710,589	10,710,991	(2,429,317)	5,793,033
Income taxes paid	—	(82,783)	(156,714)	(29,452)	(969,075)
Net cash from (used in) operating activities	7,601,733	15,627,806	10,554,277	(2,458,769)	4,823,958

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Investing activities					
Purchase of property, plant and equipment	(621,943)	(1,103,609)	(556,079)	(268,713)	(113,476)
Purchase of intangible asset	—	—	(175,000)	—	—
Proceeds from disposal of property, plant and equipment	53,000	7,000	6,727	6,377	1,701
Deposits paid for acquisition of property or land	—	(2,173,500)	—	—	(350,000)
Repayment from advances to related companies	50,000	—	—	—	—
Repayment from a shareholder	—	1,899,647	14,696	—	—
Loan to a director	(50,000)	—	—	—	—
Advance to a shareholder	—	(14,696)	—	—	—
Interests received	—	33,085	130,992	17,858	8,020
Additional capital contribution to an investee classified as available-for-sale investments	(2,354,000)	—	—	—	—
Net cash used in investing activities	(2,922,943)	(1,352,073)	(578,664)	(244,478)	(453,755)
Financing activities					
Interests paid	(18,513)	(17,215)	(31,136)	(6,099)	(36,431)
Repayment of borrowings	(104,866)	(39,681)	(68,767)	(12,388)	(77,929)
Repayment of finance leases	(214,698)	(402,768)	(43,778)	(5,284)	(111,993)
Advances from related companies	24,011	—	850	518,710	46,523
Repayment of advances from related companies	—	—	—	(461,490)	(71,384)
Advances from (repayment of advances from) directors	—	—	35,096	—	(35,096)
Advances from a shareholder	—	—	261,019	48,646	397,964
Repayment to a shareholder	—	(7,894)	(167,154)	(39,646)	(179,828)
Dividends paid	(420,000)	(1,650,000)	(3,896,460)	(2,396,460)	(5,000,000)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash from (used in) from financing activities	(734,066)	(2,117,558)	1,239,670	(2,354,011)	(5,068,174)
Net increase (decrease) in cash and cash equivalents	3,944,724	12,158,175	11,215,283	(5,057,258)	(697,971)
Cash and cash equivalents at beginning of the year/period	2,387,530	6,332,254	18,490,429	18,490,429	29,729,924
Effect of foreign exchange rate changes on the balance of cash	—	—	24,212	—	(26,649)
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	6,332,254	18,490,429	29,729,924	13,433,171	29,005,304

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 21 February 2017. The registered office of the Company is at Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is at 20 Sin Ming Lane, #06–66, Midview City, Singapore 573968.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of building construction services.

The functional currency of the Company is S$, which is also the presentation currency of the Historical Financial Information.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Prior to the introduction of non-controlling shareholder to BHCC Construction in 2016, throughout the Track Record Period, Mr. Yang Xinping, Ms. Chao Jie (the spouse of Mr. Yang Xinping) and Ms. Han Yuying (collectively referred to as the "Controlling Shareholders", who owned 60%, 15% and 25% equity interest in each of BHCC Construction and Wan Yoong) have been managing and controlling BHCC Construction and Wan Yoong on a collectively basis on all decisions, including but not limited to, financial, management and operational matters, of BHCC Construction and Wan Yoong. Each of the Controlling Shareholders have reiterated their agreement in writing that, in respect of the arrival and/or execution of all decisions, including but not limited to control over relevant activities and subject to variable returns of the Company, BHCC Construction and Wan Yoong, they have always been acting in concert.

The reorganisation comprised of the following steps:

— On 21 February 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each, of which one share was allotted and issued in nil paid form to the initial subscriber, an independent third party. The said share was transferred, together with 74 new shares allotted and issued at par, to Huada Developments Limited ("Huada Developments"), a company not forming part of the Group and is controlled by Mr. Yang Xinping and Ms. Chao Jie on the same date.

— On 6 January 2017, Lion Metro Holdings Limited ("Lion Metro") was incorporated in the British Virgin Islands ("BVI") with limited liability, and authorised to issue a maximum of 50,000 shares of a single class with a par value of United States Dollar ("US$") 1 each. On 1 March 2017, one share in Lion Metro was allotted and issued to the Company, credited as fully paid.

— On 31 March 2017, Huada Developments, Eagle Soar Global Limited ("Eagle Soar"), a company controlled by Ms. Han Yuying, and Wai Tian Holdings Limited ("Wai Tian"), a company controlled by Mr. Zhan Lixiong, subscribed for [REDACTED], [REDACTED] and [REDACTED], all in nil paid form, representing [REDACTED], [REDACTED] and [REDACTED] of the entire issued share capital of the Company as enlarged by the subscription shares respectively.

— On 7 June 2017, BHCC Investment (Tampines) Pte. Ltd., was incorporated in Singapore with limited liability, of which two shares in this company were allotted and issued to BHCC Construction, credited as fully paid. The company changed its name to BHCC Space Pte. Ltd. ("BHCC Space") on 12 July 2017.

— On 17 August 2017, each of the individual shareholders transferred the entire issued share capital in BHCC Construction to Lion Metro, in return for the Company allotting and issuing [REDACTED] and [REDACTED] to Huada Developments at the directions of Mr. Yang Xinping and Ms. Chao Jie, and [REDACTED] to Eagle Soar at the direction of Ms. Han Yuying and [REDACTED] to Wai Tian at the direction of Mr. Zhan Lixiong, respectively, all credited as fully paid. After completion of the above share transfer, BHCC Construction became an indirect wholly owned subsidiary of the Company.

— On 17 August 2017, each of the Controlling Shareholders transferred the entire issued share capital in Wan Yoong to Lion Metro, in return for the Company allotting and issuing [REDACTED] and [REDACTED] to Huada Developments at the directions of Mr. Yang Xinping and Ms. Chao Jie, and [REDACTED] to Eagle Soar at the direction of Ms. Han Yuying, all credited as fully paid. After completion of the above share transfer, Wan Yoong became an indirect wholly-owned subsidiary of the Company.

Since the Group, comprising the Company, Lion Metro, BHCC Space, BHCC Construction and Wan Yoong resulting from the reorganisation has always been under the common control of the Controlling Shareholders throughout the Track Record Period or since the respective dates of incorporation, where there is a shorter period, regardless of the actual dates when they formally and legally became subsidiaries of the Company, therefore, the Group is regarded as a continuing entity and merger accounting has been applied for the preparation of the Historical Financial Information.

The Historical Financial Information has been prepared under the principles of common control combination as if the Company had been the holding company of Lion Metro, BHCC Construction, Wan Yoong and BHCC Space throughout the Track Record Period and as at each reporting date taking into account the respective date of incorporation of the group entities. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation, where there is a shorter period. The combined statements of financial position of the Group as at 31 December 2014, 2015, 2016 and 30 April 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure has been in existence at those dates taking into account the respective dates of incorporation, where applicable. The equity interest held by party other than the Controlling Shareholders is regarded as non-controlling interest during the Track Record Period.

3. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied IFRSs that are effective for the financial year beginning on 1 January 2017 throughout the Track Record Period.

At the date of issuance of this report, the Group has not early applied the following new and amendments to IFRSs, International Accounting Standards ("IASs") and the new interpretations that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[3]
IFRS 17	Insurance Contracts[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[3]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014–2016 Cycle except for amendments to IFRS 12[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after a date to be determined

Except as described below, the management of the Group considers that the application of the amendments to IFRSs, IASs and the new interpretations is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in future.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at 'fair value through other comprehensive income' (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39 *Financial Instruments: Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanism currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Application of IFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The Group's available-for-sale investments, including those currently stated at cost less impairment, will either be measured as fair value through profit or loss or be designated as FVTOCI (subject to fulfillment of the designation criteria).

In addition, the expected loss model in relation to the Group's financial assets measured at amortised costs will result in early recognition of credit losses, which are not yet incurred in relation to the Group's financial assets measured at amortised cost based on an analysis of the Group's financial instruments as at 30 April 2017.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Based on preliminary analysis, the management of the Group anticipates that the adoption of IFRS 15 in the future is unlikely to have significant impact on revenue recognition but will result in more disclosures.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the IFRS 16 lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 April 2017, the Group has non-cancellable operating lease commitments of S$420,303, as disclosed in Note 27. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform with IFRSs. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and companies controlled by the Company and its subsidiaries. Control is achieved when a company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributable to the owners of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under control of the controlling entity.

The net assets of the combining businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, provided it is probable that the future economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Revenue from provision of building and construction works

Revenue from building and construction works is recognised in accordance with the Group's accounting policy on construction contracts (see below construction contracts policy).

(ii) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Rental income

Rental income is recognised, on a straight-line basis, over the terms of the respective leases.

(iv) Service income

Service income is recognised when the services are provided.

Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the percentage of completion of the contract activity at the end of the reporting period.

The percentage of completion is measured by contract costs incurred to date as compared to the estimated total contract costs.

Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, depreciation and hire of equipment, interest expense, subcontract cost and estimated costs of rectification and guarantee work.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the combined statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the combined statements of financial position under trade receivables.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

The Group as lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the combined statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to Central Provident Fund ("CPF") are recognised as expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deduction of any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service costs, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before taxation" as reported in the combined statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the combined statements of financial position and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, other than freehold land, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than freehold land) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of tangible and intangible assets

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating-unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating-units, or otherwise they are allocated to the smallest group of cash-generating-units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair values less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Financial instruments

Financial assets and liabilities are recognised in the Historical Financial Information when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs.

The Group's financial assets are classified into "available-for-sale" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Available-for-sale financial assets ("AFS")

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, bank balances and cash, and amounts due from related parties) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets held by the Group, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 30 to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including trade payables, other payables, amounts due to related parties, amount due to BHCC Construction, borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group companies after deducting all of their liabilities. Equity instruments issued by the group companies are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

De-recognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group continues to recognise to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Construction contracts

The Group recognises contract revenue and contract costs using the percentage of completion method. The percentage of completion is measured by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs.

The estimated total contract cost is based on contracted amounts, and in respect of amounts not contracted for, management's estimates of the amounts to be incurred taking into consideration historical trends of the amounts incurred and adjusted for any price fluctuations during the year, where applicable. Significant assumptions are required in estimating the total contract costs which affect the contract cost recognised to-date based on the percentage of completion. Total contract revenue also includes estimation for variation works that are recoverable from customers. In making these estimates, the Group relies on past experience and the work of surveyors. In addition, the valuation of construction contracts can be subject to uncertainty in respect of variation works and estimation of future costs.

Management reviews the construction contracts for foreseeable losses whenever there is an indication that the estimated contract revenue is lower than the estimated total contract cost. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

The carrying amounts of assets and liabilities arising from construction contracts are disclosed in Note 19.

Estimated impairment of receivables

Management assesses at the end of each reporting period whether there is any objective evidence that trade and other receivables are impaired. If there is objective evidence that an impairment loss on trade and other receivables has been incurred, the amount of loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in profit or loss. Where the loss subsequently reverses, the reversal is recognised in profit or loss. The carrying amounts of the trade and other receivables are disclosed in Notes 17 and 18 respectively.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from provision of building and construction works, solely derived in Singapore during the Track Record Period.

Information is reported to the Controlling Shareholders, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group's accounting policies as described in Note 4. The CODM reviews revenue by nature of contracts, i.e. "Main Contractor Projects" and "Subcontractor Projects" and profit for the year/period as a whole. No analysis of the Group's results by type of projects nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the Track Record Period is as follows:

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Revenue from:					
Main Contractor Projects	47,535,704	71,166,377	146,970,798	40,329,237	39,266,922
Subcontractor Projects	29,691,374	61,215,193	29,396,417	11,018,977	11,884,755
	77,227,078	132,381,570	176,367,215	51,348,214	51,151,677

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the Track Record Period are as follows:

	For the year ended 31 December			For the four months ended 30 April	
	2014	**2015**	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Customer I	27,820,831	43,988,318	26,957,849	11,634,711	8,546,474
Customer II	13,822,793	16,140,190	N/A*	N/A*	N/A*
Customer III	11,879,218	N/A*	N/A*	N/A*	N/A*
Customer IV	8,214,049	18,480,690	N/A*	N/A*	N/A*
Customer V	N/A*	21,827,620	N/A*	N/A*	N/A*
Customer VI	N/A*	N/A*	62,608,444	11,195,677	28,663,198
Customer VII	N/A*	N/A*	31,633,077	10,023,028	N/A*
Customer VIII	N/A*	N/A*	25,652,071	7,356,465	N/A*
Customer IX	N/A*	N/A*	N/A*	6,504,699	N/A*

* *The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective reporting period.*

Geographical information

The Group principally operates in Singapore, also the place of domicile. All revenue are derived from Singapore based on the location of services delivered and the Group's non-current assets are all located in Singapore.

7. a. OTHER INCOME

	For the year ended 31 December			For the four months ended 30 April	
	2014	**2015**	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Government grants *(note a)*	202,485	228,799	743,760	157,696	66,387
Sale of scrap material, net	58,796	121,141	30,340	—	—
Service income on secondment of labour and subcontracting fee, net	52,083	13,536	17,391	—	19,601
Interest income *(note b)*	45,407	33,085	130,992	47,973	52,305
Rental income	14,720	97,600	8,000	—	—
Others	76,074	75,785	99,448	78,328	26,322
	449,565	569,946	1,029,931	283,997	164,615

Notes:

a. Government grants mainly include Productivity Innovation Project Scheme ("PIP") and Mechanisation Credit ("Mech C"), all of them are compensated for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

Included in the amounts are S$100,000, nil, S$547,740, S$101,250 (unaudited) and nil, representing grants under PIP, for each of the years ended 31 December 2014, 2015, 2016, and the four months ended 30 April 2016 and 2017, respectively. Under the PIP, the government aims to encourage and facilitate Singapore-registered business to build up their capacity, identify productivity gaps and improve site processes so as to achieve higher site productivity.

Included in the amounts are nil, S$124,025, S$67,630, S$19,950 (unaudited) and nil, representing grants under Mech C, for each of the years ended 31 December 2014, 2015, 2016 and the four months ended 30 April 2016 and 2017, respectively. Under Mech C, the government provides assistance to Singapore-registered businesses to defray the cost of adopting technologies that improve productivity in construction projects.

The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial supports with no future related to any assets.

b. For the year ended 31 December 2014, the interest income recognised amounting to S$45,407 pertained to amounts due from directors.

7. b. OTHER GAINS AND LOSSES

	For the year ended 31 December			For the four months ended 30 April	
	2014	**2015**	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Gain (loss) arising on disposal of property, plant and equipment	4,725	7,000	(10,555)	(10,538)	(2,887)
Exchange gain (loss) unrealised, at net	—	—	24,212	—	(26,649)
	4,725	7,000	13,657	(10,538)	(29,536)

7. c. OTHER EXPENSES

	For the year ended 31 December			For the four months ended 30 April	
	2014	**2015**	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

8. FINANCE COSTS

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Interest on:					
Bank borrowings	6,064	1,984	30,045	5,940	34,495
Finance leases	12,449	15,231	1,091	159	1,936
	18,513	17,215	31,136	6,099	36,431

9. PROFIT BEFORE TAXATION

Profit before tax for the year/period has been arrived at after charging:

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Depreciation of property, plant and equipment	446,705	538,129	751,599	226,848	293,149
Auditor's remuneration	—	—	65,000	—	—
Directors' and chief executive's remuneration	767,300	888,300	894,680	184,160	184,160
Other staff costs					
— Salaries and other benefits	8,463,147	9,555,527	8,176,993	2,694,092	2,790,921
— Contributions to CPF	269,999	375,748	563,066	257,723	115,222
Total staff costs	9,500,446	10,819,575	9,634,739	3,135,975	3,090,303
Cost of materials recognised as costs of services	18,675,996	32,045,560	27,248,758	8,803,047	10,217,186
Subcontractor costs recognised as costs of services	25,053,921	54,162,603	113,799,084	27,535,097	25,145,000

10. INCOME TAX EXPENSE

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Tax expense comprises:					
Current tax					
— Singapore corporate income tax ("CIT")	—	469,889	1,382,333	813,770	1,131,450
— Under provision in prior years	—	983	—	—	—
Deferred tax expense (credit) *(Note 25)*	—	138,000	144,000	50,000	(6,000)
	—	608,872	1,526,333	863,770	1,125,450

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 30%, 50% and 20% capped at S$30,000, S$20,000 and S$25,000 for each of the Year of Assessment ("YA") 2015 to 2017, respectively, determined based on financial year end date of respective group companies. Singapore incorporated companies can also enjoy 75% tax exemption on the first S$10,000 of chargeable income and a further 50% tax exemption on the next S$290,000 of chargeable income.

The taxation for the Track Record Period can be reconciled to the profit before taxation per the combined statements of profit or loss and other comprehensive income as follows:

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Profit before taxation	3,350,567	7,613,125	9,366,195	5,362,393	5,602,929
Tax at applicable tax rate of 17%	569,596	1,294,231	1,592,253	911,607	952,498
Tax effect of expenses not deductible for tax purpose	32,967	23,388	62,644	12,709	233,808
Tax effect of income not taxable for tax purpose	(10,200)	(9,207)	—	—	—
Effect of tax concessions and partial tax exemption	—	(45,925)	(50,925)	(50,925)	(35,925)
Tax effect of enhanced allowance *(note a)*	(65,830)	(590,144)	(76,844)	(15,454)	(25,086)
Under provision of tax in prior years	—	983	—	—	—
Effect of tax losses not recognised *(note b)*	51,473	—	—	—	—
Utilisation of tax losses not recognised in the prior years	(578,006)	(51,473)	—	—	—
Others	—	(12,981)	(795)	5,833	155
Taxation for the year/period	—	608,872	1,526,333	863,770	1,125,450

Notes:

a. Being additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the PIC scheme in Singapore for the YA 2015, 2016 and 2017.

b. The Group has unused tax losses approximately of S$302,800 at 31 December 2014. No deferred tax asset had been recognised for tax losses in prior years due to unpredictability of future profit streams.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's emoluments

Mr. Yang Xinping and Ms. Han Yuying were re-designated and appointed (as the case may be) as executive directors of the Company on 31 March 2017 respectively. The emoluments paid or payable to the directors and chief-executive of the Company (including emoluments for services as employee/ directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period are as follows:

Year ended 31 December 2014

	Fees	**Discretionary bonus**	**Salaries and allowances**	**Contributions to retirement benefit scheme**	**Total**
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Yang Xinping	100,000	66,000	204,050	13,600	383,650
Ms. Han Yuying	100,000	66,000	204,050	13,600	383,650
	200,000	132,000	408,100	27,200	767,300

Year ended 31 December 2015

	Fees	**Discretionary bonus**	**Salaries and allowances**	**Contributions to retirement benefit scheme**	**Total**
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Yang Xinping	100,000	66,000	264,000	14,450	444,450
Ms. Han Yuying	100,000	66,000	264,000	13,850	443,850
	200,000	132,000	528,000	28,300	888,300

Year ended 31 December 2016

	Fees	Discretionary bonus	Salaries and allowances	Contributions to retirement benefit scheme	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Yang Xinping	100,000	66,000	264,000	17,340	447,340
Ms. Han Yuying	100,000	66,000	264,000	17,340	447,340
	200,000	132,000	528,000	34,680	894,680

The four months ended 30 April 2016

	Fees	Discretionary bonus	Salaries and allowances	Contributions to retirement benefit scheme	Total
	S$ (unaudited)	*S$* (unaudited)	*S$* (unaudited)	*S$* (unaudited)	*S$* (unaudited)
Executive Directors					
Mr. Yang Xinping	—	—	88,000	4,080	92,080
Ms. Han Yuying	—	—	88,000	4,080	92,080
	—	—	176,000	8,160	184,160

The four months ended 30 April 2017

	Fees	Discretionary bonus	Salaries and allowances	Contributions to retirement benefit scheme	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Yang Xinping	—	—	88,000	4,080	92,080
Ms. Han Yuying	—	—	88,000	4,080	92,080
	—	—	176,000	8,160	184,160

(i) Mr. Yang Xinping acts as Chairman and chief executive of the Company.

(ii) The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

(iii) No other retirement benefits were paid to directors in respect of their respective services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

(iv) The Executive Directors' emoluments shown above were for their services in connection with the management affairs of the Group.

Employees' remuneration

The five highest paid individuals include two executive directors over the Track Record Period, details of whose emoluments are set out above. The emoluments of the five highest paid employees, exclusive of two directors, are as follows:

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Salaries and allowances	446,400	536,400	535,425	354,800	358,800
Discretionary bonus	127,800	133,800	118,200	—	—
Contribution to retirement benefits scheme	41,550	45,750	52,020	20,400	20,400
	615,750	715,950	705,645	375,200	379,200

The five highest paid individuals, other than directors, were within the following bands:

	Number of Employee				
	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
				(unaudited)	
Emolument bands					
Nil to HK$1,000,000	—	—	—	3	3
HK$1,000,001 to HK$1,500,000	3	3	3	—	—
	3	3	3	3	3

During the Track Record Period, no remuneration was paid by the Group to the directors of the Company or the other five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. Each of the directors has not waived any remuneration during the Track Record Period.

12. DIVIDEND

During the year ended 31 December 2014, BHCC Construction declared dividends of S$1,070,000, of which S$420,000 was paid in 2014 and the remaining were paid in 2015.

During the year ended 31 December 2015, BHCC Construction declared dividends of S$4,400,000, of which S$1,000,000 was paid in 2015 and the amounts of S$846,627 and S$156,913 were offset against the outstanding balance of amounts due from Mr. Yang Xinping and Mr. Han Yuying (Note 20(b)), respectively. The remaining dividends were paid during the year ended 31 December 2016.

During the year ended 31 December 2016, BHCC Construction declared and paid dividends of S$1,500,000 to the Controlling Shareholders prior to issuances of new shares to the new shareholder.

During the four months ended 30 April 2017, BHCC Construction declared and paid dividends of S$5,000,000 to the shareholders.

No dividend was paid or declared by the Company since its incorporation.

The rate of dividend and number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of this report.

13. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the reorganisation of the Group and the result of the Group for the Track Record Period that is prepared on a combined basis as set out in Note 2.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Computers	Motor vehicles	Furniture and fittings	Freehold land and buildings	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*
Cost						
At 1 January 2014	1,918,245	207,759	556,252	143,792	—	2,826,048
Additions	594,051	11,358	205,534	—	—	810,943
Disposals	(128,500)	—	—	—	—	(128,500)
At 31 December 2014	2,383,796	219,117	761,786	143,792	—	3,508,491
Additions	1,034,674	68,935	—	—	—	1,103,609
Disposals	—	—	(38,710)	—	—	(38,710)
At 31 December 2015	3,418,470	288,052	723,076	143,792	—	4,573,390
Additions	340,056	131,438	230,985	—	—	702,479
Disposals	(22,600)	—	—	—	—	(22,600)
Write off	(7,179)	(181,035)	—	(3,493)	—	(191,707)
At 31 December 2016	3,728,747	238,455	954,061	140,299	—	5,061,562
Additions	83,800	29,676	—	—	9,673,500	9,786,976
Disposals	(10,050)	—	—	—	—	(10,050)
At 30 April 2017	3,802,497	268,131	954,061	140,299	9,673,500	14,838,488

	Plant and machinery	Computers	Motor vehicles	Furniture and fittings	Freehold land and buildings	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*
Accumulated depreciation						
At 1 January 2014	543,123	153,986	324,556	46,127	—	1,067,792
Charge for the year	301,033	43,611	88,369	13,692	—	446,705
Elimination on disposals	(80,225)	—	—	—	—	(80,225)
At 31 December 2014	763,931	197,597	412,925	59,819	—	1,434,272
Charge for the year	380,559	19,680	124,419	13,471	—	538,129
Elimination on disposals	—	—	(38,710)	—	—	(38,710)
At 31 December 2015	1,144,490	217,277	498,634	73,290	—	1,933,691
Charge for the year	532,815	61,764	143,549	13,471	—	751,599
Elimination on disposals	(5,318)	—	—	—	—	(5,318)
Elimination on write off	(7,179)	(181,035)	—	(3,493)	—	(191,707)
At 31 December 2016	1,664,808	98,006	642,183	83,268	—	2,488,265
Charge for the period	196,549	22,702	29,102	4,490	40,306	293,149
Elimination on disposals	(5,462)	—	—	—	—	(5,462)
At 30 April 2017	1,855,895	120,708	671,285	87,758	40,306	2,775,952
Carrying values						
At 31 December 2014	1,619,865	21,520	348,861	83,973	—	2,074,219
At 31 December 2015	2,273,980	70,775	224,442	70,502	—	2,639,699
At 31 December 2016	2,063,939	140,449	311,878	57,031	—	2,573,297
At 30 April 2017	1,946,602	147,423	282,776	52,541	9,633,194	12,062,536

The above items of property, plant and equipment are depreciated on a straight-line basis over the following useful lives after taking into account the residual values:

Plant and machinery	3 to 10 years
Computers	3 years
Motor vehicles	5 years
Furniture and fittings	Shorter of 3 to 10 years or lease terms
Buildings	40 years
Freehold land	N/A

Included in the additions of plant and machinery and motor vehicles amounting to S$189,000, nil, S$146,400 and nil, were acquired under hire purchase arrangements during the years ended 31 December 2014, 2015, 2016, and the four months ended 30 April 2017, respectively. These constituted as non-cash transactions during respective years/period.

The carrying value of below items are assets held under finance leases, funded by combination of cash and hire purchase arrangement:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Plant and machinery	52,725	—	136,056	—
Motor vehicles	345,503	—	76,036	—
	398,228	—	212,092	—

15. INTANGIBLE ASSET

The balance represents the club membership in Singapore Island Country Club that held for long-term purposes. The membership is stated at cost less impairment. It has indefinite useful life and is not amortised.

16. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Unlisted equity investment, at cost *(note)*	2,724,910	2,724,910	2,724,910	2,724,910

Note:

The balance represents paid-up capital for 10% equity interest and additional capital contribution made to Singhome (Paya Lebar) Pte. Ltd. The investment is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is significant that the fair values cannot be measured reliably.

17. TRADE RECEIVABLES

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Trade receivables	9,436,521	9,283,036	7,332,069	3,717,943
Unbilled revenue *(note a)*	13,938,492	15,974,226	8,853,541	13,751,728
Retention receivable *(note b)*	5,702,821	8,634,194	5,624,009	4,615,743
	29,077,834	33,891,456	21,809,619	22,085,414

Notes:

a. Unbilled revenue are those accrued revenue which the construction certification is issued by the customers but no billing has been raised to customers.

b. Retention monies withheld by customers of construction works are released after the completion of maintenance period of the relevant contracts, which is usually 12 months from the completion date, and are classified as current as they are expected to be received within the Group's normal operating cycle. The carrying amounts approximate to the amounts expected to be realised at respective date of settlement.

The credit terms to customers is from 30 days to 60 days from the invoice date for trade receivables. The following is an analysis of trade receivables presented based on the invoice dates at the end of each reporting period:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Within 60 days	9,039,715	9,169,937	7,310,652	3,686,414
61 days to 90 days	291,730	—	—	10,112
91 days to 180 days	6,863	—	—	—
181 days to 365 days	75,325	—	—	—
Over 1 year but not more than 2 years	15,933	113,099	—	—
More than 2 years	6,955	—	21,417	21,417
	9,436,521	9,283,036	7,332,069	3,717,943

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed when necessary.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period and no impairment is considered necessary for those balances which are not past due at each reporting date.

Included in the Group's trade receivables are aggregate carrying amounts of approximately S$475,234, S$121,659, S$384,010 and S$101,755 which are past due at 31 December 2014, 2015, 2016 and 30 April 2017, respectively, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer. The Group does not charge interest nor hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired at each reporting date:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Less than 60 days	78,428	8,560	362,593	80,338
61 days to 90 days	291,730	—	—	—
91 days to 180 days	6,863	—	—	—
More than 180 days	98,213	113,099	21,417	21,417
	475,234	121,659	384,010	101,755

In determining the recoverability of trade receivables which are past due, the management of the Group considers any change in the credit quality of the trade receivables from the initial recognition date to the end of the reporting period. In the opinion of the management of the Group, those trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

18. OTHER RECEIVABLES AND DEPOSITS

The Group

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Deposits	325,004	626,193	418,802	467,768
Other receivables:				
Staff loan	148,583	88,952	—	—
Sundry debtors	901,149	703,605	493,565	212,935
Goods and Service Tax ("GST") receivable	—	65,926	131,851	231,194
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	32,418	66,508	58,943	44,285
	1,407,154	1,551,184	1,103,161	1,338,583

The Company

As at 30 April 2017, the other receivables of the Company represents the deferred [REDACTED].

19. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION WORK

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Contract costs incurred plus recognised profits (less recognised losses) to date	88,867,338	122,697,547	243,143,967	255,818,437
Less: progress billings	(103,467,231)	(141,481,361)	(254,848,306)	(266,523,824)
	(14,599,893)	(18,783,814)	(11,704,339)	(10,705,387)
Analysed for reporting purposes as:				
Amounts due from customers for construction work	719,673	895,072	851,457	456,854
Amounts due to customers for construction work	(15,319,566)	(19,678,886)	(12,555,796)	(11,162,241)
	(14,599,893)	(18,783,814)	(11,704,339)	(10,705,387)

20. AMOUNTS DUE FROM (TO) RELATED COMPANIES/DIRECTORS/SHAREHOLDERS

a. Amounts due from related companies

	As at 1 January 2014	As at 31 December 2014	2015	2016	As at 30 April 2017	Maximum amount outstanding during the year ended 31 December 2014	2015	2016	the period ended 30 April 2017
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Analysed as:									
*Non-trade related**									
Wanda Airconditioning Pte. Ltd.	6,780	6,780	6,780	6,780	6,780	6,780	6,780	6,780	6,780
Hong Chwee Real Estate Pte. Ltd.	14,960	14,960	14,960	14,960	14,960	14,960	14,960	14,960	14,960
	21,740	21,740	21,740	21,740	21,740				
Trade related									
Top Star Builder Pte. Ltd. (formerly known as "BHCC Builder Pte. Ltd.")		—	141,786	8,833,611	—				
Fantasia (Novena) Pte. Ltd.		—	—	3,100,848	2,269,927				
		—	141,786	11,934,459	2,269,927				
		21,740	163,526	11,956,199	2,291,667				

* *The balances as at 31 December 2014, 2015, 2016, and 30 April 2017 comprised of rental deposits for office, which were unsecured, non-interest bearing and repayable at the end of the lease term.*

The average credit period for provision of services is 30 days. The aging of trade related amounts due from related companies presented based on the invoice date at the end of the reporting period is as follows:

	As at 31 December 2014	2015	2016	As at 30 April 2017
	S$	*S$*	*S$*	*S$*
Within 90 days	—	141,786	11,932,854	2,269,927
91 days to 180 days	—	—	—	—
181 days to 365 days	—	—	1,605	—
	—	141,786	11,934,459	2,269,927

b. Amounts due from directors

The balances as at 31 December 2014 were non-trade nature, unsecured, with no fixed repayment term and bore a 5% interest per annum. The maximum outstanding amounts during the years ended 31 December 2014 and 2015 are S$1,003,540.

c. Amounts due from shareholders

The Group

The balance as at 31 December 2014, 2015 and 30 April 2017 was non-trade nature, unsecured, non-interest bearing and without a fixed repayment term. The maximum outstanding amounts during the years ended 31 December 2014, 2015, 2016 and the period ended 30 April 2017 is S$1,899,647, S$1,899,647, S$14,696 and S$182, respectively.

The Company

The balance as at 30 April 2017 was non-trade nature, unsecured, non-interest bearing and without a fixed repayment term. The maximum outstanding amount during the four months ended 30 April 2017 is S$182.

d. Amounts due to related companies

	As at 31 December			As at 30 April
	2014	**2015**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*
Trade related	313,474	1,243,612	1,889,619	10,912
Non-trade related*	24,011	24,011	24,861	—
	337,485	1,267,623	1,914,480	10,912
Analysed as:				
Sin Hill International Pte. Ltd.	313,474	171,033	95,687	—
Hong Chwee Real Estate Pte. Ltd.	24,011	24,011	24,011	—
Top Star Builder Pte. Ltd.	—	1,072,579	1,686,572	—
Fantasia (Novena) Pte Ltd.	—	—	8,987	10,912
Wanda Airconditioning Pte. Ltd.	—	—	98,373	—
ISPACE Innovations Asia Pacific Pte. Ltd.	—	—	850	—
	337,485	1,267,623	1,914,480	10,912

* *The balances as at 31 December 2014, 2015, 2016 and 30 April 2017 were unsecured, non-interest bearing and without a fixed repayment term.*

The average credit period for provision of services is 30 days. The aging of trade related amounts due to related companies presented based on the invoice date at the end of the reporting period is as follows:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Within 90 days	162,542	1,163,124	1,888,098	10,912
91 days to 180 days	143,845	80,488	651	—
181 days to 365 days	7,087	—	870	—
	313,474	1,243,612	1,889,619	10,912

e. Amounts due to directors

The balances as at 31 December 2016 were non-trade nature, unsecured, non-interest bearing and without a fixed repayment term.

f. Amount due to a shareholder

The balances as at 31 December 2014, 2016 and 30 April 2017 were non-trade nature, unsecured, non-interest bearing and without a fixed repayment term.

g. Amount due to BHCC Construction

The balance as at 30 April 2017 is non-trade related, unsecured, non-interest bearing and without a fixed payment term.

21. BANK BALANCES AND CASH

Other than the time deposits amounting to nil, S$9,000,000, S$14,000,000 and S$16,000,000 which carry fixed interest at nil, 0.98% to 1.80%, 1.05% to 1.30%, 1.08% to 1.30% per annum as at 31 December 2014, 2015, 2016 and 30 April 2017 respectively, the Group's bank balances carry nil interest as at 31 December 2014, 2015, 2016 and 30 April 2017.

22. TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Trade payables	3,828,604	6,682,574	6,585,805	4,995,622
Trade accruals	12,215,551	16,839,629	24,006,911	20,792,610
	16,044,155	23,522,203	30,592,716	25,788,232
Accrued operating expenses	356,895	278,945	305,808	129,333
Other payables				
GST payable	561,788	380,041	246,156	581,163
Dividend payable	650,000	2,396,460	—	—
Accrued payroll costs	3,340,900	3,703,653	3,142,650	1,354,346
Payable for acquisition of properties	—	—	—	941,796
Others	23,920	10,400	10,903	8,511
	4,933,503	6,769,499	3,705,517	3,015,149
	20,977,658	30,291,702	34,298,233	28,803,381

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Within 90 days	3,441,658	5,957,330	6,287,982	4,931,941
91 days to 180 days	272,005	612,842	74,953	9,340
181 days to 365 days	106,617	110,793	134,942	38,858
Over 1 year but not more than 2 years	8,324	1,352	86,576	13,917
Over 2 years	—	257	1,352	1,566
	3,828,604	6,682,574	6,585,805	4,995,622

The credit period on purchases from suppliers and subcontractors is between 30 to 60 days or payable upon delivery.

23. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments				Present value of minimum leases payments			
	As 31 December			As at 30 April	As 31 December			As at 30 April
	2014	2015	2016	2017	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Amounts payable under finance lease								
Within one year	193,728	9,482	71,818	—	183,012	9,371	69,875	—
In more than one year but no more than two years	138,126	—	43,281	—	130,312	—	42,118	—
In more than two years but no more than five years	105,417	—	—	—	98,815	—	—	—
	437,271	9,482	115,099	—	412,139	9,371	111,993	—
Less: future finance charges	(25,132)	(111)	(3,106)	—				
Present value of lease obligations	412,139	9,371	111,993	—				
Less: Amount due for settlement within one year (shown under current liabilities)					(183,012)	(9,371)	(69,875)	—
Amount due for settlement after one year					229,127	—	42,118	—

* *During the year ended 31 December 2015 and the four months ended 30 April 2017, the Group early settled a number of finance leases contracts.*

Interest rates underlying all obligations under finance leases are fixed at respective contract dates during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
				(unaudited)	
Interest rates	1.38–2.99%	2.99%	1.38–2.99%	2.99%	1.38–2.99%

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (Note 14) and secured by personal guarantee by Mr. Yang Xinping and Ms. Han Yuying. The personal guarantee was released upon full settlement of respective finance lease contracts.

24. BORROWINGS

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Bank loans — Secured	36,576	904,321	4,131,841	6,408,403
Analysed as:				
Carrying amount repayable within one year	36,576	37,378	182,025	287,951
Carrying amount repayable more than one year, but not exceeding two years	—	38,173	185,556	293,719
Carrying amount repayable more than two years, but not more than five years	—	119,115	579,005	916,612
Carrying amount repayable more than five years	—	709,655	3,185,255	4,910,121
	36,576	904,321	4,131,841	6,408,403
Less: Amount due within one year shown under current liabilities	(36,576)	(37,378)	(182,025)	(287,951)
Amounts shown under non-current liabilities	—	866,943	3,949,816	6,120,452

Note:

The loan as at 31 December 2014 was secured by a personal guarantee by Mr. Yang Xinping. The loan carries fixed interest rate of 3.75% per annum for the year ended 31 December 2014. The loan was fully repaid in the year ended 31 December 2015.

In 2015, the Group obtained a term loan facility of S$7.5 million to partially finance the Group's acquisition of 5 units of an industrial property under development ("Property"). The loan has been progressively drawn down to finance the progress payments for the acquisition. The loan as at 31 December 2015 and 2016 was secured by a legal charge over the sale agreement for the Property which obtained the notice of vacant possession in March 2017 and was recognised as freehold land and buildings in the combined statements of financial position, together with a corporate guarantee from a group entity, and a joint and several personal guarantee by Mr. Yang Xinping and Ms. Han Yuying. The loan at 30 April 2017 was secured against the freehold land and buildings with carrying amount of S$9,633,194 (Note 14). The loan carries fixed interest rate of 1.98% per annum at 31 December 2015, 2016 and 30 April 2017, with repayment term of 20 years.

25. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation *S$*
At 1 January 2014	—
Charge to profit or loss for the year	—
At 31 December 2014	—
Charge to profit or loss for the year	138,000
At 31 December 2015	138,000
Charge to profit or loss for the year	144,000
At 31 December 2016	282,000
Credit to profit or loss for the period	(6,000)
At 30 April 2017	276,000

The deferred tax liabilities are resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing Singapore tax law.

26. SHARE CAPITAL/RESERVE OF THE COMPANY

The Group

The issued share capital as at 31 December 2014, 2015 and 2016 represented the combined share capital of BHCC Construction and Wan Yoong.

On 29 August 2016, BHCC Construction issued [REDACTED] ordinary shares to the Controlling Shareholders by way of capitalisation of retained earnings amounted to [REDACTED]. All shares issued rank pari passu in all aspects with the existing issued ordinary shares in the capital of BHCC Construction.

On 29 August 2016, BHCC Construction issued [REDACTED] ordinary shares for cash consideration of [REDACTED] to the Controlling Shareholders in proportion to their respective equity interest percentage in BHCC Construction before new issuing, and [REDACTED] for cash consideration of [REDACTED] to Mr. Zhan Lixiong, an individual not connected to the Group. All shares issued rank pari passu in all aspects with the existing issued ordinary shares in the capital of BHCC Construction.

On 21 February 2017, the Company was incorporated and 75 shares of HK$0.01 each were issued and allotted. On 31 March 2017, [REDACTED] of HK$0.01 each were further issued and allotted.

The issued share capital as at 30 April 2017 represented the combined share capital of the Company, BHCC Construction and Wan Yoong.

(a) Share capital of the Company

Details of movement of the share capital of the Company are as follows:

	Number of shares	Amount *HK$*
Ordinary shares of HK$0.01 each		
Authorised:		
At date of incorporation and 30 April 2017	38,000,000	380,000
Issued and fully paid:		
At date of incorporation	75	1
Issue of new shares on 31 March 2017	[REDACTED]	[REDACTED]
At 30 April 2017	[REDACTED]	[REDACTED]

	As at 30 April 2017 *S$*
Share capital presented in combined statements of financial position	182

(b) Reserve of the Company

The movement of the Company's accumulated losses is as follow:

	For the period ended 30 April 2017 *S$*
As at 21 February 2017	—
Loss and other comprehensive expense for the period	1,238,905
As at 30 April 2017	1,238,905

27. COMMITMENTS

Operating lease commitments

The Group as lessee

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Minimum lease payments paid during each of the years/periods under operating lease in respect of staff dormitories, warehouse, office and heavy machineries	1,114,569	1,871,083	2,063,800	562,730	333,848

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Within one year	721,319	1,026,858	952,707	420,303
After one year but within five years	210,940	173,799	61,187	—
	932,259	1,200,657	1,013,894	420,303

The leases have tenures ranging from one to two years and no contingent rent provision included in the contracts.

The Group as lessor

	For the year ended 31 December			For the four months ended 30 April	
	2014	2015	2016	2016	2017
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Minimum lease income received during each of the year/period under operating lease in respect of warehouse spaces	14,720	97,600	8,000	—	—

As 31 December 2014, 2015 and 2016, the Group had contracted with tenants for the future minimum lease payment of S$73,600, S$8,000 and nil, all are non-cancellable and are receivables within one year.

28. RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For each of the financial periods ended 31 December 2014, 2015, 2016, and the four months ended 30 April 2016 and 2017, the Company contributes up to 16%, 17%, 17%, 17% (unaudited) and 17% of monthly salary with the cap of S$30,000, $31,450, $37,740, $37,740 (unaudited) and $37,740, per annum, respectively.

The total costs charged to profit or loss, amounting to S$297,199, S$404,048, S$597,746, S$265,883 (unaudited) and S$123,382 for the years ended 31 December 2014, 2015, 2016 and the four months ended 30 April 2016 and 2017 respectively, represent contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2014, 2015, 2016 and 30 April 2017, contributions of S$93,573, S$133,838, S$139,578 and S$75,637 were due respectively but had not been paid to the CPF. The amounts were paid subsequent to the end of the respective years/period.

29. RELATED PARTY TRANSACTIONS

Apart from disclosures elsewhere in the Historical Financial Information, the Group entered into the following transactions with related parties during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April	
Provision of building and construction works	**2014**	**2015**	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Fantasia (Novena) Pte Ltd. *(note c)*	—	—	26,698,695	8,202,209	144,633

	For the year ended 31 December			For the four months ended 30 April	
Provision of site support	**2014**	**2015**	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Top Star Builder Pte. Ltd. *(note a, d)*	—	141,786	10,892,906	796,656	374,121

	For the year ended 31 December			For the four months ended 30 April	
Miscellaneous service	**2014**	**2015**	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
ISPACE Innovations Asia Pacific Pte. Ltd. *(note c)*	—	—	8,500	3,400	—

	For the year ended 31 December			For the four months ended 30 April	
Purchases	**2014**	**2015**	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Top Star Builder Pte. Ltd. *(note a, d)*	382,075	2,260,105	1,092,198	361,346	52,558
Wanda Airconditioning Pte. Ltd. *(note b)*	206,980	397,927	524,782	157,437	74,081
Sin Hill International Pte. Ltd. *(note b)*	711,904	991,070	771,116	324,260	160,551
	1,300,959	3,649,102	2,388,096	843,043	287,190

	For the year ended 31 December			For the four months ended 30 April	
Rental expense	**2014**	**2015**	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Wanda Airconditioning Pte. Ltd. *(note b)*	37,290	44,545	40,680	13,560	13,560
Hong Chwee Real Estate Pte. Ltd. *(note a)*	89,760	89,760	89,760	29,920	29,920
	127,050	134,305	130,440	43,480	43,480

Notes:

a. The Controlling Shareholders have controlling equity interests in these companies.

b. The Controlling Shareholders have equity interests in these related parties with significant influence over them.

c. The Controlling Shareholders are the key management personal in these companies.

d. Following the Controlling Shareholders disposed their entire equity interest in Top Star Builder Pte. Ltd. in January 2017 to a third party, the entity is no longer regarded as related party to the Group.

Guarantees from Controlling Shareholders

Mr. Yang Xinping and Ms. Han Yuying provided personal guarantees in respect of performance guarantees and security bonds during the Track Record Period, of which S$12,141,362, S$23,959,046, S$25,673,398 and S$25,723,398 remained outstanding as at 31 December 2014, 2015, 2016 and 30 April 2017 respectively.

The Controlling Shareholders also provided personal guarantees in respect of borrowings during the Track Record Period, of which S$36,576, S$904,321, S$4,131,841 and S$6,408,403 remained outstanding as at 31 December 2014, 2015, 2016 and 30 April 2017 respectively.

Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period were as follows:

	For the year ended 31 December			For the four months ended 30 April	
	2014	**2015**	**2016**	**2016**	**2017**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Short-term benefits	906,300	1,086,200	1,086,200	236,400	236,400
Post-employment benefits	41,050	43,600	52,020	12,240	12,240
	947,350	1,129,800	1,138,220	248,640	248,640

30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of debt, which includes obligations under finance leases and borrowings, as disclosed in Notes 23 and 24, respectively, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and accumulated profits.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Financial assets				
— *Loans and receivables*				
Trade receivables	29,077,834	33,891,456	21,809,619	22,085,414
Other receivables and deposits*	1,407,154	1,485,258	971,310	724,988
Amounts due from related companies	21,740	163,526	11,956,199	2,291,667
Amounts due from directors	1,003,540	—	—	—
Amounts due from shareholders	1,899,647	14,696	—	182
Bank balances and cash	6,332,254	18,490,429	29,729,924	29,005,304
	39,742,169	54,045,365	64,467,052	54,107,555
— *AFS financial assets*				
Available-for-sale investments	2,724,910	2,724,910	2,724,910	2,724,910
	42,467,079	56,770,275	67,191,962	56,832,465
Financial liabilities				
— *Amortised cost*				
Trade and other payables#	20,415,870	29,911,661	34,052,077	28,222,218
Amounts due to related companies	337,485	1,267,623	1,914,480	10,912
Amounts due to directors	—	—	35,096	—
Amount due to a shareholder	7,894	—	93,865	312,001
Borrowings	36,576	904,321	4,131,841	6,408,403
	20,797,825	32,083,605	40,227,359	34,953,534

* *GST receivables and deferred [REDACTED] are excluded*

\# *GST payables are excluded*

The Company

	As at 30 April 2017
	S$
Financial asset	
— *Loans and receivables*	
Amounts due from shareholders	182
Financial liability	
— *Amortised cost*	
Amounts due to a subsidiary	1,621,306

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from/to related parties, bank balances and cash, trade and other payables, obligation under finance leases and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to fair value interest rate risk on the fixed rate of interest earned on certain bank balances and amounts due from directors. The Group is also exposed to fair value interest rate risk in relation to fixed-rate borrowings and obligations under finance leases.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

During the Track Record Period, none of financial instruments bears variable interest rate that subject to cash flow interest rate risk and no sensitivity analysis is prepared.

Currency risk

The Group has certain bank balances denominated in US$ other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

The carrying amounts of the Group's monetary assets denominated in foreign currency at the end of reporting period is as below:

	As at 31 December			As at 30 April
	2014	2015	2016	2017
	S$	*S$*	*S$*	*S$*
Assets				
US$	—	—	750,386	723,811

Assuming that all other variables remain constant at year/period end, a 10% depreciation/appreciation of the S$ against US$ would result in an increase/decrease in the Group's profit for the year/period of approximately nil, nil, S$62,300 and S$52,260 for each of the years ended 31 December 2014, 2015, 2016 and the four months ended 30 April 2017, respectively.

In the management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year/period.

(b) Credit risk

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% of the total financial assets as at 31 December 2014, 2015, 2016 and 30 April 2017.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt, including trade receivables and amounts due from related companies of trade nature, at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Approximately 89%, 64%, 82% and 86% of total trade receivables outstanding at 31 December 2014, 2015, 2016 and 30 April 2017 were due from top 5 customers which exposed the Group to concentration of credit risk.

Those five largest customers are with good creditworthiness based on historical settlement record. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on bank deposits and balances placed in 3 banks in which the counterparties are financially sound and on trade receivables from top 5 customers and amounts due from related companies, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

The Group

	Weighted average interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
As at 31 December 2014								
Non-interest bearing								
Trade and other payables	N/A	20,415,870	—	—	—	—	20,415,870	20,415,870
Amounts due to related companies	N/A	337,485	—	—	—	—	337,485	337,485
Amount due to a shareholder	N/A	7,894	—	—	—	—	7,894	7,894
Interest bearing instruments								
Obligations under finance leases	3.24%	48,432	48,432	96,864	243,543	—	437,271	412,139
Borrowings	7.46%	27,812	9,271	—	—	—	37,083	36,576
		20,837,493	57,703	96,864	243,543	—	21,235,603	21,209,964

	Weighted average interest rate	On demand or within 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
As at 31 December 2015								
Non-interest bearing								
Trade and other payables	N/A	29,911,661	—	—	—	—	29,911,661	29,911,661
Amounts due to related companies	N/A	1,267,623	—	—	—	—	1,267,623	1,267,623
Interest bearing instruments								
Obligations under finance leases	5.82%	4,083	4,083	1,316	—	—	9,482	9,371
Borrowings	1.98%	13,746	13,746	27,492	219,936	820,179	1,095,099	904,321
		31,197,113	17,829	28,808	219,936	820,179	32,283,865	32,092,976
As at 31 December 2016								
Non-interest bearing								
Trade and other payables	N/A	34,052,077	—	—	—	—	34,052,077	34,052,077
Amounts due to related companies	N/A	1,914,480	—	—	—	—	1,914,480	1,914,480
Amounts due to directors	N/A	93,865	—	—	—	—	93,865	93,865
Amount due to a shareholder	N/A	35,096	—	—	—	—	35,096	35,096
Interest bearing instruments								
Obligations under finance leases	3.02%	21,390	17,950	32,478	43,281	—	115,099	111,993
Borrowings	1.98%	65,514	65,514	131,028	1,048,224	3,646,953	4,957,233	4,131,841
		36,182,422	83,464	163,506	1,091,505	3,646,953	41,167,850	40,339,352
As at 30 April 2017								
Non-interest bearing								
Trade and other payables	N/A	28,222,218	—	—	—	—	28,222,218	28,222,218
Amounts due to related companies	N/A	10,912	—	—	—	—	10,912	10,912
Amount due to a shareholder	N/A	312,001	—	—	—	—	312,001	312,001
Interest bearing instruments								
Borrowings	1.98%	103,122	103,122	206,244	1,649,952	5,605,976	7,668,416	6,408,403
		28,648,253	103,122	206,244	1,649,952	5,605,976	36,213,547	34,953,534

As at 31 December 2015, 2016 and 30 April 2017, the Group had available S$6,592,574, S$3,296,287 and S$941,796 of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

The Company

The Company's financial liability is non-interest bearing and all repayable on demand.

(d) Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

32. NON-CASH TRANSACTION

Apart from disclosure elsewhere in the Historical Financial Information, the Group entered into the following non-cash transaction during the Track Record Period:

During the year ended 31 December 2015, the Group made a deposit of S$3,080,926 for acquisition of property, of which the amount of S$907,426 was offset from the loan drawdown, the remaining of S$2,173,500 was paid by cash.

During the year ended 31 December 2016, the additional S$3,296,287 deposit paid for properties was wholly financed by loan drawdown.

During the four months ended 30 April 2017, (a) the additional cost of S$3,296,287 for the properties was financed by a loan drawdown of S$2,354,491, and the remaining of S$941,796 remains payable as at 30 April 2017; (b) the additional cost of S$6,377,213 for the properties pertains to the reclassification of deposits paid for acquisition of properties upon the notice of vacant possession of the properties.

33. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

			Equity interest attributable to the Company						
			as at 31 December			as at 30 April	the date of		
Name of subsidiary	**Place and the date of incorporation**	**Issued and fully paid capital**	**2014**	**2015**	**2016**	**2017**	**this report**	**Principal activities**	*Notes*
Directly held:									
Lion Metro	BVI, 6 January 2017	US$1	N/A	N/A	N/A	100%	100%	Investment holding	(a)
Indirectly held:									
BHCC Construction	Singapore, 26 November 2003	S$13,500,000	100%	100%	90%	90%	100%	Provision of building and construction works	(b)
Wan Yoong	Singapore, 21 September 2010	S$30,000	100%	100%	100%	100%	100%	Provision of building construction services	(c)
BHCC Space	Singapore, 7 June 2017	S$2	N/A	N/A	N/A	N/A	100%	Real estate development	(d)

All subsidiaries now comprising the Group are limited liability companies and have adopted December 31 as their financial year end date.

Notes:

(a) No audited financial statements of the Company and Lion Metro have been prepared since their respective dates of incorporation as they are incorporated in the jurisdictions where there are no statutory audit requirement.

(b) The audited financial statements of BHCC Construction for the year ended 31 December 2016 were prepared in accordance with Singapore Financial Reporting Standards ("SFRSs") issued by Accounting Standards Council ("ASC") in Singapore and were audited by Deloitte & Touche LLP.

The audited financial statements of BHCC Construction for the years ended 31 December 2014 and 2015 were prepared in accordance with SFRSs issued by ASC in Singapore and were audited by JH TAN & ASSOCIATES, a firm of Public Accountants and Chartered Accountants.

(c) The company changed its name from Hong Chwee Construction Pte. Ltd. to Wan Yoong Construction Pte. Ltd. in April 2015. No audited financial statements of Wan Yoong have been prepared for each of the two years ended 31 December 2014 and 2015 as the company is not subject to the statutory audit requirement. The audited financial statements of Wan Yoong for the year ended 31 December 2016 were prepared in accordance with SFRSs and were audited by Deloitte & Touche LLP.

(d) No audited financial statements of BHCC Space have been prepared since its date of incorporation as the company has not reached its first financial reporting year end subject to statutory audit requirement.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's combined statements of cash flows as cash flows from financing activities.

	Borrowings	Obligations under finance leases	Amounts due to related companies	Amounts due to directors	Amount due to a shareholder	Dividend payable	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
At 1 January 2014	141,442	437,837	—	—	7,894	—	587,173
Financing cash flows	(110,930)	(227,147)	24,011	—	—	(420,000)	(734,066)
Non-cash changes							
New finance leases *(Note 14)*	—	189,000	—	—	—	—	189,000
Finance cost recognised *(Note 8)*	6,064	12,449	—	—	—	—	18,513
Dividends declared *(Note 12)*	—	—	—	—	—	1,070,000	1,070,000
At 31 December 2014	36,576	412,139	24,011	—	7,894	650,000	1,130,620
Financing cash flows	(41,665)	(417,999)	—	—	(7,894)	(1,650,000)	(2,117,558)
Non-cash changes							
Offsetting arrangement *(Note 20b)*	—	—	—	—	—	(1,003,540)	(1,003,540)
Deposit paid for properties financed by direct mortgage loan drawdown	907,426	—	—	—	—	—	907,426
Finance cost recognised *(Note 8)*	1,984	15,231	—	—	—	—	17,215
Dividends declared *(Note 12)*	—	—	—	—	—	4,400,000	4,400,000
At 31 December 2015	904,321	9,371	24,011	—	—	2,396,460	3,334,163
Financing cash flows	(98,812)	(44,869)	850	35,096	93,865	(3,896,460)	(3,910,330)
Non-cash changes							
New finance leases *(Note 14)*	—	146,400	—	—	—	—	146,400
Deposit paid for properties financed by direct mortgage loan drawdown *(Note 32)*	3,296,287	—	—	—	—	—	3,296,287
Finance cost recognised *(Note 8)*	30,045	1,091	—	—	—	—	31,136
Dividends declared *(Note 12)*	—	—	—	—	—	1,500,000	1,500,000
At 31 December 2016	4,131,841	111,993	24,861	35,096	93,865	—	4,397,656
Financing cash flows	(112,424)	(113,929)	(24,861)	(35,096)	218,136	(5,000,000)	(5,068,174)
Non-cash changes							
Payment for properties financed by direct mortgage loan drawdown *(Note 32)*	2,354,491	—	—	—	—	—	2,354,491
Finance cost recognised *(Note 8)*	34,495	1,936	—	—	—	—	36,431
Dividends declared *(Note 12)*	—	—	—	—	—	5,000,000	5,000,000
At 30 April 2017	6,408,403	—	—	—	312,001	—	6,720,404
Unaudited							
At 1 January 2016	904,321	9,371	24,011	—	—	2,396,460	3,334,163
Financing cash flows	(18,328)	(5,443)	57,220	—	9,000	(2,396,460)	(2,354,011)
Non-cash changes							
Finance cost recognised *(Note 8)*	5,940	159	—	—	—	—	6,099
At 30 April 2016	891,933	4,087	81,231	—	9,000	—	986,251

35. SUBSEQUENT EVENTS

Saved as elsewhere disclosed in this report, the following events and transactions took place subsequent to 30 April 2017:

(a) On 7 June 2017, BHCC Space was incorporated in Singapore with limited liability. It is a wholly owned subsidiary of BHCC Construction.

(b) BHCC Construction was awarded the leasehold interests of the industrial land located at Tampines North Drive 3 on 2 June 2017 at a consideration of S$7 million.

(c) On 17 August 2017, written resolutions of the shareholders of the Company were passed to approve the matters set out in the paragraph headed "3. Written resolutions of all Shareholders dated 17 August 2017" in appendix V to this document. It was resolved, among other things:

  (i) the authorised share capital of the Company was increased from HK$380,000 to HK$[REDACTED] by the creation of an additional [REDACTED];

  (ii) approved and adopted a Share Option Scheme, the principle terms of which are set out in the paragraph headed "D. Share Option Scheme" in appendix V to this document; and

  (iii) conditional on the share premium account of the Company being credited as a result of the [REDACTED], an amount of [REDACTED] which will then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of [REDACTED] shares for allotment and issue to holders of shares whose names appear on the register of members of the Company at the close of business on 17 August 2017 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in the Company ("Capitalisation Issue"), and the directors of the Company were authorised to give effect to the Capitalisation Issue and such distribution and the shares to be allotted and issued shall, save for the entitlements to the Capitalisation Issue, rank *pari passu* in all respects with all the then existing shares.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 30 April 2017.

The information set out in this Appendix does not form part of the accountants' report on the historical financial information of the Group for each of the three years ended 31 December 2016 and the four months ended 30 April 2017 (the "Track Record Period") (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out in Appendix I to this document, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this document and the Accountants' Report set out in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets of the Group prepared in accordance with paragraph 4.29 of the Listing Rules is for illustration only, and is set out in this appendix to illustrate the effect of the proposed [REDACTED] and [REDACTED] of the Company's shares ("[REDACTED]") on the adjusted combined net tangible assets of the Group as at 30 April 2017, as if it had taken place on such date.

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 30 April 2017 or any future dates following the [REDACTED].

The following unaudited pro forma adjusted combined net tangible assets of the Group is prepared based on the audited combined net tangible assets of the Group as at 30 April 2017 as set out in Appendix I to this document, and adjusted as described below.

	Audited combined net tangible assets of the Group as at 30 April 2017 *S$* *(Note 1)*	**Estimated [REDACTED] from the proposed [REDACTED]** *S$* *(Note 2)*	**Unaudited pro forma adjusted combined net tangible assets of the Group as at 30 April 2017** *S$*	**Unaudited pro forma adjusted combined net tangible assets of the Group as at 30 April 2017 per Share** *S$* *(Note 3)*	*HK$* *(Note 4)*
Based on [REDACTED] of [REDACTED] per Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on [REDACTED] of [REDACTED] per Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The audited combined net tangible assets of the Group is derived from the net assets of the Group as set out in the Accountants' Report set out in Appendix I to this document after adjusting for intangible asset of S$175,000.

(2) The estimated [REDACTED] from the issue of the New Shares pursuant to the proposed [REDACTED] are based on [REDACTED] at the [REDACTED] of lower limit and upper limit of [REDACTED] and [REDACTED] per New Share, respectively, after deduction of the associated underwriting commissions and fees and other related expenses, other than those expenses which had been recognised in profit or loss on or prior to 30 April 2017.

The calculation of such estimated [REDACTED] does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed "General mandate to issue Shares" or "General mandate to repurchase Shares" in this document. The estimated [REDACTED] from the proposed [REDACTED] are converted from Hong Kong dollars into Singapore dollars at an exchange rate of S$1.00 to [REDACTED]. No representation is made that Hong Kong dollars amounts have been, could have been or could be converted to Singapore dollars, or vice versa, at that rate or at all.

(3) The unaudited pro forma adjusted combined net tangible assets of the Group as at 30 April 2017 per Share is calculated based on [REDACTED], being Shares in issue immediately following Group Reorganisation and after the completion of the proposed [REDACTED] and the Capitalisation Issue. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed "General mandate to issue Shares" or "General mandate to repurchase Shares" in this document.

(4) The unaudited pro forma adjusted combined net tangible assets of the Group as at 30 April 2017 per Share is converted from Singapore dollars into Hong Kong dollars at the rate of [REDACTED] to S$1.00. No representation is made that the Singapore dollars amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.

(5) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of the Group as at 30 April 2017 to reflect any trading results or other transactions of the Group entered into subsequent to 30 April 2017.

(6) By comparing the valuation of the property located at 11 Irving Place #08–01, #08–02, #08–03, #08–04 and #08–05, Tai Seng Point, Singapore 369551 set out in the valuation report prepared by Greater China Appraisal Limited dated [REDACTED], the net valuation surplus is approximately S$3,457,000 as compared to the carrying amounts of the properties as at 30 June 2017, which has not been included in the above combined net tangible assets of the Group. The valuation surplus of the properties will not be incorporated in the Group's financial statements in the future. If the valuation surplus were to be included in the financial statements, an additional annual depreciation charge of approximately S$87,000 would be incurred.

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a letter, a summary of values and valuation certificates prepared for the purpose of incorporation in this document received from Greater China Appraisal Limited, an independent valuer, in connection with their valuation as at 30 June 2017 of the real property interests of BHCC Holding Limited.

GREATER CHINA APPRAISAL LIMITED
漢華評值有限公司

Room 2703, 27th Floor,
Shui On Centre,
6-8 Harbour Road,
Wanchai, Hong Kong

[REDACTED]

The Board of Directors
BHCC Holding Limited
No. 20 Sin Ming Lane #06–66
Midview City
Singapore
573968

Dear Sirs,

In accordance with the instructions from BHCC Holding Limited (the "Company") to value certain real property interests held by the Company and/or its subsidiaries (together referred to as the "Group") in Singapore, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the real property interests as at 30 June 2017 (referred to as the "valuation date").

This letter which forms part of our valuation report explains the basis and methodology of valuation, and clarifies our assumptions made, title investigation of the real properties and the limiting conditions.

I. BASIS OF VALUATION

The valuation of the real property interests is our opinion of the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

II. VALUATION METHODOLOGY

The real property interests are valued by comparison method where comparison based on prices realized or market prices of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of the real property interest. Adjustments in the prices of the comparable properties are then made to account for the identified differences between such properties and the real property interest in the relevant factors. In valuing the real property interest in Group II, since the tendered sale price of the real property has not been settled, we have attributed no commercial value to the real property.

III. ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the real property interests on the open market in their existing states without the benefit of any deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the real property interests.

For the real properties which are held under long term government leases, we have assumed that the owner of the real properties has free and uninterrupted rights to use, transfer or lease the real properties for the whole of the unexpired term of the respective government leases/land use rights. In our valuation, we have assumed that these real properties can be freely disposed of, transferred and leased to third parties on the open market without any additional payment to the relevant government authorities.

All applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the valuation report.

No environmental impact study has been ordered or made. Full compliance with applicable local, provincial and national environmental regulations and laws is assumed. In addition, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organization either have been or can be obtained or renewed for any use which the report covers.

Other specific assumptions of the valuation, if any, have been stated out in the footnotes of the valuation certificates.

IV. TITLESHIP INVESTIGATION

We have caused searches made at the Singapore Land Authority in respect of the real properties located in Singapore. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which do not appear on the copy handed to us.

All legal documents disclosed in this report, if any, are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the real property interest set out in this report.

V. LIMITING CONDITIONS

We have inspected the real properties. However, no structural survey has been made and we are therefore unable to report as to whether the real properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the areas of the real properties but have assumed that the areas shown on the relevant documents provided to us are correct. Based on our experience of valuation of similar real properties, we consider the assumptions so made to be reasonable. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Having examined all relevant documentation, we have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us by it on such matters as, as relevant, planning approvals, statutory notices, easements, tenure, occupation, lettings, rentals and floor areas and in the identification of the real properties. We have had no reason to doubt the truth and accuracy of the information provided by the Company. We were also advised by the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the real properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the real property interests are free of encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

VI. OPINION OF VALUE

Our opinion of the market value of the real property interests is set out in the attached summary of values and valuation certificates.

VII. REMARKS

Our valuation has been prepared in accordance with generally accepted valuation procedures and in compliance with the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited.

In valuing the real property interests, we have complied with the requirements contained in the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Site inspections of the real properties were conducted in July 2017 by Mr. Robert Khan (MRICS, MSISV). The real properties were maintained in a reasonable condition commensurate with their ages and uses and equipped with normal building services.

Unless otherwise stated, all monetary amounts herein are denominated in the currency of Singapore Dollars (refer to as "S$").

We enclose herewith the summary of values and the valuation certificates.

This valuation report is issued subject to our General Service Conditions.

Yours faithfully,
For and on behalf of
GREATER CHINA APPRAISAL LIMITED

Mr. Gary Man
Registered Professional Surveyor (G.P.)
FRICS, FHKIS, MCIREA
Director

Note: Mr. Gary Man is a Chartered Surveyor who has more than 29 years of valuation experience in countries such as The PRC, Hong Kong, Singapore, Vietnam, Philippines and the Asia Pacific region.

SUMMARY OF VALUES

Group I — Real property held by the Group in Singapore

No.	Real Property	Market Value in existing state as at 30 June 2017 *(S$)*
1.	11 Irving Place #08–01, #08–02, #08–03, #08–04 and #08–05, Tai Seng Point, Singapore 369551	13,050,000
	Sub-total:	13,050,000

Group II — Real property to be acquired by the Group in Singapore

No.	Real Property	Market Value in existing state as at 30 June 2017 (S$)
2.	Land parcel at Tampines North Drive 3 (Plot 3, also known as MK29–3016C)	No Commercial Value
	Sub-total:	Nil
	Grand total:	13,050,000

VALUATION CERTIFICATE

Group I — Real property held by the Group in Singapore

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2017
1.	11 Irving Place #08–01, #08–02, #08–03, #08–04 and #08–05, Tai Seng Point, Singapore 369551 Lot U55890T, Lot U55891A, Lot U55892K, Lot U55893N and Lot U55894X, Mukim 24	The real property comprises 5 adjoining units of single-storey with mezzanine, flatted factory located on the 8th storey of a 11-storeyed mix development. The building was completed in about 2016. The gross floor area of the real property is approximately 1,430 square metres, including void area of approximately 509 square metres. The real property is held under freehold.	Upon our site inspection, the real property is vacant.	S$13,050,000 (Singapore Dollar Thirteen Million and Fifty Thousand)

Notes:

(i) According to a Sale and Purchase Agreement dated 2 July 2015 and entered into between Singhome (Paya Lebar) Pte. Ltd. (the vendor) and Wan Yoong Construction Pte. Ltd. (the purchaser) ("Wan Yoong"), Wan Yoong has agreed to purchase the real property at a consideration of S$9,417,963.

(ii) According to a Licensing Agreement dated 1 May 2017 and entered into between Wan Yoong and BHCC Construction Pte. Ltd. ("BHCC Construction"), the real property is licensed to BHCC Construction from Wan Yoong for a term of 24 months commencing on 1 May 2017 and expiring on 30 April 2019 at a monthly licensing fee of S$42,900 plus GST S$3,003.

VALUATION CERTIFICATE

Group II — Real property to be acquired by the Group in Singapore

No.	Real Property	Descriptions and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2017
2.	Land parcel at Tampines North Drive 3 (Plot 3, also known as MK29–3016C) Lot 3016C, Mukim 29	The real property comprises a parcel of industrial land with a land area of approximately 5,804 square metres. It is located along Tampines North Drive 3, close to the traffic intersection with Tampines North Drive 2. The real property is held under leasehold estate for a term of 20 years (commencement date to be the handover date of the real property) for uses as permitted or may be permitted under Business 2 zoning. As per advised by the Company, the real property was intended for the storage of construction materials and equipment relating to the Company's projects.	Upon our site inspection, the real property is vacant.	No Commercial Value

Notes:

(i) According to a Tender Acceptance Letter dated 2 June 2017, entered into between Jurong Town Corporation ("JTC") and BHCC Construction, the real property was awarded to BHCC Construction at a tendered sale price of S$7,000,000.

(ii) Having considered the fact that the tendered sale price of the real property has not been fully settled as at the valuation date, we have attributed no commercial value to the real property. However, for reference purpose, we are of the opinion that the market value of the real property as at the valuation date would be S$7,000,000 assuming all the tendered sale price and other relevant charges (if any) have been fully settled, the relevant titleship of the real property has been obtained and the real property could be freely transferred.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 February 2017 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of its Memorandum of Association (the "**Memorandum**") and its Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 17 August 2017 with effect from [REDACTED]. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other

than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once

every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such

terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the board may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An Executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner

whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to

Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in

advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and

must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under

the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled

thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without [REDACTED] any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction

which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at

any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner

or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 14 March, 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or

permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in

the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix VI to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 February 2017 under the Companies Law. Our Company's registered office is at the office of Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company has established a principal place of business in Hong Kong at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 20 March 2017. Ms. Chan So Fun, our Company Secretary has been appointed as the authorised representative of our Company for the acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operation is subject to the laws of the Cayman Islands and its constitutive documents comprising the Memorandum and the Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix IV to this document.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. The following alterations in the share capital of our Company have taken place since the date of its incorporation:

(a) on 21 February 2017, one Share was allotted and issued in nil paid form to the initial subscriber, which was transferred at nil consideration, and 74 new Shares were allotted and issued in nil paid form, to Huada Developments on the same date;

(b) on 31 March 2017, [REDACTED], [REDACTED] and [REDACTED], all in nil paid form, were allotted and issued to Huada Developments, Eagle Soar and Wai Tian respectively;

(c) on 17 August 2017, each of Mr. Yang, Mrs. Yang, Mdm. Han and Mr. Zhan transferred all his/her shares in BHCC Construction to Lion Metro, in return for (i) the allotment and issue by our Company of [REDACTED] and [REDACTED] to Huada Developments at the directions of Mr. Yang and Mrs. Yang, respectively, [REDACTED] to Eagle Soar at the direction of Mdm. Han, and [REDACTED] to Wai Tian at the direction of Mr. Zhan, all credited as fully paid; and (ii) crediting by our Company as fully paid at par the [REDACTED] registered in the name of Huada Developments, the [REDACTED] registered in the name of Eagle Soar, and the [REDACTED]

registered in the name of Wai Tian. After completion of the above share transfer, BHCC Construction became an indirect wholly-owned subsidiary of our Company;

(d) on 17 August 2017, each of Mr. Yang, Mrs. Yang and Mdm. Han transferred all his/her shares in Wan Yoong to Lion Metro, in return for the allotment and issue by our Company of [REDACTED] and [REDACTED] to Huada Developments at the directions of Mr. Yang and Mrs. Yang, respectively, and [REDACTED] to Eagle Soar at the direction of Mdm. Han, all credited as fully paid. After completion of the above share transfer, Wan Yoong became an indirect wholly-owned subsidiary of our Company;

(e) pursuant to the written resolutions of all Shareholders dated 17 August 2017, our Company increased its authorised share capital from HK$380,000 to [REDACTED] by the creation of an additional [REDACTED]; and

(f) immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme); the authorised share capital of our Company will be [REDACTED] divided into [REDACTED] and the issued share capital will be [REDACTED] divided into [REDACTED], all fully paid or credited as fully paid and [REDACTED] will remain unissued. Other than the allotment and issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of our Shareholders in its general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid and as mentioned in the sections headed "Share capital" and "History, Reorganisation and corporate structure — Reorganisation" in this document, there has been no other alteration in the share capital of our Company since the date of its incorporation.

3. Written resolutions of all Shareholders dated 17 August 2017

Pursuant to the written resolutions of all Shareholders dated 17 August 2017:

(a) our Company approved and adopted the Memorandum and, with effect from [REDACTED], the Articles of Association;

(b) the authorised share capital of our Company was increased from HK$380,000 to [REDACTED] by the creation of an additional [REDACTED]; and

(c) conditional on the same conditions as stated in the section headed "Structure and conditions of the [REDACTED] — Conditions of the [REDACTED]" in this document:

(i) the [REDACTED] was approved and our Directors were authorised to allot and issue the [REDACTED] subject to the terms and conditions stated in this document;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "D. Share Option Scheme" in this appendix, were approved and adopted and our Directors were authorised to implement the same, grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme including without limitation: (1) administering the Share Option Scheme; (2) modifying and/or amending the Share Option Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Share Option Scheme relating to modifications and/or amendments and the requirements of the Listing Rules; (3) granting options under the Share Option Scheme and allotting and issuing from time to time any Shares pursuant to the exercise of the options that may be granted under the Share Option Scheme with an aggregate nominal value not exceeding 10% of the total nominal value of the share capital of our Company in issue on [REDACTED]; and (4) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may thereafter from time to time be allotted and issued pursuant to the exercise of the options granted under the Share Option Scheme;

(iii) conditional on the share premium account of our Company being credited as a result of the [REDACTED], an amount of [REDACTED] which will then be standing to the credit of the share premium account of our Company be capitalised and applied to pay up in full at par a total of [REDACTED] for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on 17 August 2017 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in our Company, and our Directors were authorised to give effect to the Capitalisation Issue and such distribution and the Shares to be allotted and issued shall, save for the entitlements to the Capitalisation Issue, rank *pari passu* in all respects with all the then existing Shares;

(iv) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend on Shares in accordance with the Articles of Association, pursuant to the exercise of any options which may be granted under the Share Option Scheme) unissued Shares which, in aggregate, shall not exceed 20% of the total number of Shares in issue and immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any option which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest;

(v) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to repurchase Shares which, in aggregate, shall not exceed 10% of the total number of Shares in issue immediately following the completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest; and

(vi) conditional on the passing of the resolutions referred to in sub-paragraphs (iv) and (v) above, the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition of the total number of Shares which may be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (v) above.

4. Reorganisation

The companies comprising our Group underwent the Reorganisation, pursuant to which our Company became the holding company of our Group. The Reorganisation involved the following major steps:

(a) on 21 February 2017, our Company was incorporated in the Cayman Islands as an exempted company with limited liability, with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each, of which one Share was allotted and issued in nil paid form to the initial subscriber, which was transferred at nil consideration, and 74 new nil paid Shares were allotted and issued, to Huada Developments on the same date;

(b) on 6 January 2017, Lion Metro was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US$1 each. On 1 March 2017, one share in Lion Metro was allotted and issued to our Company, credited as fully paid;

(c) on 31 March 2017, [REDACTED], [REDACTED] and [REDACTED], all in nil paid form, were allotted and issued to Huada Developments, Eagle Soar and Wai Tian, respectively;

(d) on 7 June 2017, BHCC Space was incorporated in Singapore with limited liability, of which two (2) shares in BHCC Space were allotted and issued to BHCC Construction, credited as fully paid;

(e) on 17 August 2017, each of Mr. Yang, Mrs. Yang, Mdm. Han and Mr. Zhan transferred all his/her shares in BHCC Construction to Lion Metro, in return for (i) the allotment and issue by our Company of [REDACTED] and [REDACTED] to Huada Developments at the directions of Mr. Yang and Mrs. Yang, respectively, [REDACTED] to Eagle Soar at the direction of Mdm. Han, and [REDACTED] to Wai Tian at the direction of Mr. Zhan, all credited as fully paid; and (ii) crediting by our Company as fully paid at par the [REDACTED] registered in the name of Huada Developments, the [REDACTED] registered in the name of Eagle Soar, and the [REDACTED] registered in the name of Wai Tian. After completion of the above share transfer, BHCC Construction became an indirect wholly-owned subsidiary of our Company; and

(f) on 17 August 2017, each of Mr. Yang, Mrs. Yang and Mdm. Han transferred all his/her shares in Wan Yoong to Lion Metro, in return for the allotment and issue by our Company of [REDACTED] and [REDACTED] to Huada Developments at the directions of Mr. Yang and Mrs. Yang, and [REDACTED] to Eagle Soar at the direction of Mdm. Han, respectively, all credited as fully paid. After completion of the above share transfer, Wan Yoong became an indirect wholly-owned subsidiary of our Company.

Changes in share capital of subsidiaries in our Company

Our subsidiaries are set out under the accountants' report set out in Appendix I to this document. Save for the subsidiaries mentioned in Appendix I to this document, our Company has no other subsidiaries.

Save as disclosed in the paragraph headed "4. Reorganisation" above and in the section headed "History, Reorganisation and corporate structure" in this document, there has been no other alteration in the share capital of any of the subsidiaries in our Company within the two years immediately preceding the date of this document.

5. Repurchase by our Company of its own securities

This paragraph includes information relating to the repurchase of our Shares, including information required by the Stock Exchange to be included in this document concerning such repurchase.

(a) Relevant legal and regulatory requirements

The Listing Rules permit our Shareholders to grant our Directors a general mandate to repurchase our Shares that are listed on the Stock Exchange.

(b) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

The Repurchase Mandate was granted to our Directors by our Shareholders pursuant to the written resolution of all Shareholders dated 17 August 2017 authorising them to exercise all powers of our Company to repurchase Shares which, in aggregate, shall not exceed 10% of the total number of Shares in issue immediately following the completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest.

(c) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the Listing Rules, the applicable laws and regulations of Hong Kong and the Cayman Islands and any other laws and regulations applicable to our Company. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the Listing Rules. Subject to the foregoing, any repurchases by our Company may be made out of the profits or share premium of our Company or out of a fresh issue of Shares made for the purpose of the repurchase and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the Companies Law, a repurchase of Shares may also be made out of the share capital of the Company.

(d) Trading restrictions

Our Company may repurchase up to 10% of the issued share capital of our Company immediately following the completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed new issue of our Shares for a period of 30 days immediately following a repurchase of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from repurchasing our Shares on the Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. In addition, our Company is prohibited from repurchasing our Shares on the Stock Exchange if the purchase price is 5% or more than the average closing price for the five consecutive preceding trading days on which our Shares were traded on the Stock Exchange. The broker appointed by our Company to effect a repurchase of our Shares is required to disclose to the Stock Exchange any information with respect to a share repurchase as the Stock Exchange may require.

(e) Status of repurchased Shares

All repurchased Shares (whether on the Stock Exchange or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Companies Law, a company's shares repurchased may be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the shares repurchased accordingly although the authorised share capital of the company will not be reduced.

(f) Suspension of repurchase

Repurchases of Shares are prohibited after a price-sensitive development has occurred or has been the subject of a decision until such time as the price-sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the results of our Company for any year, half-year or quarter-year period (if applicable) or any other interim period (whether or not reported under the Listing Rules); and (bb) the deadline for our Company to announce its results for any year, half-year or quarter-year period (if applicable) under the Listing Rules or any other interim period (whether or not required under the Listing Rules), our Company may not repurchase its securities on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit repurchases of Shares on the Stock Exchange if our Company has breached the Listing Rules.

(g) Reporting requirements

Certain information relating to repurchase of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, our Company's annual report and accounts are required to disclose details regarding repurchases of Shares made during the financial year under review, including the number of Shares repurchased each month (whether on the Stock Exchange or otherwise) and the purchase price per Share or the highest and lowest prices paid for all such repurchases, where relevant, and the aggregate prices paid. The Directors' report is also required to contain reference to the repurchases made during the year and the Directors' reasons for making such repurchases.

(h) Core connected persons

According to the Listing Rules, a company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or any of their close associates and a core connected person shall not knowingly sell his/her/its securities to our Company on the Stock Exchange.

(i) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead

to an enhancement of the net asset value of our Company and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(j) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the Listing Rules, the applicable laws and regulations of Hong Kong and the Cayman Islands and any other laws and regulations applicable to the Company.

On the basis of the current financial position of our Group as disclosed in this document and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this document. Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which, in the opinion of our Directors, are from time to time appropriate for our Group.

(k) General

The exercise in full of the Repurchase Mandate, on the basis of [REDACTED] in issue immediately after completion of the [REDACTED] and the Capitalisation Issue (without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme; and (ii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate or the Repurchase Mandate respectively), would result in up to [REDACTED] being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

None of our Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of Hong Kong and the Cayman Islands and any other laws and regulations applicable to our Company.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not presently aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate immediately [REDACTED].

No core connected person has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years immediately preceding the date of this document, and are or may be material:

(a) the Financing Investment Agreement;

(b) the Financing Investment Termination Agreement;

(c) the share purchase agreement dated 17 August 2017 and entered into among Mr. Yang, Mrs. Yang, Mdm. Han and Mr. Zhan as vendors, Lion Metro as purchaser, and our Company, pursuant to which each of Mr. Yang, Mrs. Yang, Mdm. Han and Mr. Zhan agreed to transfer all his/her shares in BHCC Construction to Lion Metro, in return for (i) the allotment and issue by our Company of [REDACTED] and [REDACTED] to Huada Developments at the directions of Mr. Yang and Mrs. Yang, respectively, [REDACTED] to Eagle Soar at the direction of Mdm. Han and [REDACTED] to Wai Tian at the direction of Mr. Zhan, all credited as fully paid, and (ii) crediting by our Company as fully paid at par the [REDACTED] registered in the name of Huada Developments; (iii) the [REDACTED] registered in the name of Eagle Soar; and (iv) the [REDACTED] registered in the name of Wai Tian;

(d) the share purchase agreement dated 17 August 2017 and entered into among Mr. Yang, Mrs. Yang and Mdm. Han as vendors, Lion Metro as purchaser, and our Company, pursuant to which each of Mr. Yang, Mrs. Yang and Mdm. Han agreed to transfer all his/her shares in Wan Yoong to Lion Metro, in return for the allotment and issue by our Company of [REDACTED] and [REDACTED] to Huada Developments at the directions of Mr. Yang and Mrs. Yang respectively, and [REDACTED] to Eagle Soar at the direction of Mdm. Han, all credited as fully paid;

(e) the Deed of Indemnity;

(f) the Deed of Non-competition; and

(g) the [REDACTED].

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group had registered the following trademark in Singapore:

Trademark	Name of registrant	Class	Place of registration	Expiry date	Trademark No.
	BHCC Construction	35, 37	Singapore	9 March 2027	40201703876W

As at the Latest Practicable Date, our Group had applied for registration of the following trademark and the application is still in process:

Trademark	Name of applicant	Class	Place of registration	Date of application	Application No.
	BHCC Construction	35, 37	Hong Kong	10 March 2017	304072617

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain name	Registered owner	Registration date	Expiry date
www.bhcc.com.sg	BHCC Construction	10 December 2009	10 December 2017

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

1. Interests and short positions of Directors and the chief executive of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations

So far as is known to our Directors, immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying shares or debentures of our Company and its associated corporations (within the

meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to our Company and the Stock Exchange pursuant to Appendix 10 of the Listing Rules, will be as follows:

(a) Long position in our Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held	Position	Percentage of issued share capital
Mr. Yang	Interest in controlled corporation	[REDACTED] *(Note 1)*	Long	[REDACTED]
Mdm. Han	Interest in controlled corporation	[REDACTED] *(Note 2)*	Long	[REDACTED]

Notes:

1. These Shares are held by Huada Developments. The issued share capital of Huada Developments is legally and beneficially owned as to 80% by Mr. Yang and 20% by Mrs. Yang. Mr. Yang is deemed to be interested in the Shares in which Huada Developments is interested in under Part XV of the SFO.

2. These Shares are held by Eagle Soar. The entire issued share capital of Eagle Soar is legally and beneficially owned by Mdm. Han. Mdm. Han is deemed to be interested in the Shares in which Eagle Soar is interested in under Part XV of the SFO.

(b) Long position in the shares of Huada Developments, an associated corporation of our Company

Name of Director	Capacity/ Nature of interest	Number of shares held in Huada Developments	Percentage of issued share capital in Huada Developments
Mr. Yang *(Note)*	Beneficial owner	80	80%

Note: The issued share capital of Huada Developments is legally and beneficially owned as to 80% by Mr. Yang and 20% by Mrs. Yang. Mr. Yang is deemed to be interested in the Shares in which Huada Developments is interested in under Part XV of the SFO.

2. Interests and/or short positions of substantial shareholders in the Shares, and underlying Shares of our Company and its associated corporations

So far as is known to our Directors, immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), the following persons (not being a Director or chief executive of our Company) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Long position in our Shares

Name	Capacity/ Nature of interest	Number of Shares held	Position	Percentage of issued share capital
Huada Developments	Beneficial owner	[REDACTED] *(Note 1)*	Long	[REDACTED]
Mrs. Yang	Interest of spouse	[REDACTED] *(Note 2)*	Long	[REDACTED]
Eagle Soar	Beneficial owner	[REDACTED] *(Note 3)*	Long	[REDACTED]
Mr. Liu	Interest of spouse	[REDACTED] *(Note 4)*	Long	[REDACTED]
Wai Tian	Beneficial owner	[REDACTED] *(Note 5)*	Long	[REDACTED]
Mr. Zhan	Interest in controlled corporation	[REDACTED] *(Note 5)*	Long	[REDACTED]
Ms. Zheng Dan	Interest of spouse	[REDACTED] *(Note 6)*	Long	[REDACTED]

Notes:

1. The issued share capital of Huada Developments is legally and beneficially owned as to 80% by Mr. Yang and 20% by Mrs. Yang. Mr. Yang is deemed to be interested in the Shares in which Huada Developments is interested in under Part XV of the SFO.

2. Mrs. Yang is the spouse of Mr. Yang. Mrs. Yang is deemed to be interested in the Shares in which Mr. Yang is interested in under Part XV of the SFO.

3. The entire issued share capital of Eagle Soar is legally and beneficially owned by Mdm. Han. Mdm. Han is deemed to be interested in the Shares in which Eagle Soar is interested in under Part XV of the SFO.

4. Mr. Liu is the spouse of Mdm. Han. Mr. Liu is deemed to be interested in the Shares in which Mdm. Han is interested in under Part XV of the SFO.

5. The entire issued share capital of Wai Tian is legally and beneficially owned by Mr. Zhan. Mr. Zhan is deemed to be interested in the Shares in which Wai Tian is interested in under Part XV of the SFO.

6. Ms. Zheng Dan is the spouse of Mr. Zhan. Ms. Zheng Dan is deemed to be interested in the Shares in which Mr. Zhan is interested in under Part XV of the SFO.

3. Particulars of service agreements

Each of Mr. Yang and Mdm. Han, all being our Executive Directors, has entered into a service agreement with our Company for an initial term of three years commencing from [REDACTED], and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of our Executive Directors is entitled to their respective basic salary set out below (subject to an annual increment, which will be made one year after the commencement date of the service agreement at the discretion of our Directors).

Each of our Independent Non-Executive Directors has entered into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of our Independent Non-Executive Directors is appointed with an initial term of three years commencing from [REDACTED] subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Save as aforesaid, none of our Directors has or is proposed to have a service agreement with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Each of the above remunerations is determined by our Company with reference to duties and level of responsibilities of each Director and the remuneration policy of our Company and the prevailing market conditions.

The appointments of our Executive Directors and our Independent Non-Executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

4. Directors' emoluments

(i) For the three years ended 31 December 2016 and four months ended 30 April 2017, the aggregate emoluments paid and benefits in kind granted by our Group to our Directors were approximately S$767,300, S$888,300, S$894,680 and S$184,160, respectively.

(ii) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 December 2017 is expected to be approximately S$779,000.

(iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money during the Track Record Period, (1) as an inducement to join or upon joining our Company or (2) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments during the Track Record Period.

(v) Under the arrangements currently proposed, conditional [REDACTED], the basic annual emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

	S$
Executive Directors	
Mr. Yang	381,340
Mdm. Han	381,340
Independent Non-Executive Directors	
Ms. Chan Bee Leng	21,820
Mr. Ooi Soo Liat	21,820
Ms. Li Xueling, Sharlene	21,820

(vi) Each of our Executive Directors and Independent Non-Executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his/her duties to our Group under his/her service agreement or letter of appointment.

5. Agency fees or commissions received

Save as disclosed in the section headed "Underwriting — Commission, fees and expenses" in this document, within the two years immediately preceding the date of this document, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

6. Related party transactions

Save for the transactions conducted in connection with the Reorganisation or as disclosed in notes 20 and 29 to the accountants' report set out in Appendix I to this document, our Group has not engaged in any other material related party transactions during the Track Record Period.

7. Disclaimers

Save as disclosed in this document:

(i) without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme, and (ii) any Shares which may be allotted and issued or repurchased by our Company under the Issue Mandate and the Repurchase Mandate, respectively, our Directors are not aware of any person who immediately following the completion of the [REDACTED] will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group;

(ii) none of our Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the Shares, underlying shares, and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Appendix 10 of the Listing Rules, once the Shares are listed on the Stock Exchange;

(iii) none of our Directors or the experts named in the paragraph headed "E. Other information — 6. Qualifications of experts" in this appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this document, or which are proposed to be acquired or disposed of by or leased to any member of our Group, nor will any Director apply for the [REDACTED] either in his/her own name or in the name of a nominee;

(iv) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole; and

(v) none of the experts named in the paragraph headed "E. Other information — 6. Qualifications of experts" in this appendix has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group.

D. SHARE OPTION SCHEME

1. Summary of the terms of the Share Option Scheme

(i) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to our Group and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which our Group holds any equity interest ("**Invested Entity**").

(ii) Who may join

Subject to the provisions in the Share Option Scheme, our Board shall be entitled at any time within the period of ten (10) years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons ("**Eligible Participant(s)**"):

(1) any employee (whether full-time or part-time) of our Group and any Invested Entity;

(2) any director (including executive, non-executive and independent non-executive directors) of our Group or any Invested Entity;

(3) any supplier of goods or services to any member of our Group or any Invested Entity;

(4) any customer of our Group or any Invested Entity;

(5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity; or

(6) any person who, in the sole discretion of the Board, has contributed or may contribute to our Group or any Invested Entity eligible for options under the Share Option Scheme.

(iii) Maximum number of Shares

(1) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

(2) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed [REDACTED], being 10% of the total number of Shares in issue as at [REDACTED] unless our Company obtains the approval of our Shareholders in general meeting for renewing the 10% limit ("**Scheme Mandate Limit**") under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

(3) Our Company may seek approval of our Shareholders in general meeting to renew the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company as "renewed" shall not exceed 10% ("**Renewal Limit**") of the total number of Shares in issue as at the date of the approval of our Shareholders on the renewal of the Scheme Mandate Limit, provided that options previously granted under the Share Option Scheme or any other share option schemes of our Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company or exercised) will not be counted for the purpose of calculating the Renewal Limit.

For the purpose of seeking the approval of our Shareholders for the Renewal Limit, a circular containing the information and the disclaimer as required under the Listing Rules must be sent to our Shareholders.

(4) Our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed grantee(s) of such option(s) must be specifically identified by our Company before such approval is sought. For the purpose of seeking the approval of our Shareholders, our Company must send a circular to our Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting

such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and the information and the disclaimer as required under the Listing Rules.

(iv) Maximum entitlement of each Eligible Participant

No option shall be granted to any Eligible Participant if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of grant of the options exceeding 1% of the total number of Shares in issue, unless:

(1) such further grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of our Shareholders in general meeting at which the Eligible Participant and his/her/its associates shall abstain from voting;

(2) a circular regarding the further grant has been despatched to our Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the Eligible Participant, the number and terms of the options to be granted and options previously granted to such Eligible Participant); and

(3) the number and terms (including the exercise price) of such option are fixed before the general meeting of our Company at which the same are approved.

(v) Grant of options to connected persons

(1) The grant of options to a Director, chief executive or substantial Shareholder of our Company or any of his/her/its respective associates (including discretionary trust in which any connected persons are beneficiary) requires the approval of all our Independent Non-Executive Directors (excluding any Independent Non-Executive Director who is a prospective grantee of the option) and shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

(2) Where an option is to be granted to a substantial Shareholder or an Independent Non-Executive Director (or any of his/her/its respective associates), and such grant will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) exceeding 0.1% of the total number of Shares in issue at the relevant time of grant; and

(b) exceeding an aggregate value (based on the closing price of the Shares on the Stock Exchange on the date of each grant) of HK$5.0 million, such grant shall not be valid unless:

I. a circular containing the details of the grant has been despatched to our Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules, including, in particular, (i) details of the number and terms (including exercise price) of the options to be granted to such connected person, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant is to be taken as the date of grant for the purposes of calculating the exercise price, and (ii) a recommendation from the Independent Non-Executive Directors (excluding the Independent Non-Executive Director who is the prospective grantee of the option) to the independent Shareholders as to voting; and

II. the grant has been approved by our Shareholders in general meeting (taken on a poll) at which such person and his/her/its connected persons shall abstain from voting in favour of the grant.

(vi) Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an Eligible Participant within the date as specified in the offer letter issued by our Company, being a date not later than 21 Business Days from the date upon which it is made, by which the Eligible Participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten (10) years from the date of the offer letter.

A consideration of S$1 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his/her personal representative(s)) at any time before the expiry of the period to be determined and notified by our Board to the grantee which in any event shall not be longer than ten (10) years commencing on the date of the offer letter and expiring on the last day of such ten (10)-year period subject to the provisions for early termination as contained in the Share Option Scheme.

(vii) Performance targets

Unless otherwise determined by the Board and specified in the offer letter, there is no performance target that has to be achieved before the exercise of any option.

(viii) Subscription price for Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price determined by our Board in its absolute discretion and notified to an Eligible Participant, and shall be at least the higher of: (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date (as defined below), (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive Business Days immediately preceding the Offer Date, and (3) the nominal value of a Share on the Offer Date.

Where an option is to be granted to an Eligible Participant, the date of the Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option, which must be a Business Day ("**Offer Date**"). For the purpose of calculating the exercise price, where an option is to be granted is less than five Business Days [REDACTED] of the Shares on the Stock Exchange, the [REDACTED] shall be used as the closing price for any Business Day falling within the period before [REDACTED].

(ix) Ranking of Shares

The Shares to be allotted and issued upon the exercise of an option shall be subject to the Memorandum and the Articles of Association of our Company for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue as at the date of allotment and issue (the "**Exercise Date**"), and will entitle the holders to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date.

(x) Restrictions on the time of grant of options

No option shall be granted after a development of or a matter has been the subject of a decision of our Group until such price-sensitive information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, during the period commencing one month immediately preceding the earlier of:

(1) the date of the meeting of our Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(2) the deadline for our Company to publish an announcement of our results for any year or half-year, quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no option shall be granted.

(xi) Period of the Share Option Scheme

Subject to any prior termination by our Company in a general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption of the Share Option Scheme ("**Option Period**"), after which period no further option shall be granted but in respect of all options which remain exercisable at the end of such period, the provisions of the Share Option Scheme shall remain in full force and effect.

(xii) Rights on cessation of employment

Where the grantee of an outstanding option ceases to be an employee of our Group for any reason other than his/her death including the termination of his/her employment on one or more of the grounds specified in (xxii)(e), the option granted to such grantee shall lapse on the date of cessation (to the extent not already exercised) and shall not be exercisable unless our Board otherwise determines to grant an extension (to the extent which has become exercisable and not already exercised) and subject to any other terms and conditions decided at the absolute discretion of our Board. For the avoidance of doubt, such period of extension (if any) shall be granted within and in any event ended before the expiration of the period of one month following the date of his/her cessation to be an employee of our Group.

(xiii) Rights on death

Where the grantee of an outstanding option dies before exercising the option in full or at all, and none of the events specified in (xxii)(e) which would be a ground for termination of his/her employment or engagement arises, the option may be exercised in full or in part up to the entitlement of such grantee as at the date of death (to the extent which has become exercisable and not already exercised) by his/her personal representative(s) within 12 months following the date of his/her death or such longer period as our Board may at its absolute discretion determine from the date of death.

(xiv) Rights on a general offer

In the event of a general or partial offer (whether by way of take-over offer, share repurchase offer, other than by way of scheme of arrangement or otherwise in like manner) being made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, and if such offer becomes or is declared unconditional prior to the expiry of the relevant option period, a grantee (or his/her personal representatives(s)) shall be entitled to exercise his/her/its option (to the extent which has become exercisable on the date of the notice of the offer in full and not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xv) Rights on winding-up

In the event that a notice is given by our Company to our Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall, on the same date as or soon after it despatches such notice to each Shareholder, give notice thereof to all grantees and thereupon, each grantee (or his/her personal representative(s)) shall, subject to the provisions of all applicable laws, be entitled to exercise all or any of his/her/its options (to the extent which has become exercisable and not already exercised) at any time not later than two Business Days prior to the proposed general meeting of our Company, by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate exercise price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid, which Shares shall rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of the company available in liquidation.

(xvi) Rights on scheme of arrangement

In the event of a general or partial offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the grantee (or his/her personal representative(s)) may thereafter (but only until such time as shall be notified by our Company, after which it shall lapse) exercise the option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(xvii) Rights on compromise or arrangement between our Company and our creditors

In the event of a compromise or arrangement between our Company and our Shareholders and/or creditors in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to our Shareholders or creditors to consider such a compromise or arrangement, and thereupon each grantee (or his/her personal representative(s)) may by notice in writing to our Company accompanied by the remittance of the exercise price in respect of the relevant option (such notice to be received by our Company not later than two Business Days before the proposed meeting) exercise any of his/her/its options (to the extent which has become exercisable and not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. Our Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the

proposed meeting referred to above, allot and issue such number of Shares to the grantee which may fall to be issued on such exercise credited as fully paid and register the grantee as holder of such Shares. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the grantee (or his/her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement.

(xviii) Reorganisation of capital structure

In the event of any alteration in the capital structure of our Company whilst any option has been granted and remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation or subdivision of our Shares, or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which our Company is a party), our Company shall make corresponding alterations (if any), in accordance with the Listing Rules and any applicable guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplementary guidance issued on 5 September 2005), to:

(1) the number and/or nominal amount of Shares subject to the options already granted so far as they remain exercisable; and/or

(2) the subscription price; and/or

(3) the maximum number of Shares referred to in sub-paragraphs (iii) and (iv) above provided that:

(aa) no such alteration shall be made in respect of an issue of Shares or other securities by our Company as consideration in a transaction;

(bb) any such alterations shall give a grantee the same proportion of the issued share capital of our Company as that to which he/she/it was previously entitled;

(cc) no such alterations shall be made the effect of which would be to enable any Share to be issued at less than its nominal value; and

(dd) any such alterations shall be confirmed by an independent financial adviser or the auditors in writing to the Directors, to be in their opinion fair and reasonable, as satisfying the requirements of provisions referred to in sub-paragraphs (bb) and (cc) above.

(xix) Cancellation of options

Our Board may, with the consent of the relevant grantee, at any time at its absolute discretion cancel any option granted but not exercised. Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the Scheme Mandate Limit approved by the shareholders.

(xx) Termination of the Share Option Scheme

Our Company, by resolution in general meeting, or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme and the Listing Rules.

(xxi) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber, assign or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or enter into any agreement to do so. Any breach of the foregoing by the grantee shall entitle our Company to cancel any option or part thereof granted to such grantee (to the extent not already exercised) without incurring any liability on the part of our Company.

(xxii) Lapse of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(a) the expiry of the Option Period (subject to the provision referred to in sub-paragraph (xx));

(b) the expiry of the periods referred to in sub-paragraphs (xii), (xiii) or (xvii), where applicable;

(c) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining Shares in the offer, the expiry of the period referred to in sub-paragraph (xiv);

(d) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (xvi);

(e) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his/her/its employment or engagement on the grounds that he/she/it has been guilty of misconduct, or has been in breach of a material term of the relevant employment contract or engagement contract, or appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has committed any act of bankruptcy, or has become insolvent, or has been served a petition for bankruptcy or winding-up, or has made any arrangements or composition with his/her/its creditors generally, or has been convicted of any criminal offence or (if so determined by our Board, the board of the relevant subsidiary or the board of the relevant associated company of our Company, as the case may be) on any other ground on which an employer or a sourcing party would be entitled to terminate his/her/its employment or engagement at common law or pursuant to any applicable laws or under the grantee's service contract or supply contract with our Company, the relevant subsidiary or the relevant associated company of our Company (as the case may be);

(f) the date of the commencement of the winding-up of our Company referred to in sub-paragraph (xv);

(g) the date on which the grantee commits a breach of sub-paragraph (xxi); or

(h) the date on which the option is cancelled by our Board as set out in sub-paragraph (xix).

(xxiii) Alterations to the Share Option Scheme

(1) The Share Option Scheme may be altered in any respect to the extent allowed by the Listing Rules by resolution of our Board except that the following alterations must be approved by a resolution of our Shareholders in general meeting:

(aa) any changes to the definitions of Eligible Participant, grantee and option period;

(bb) any changes to the terms and conditions of the Share Option Scheme to the advantage of the grantees of the options (whereby such grantee and his/her/its associates shall abstain from voting in the general meeting);

(cc) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature;

(dd) any changes to the terms of options granted; and

(ee) any changes to the authority of our Board or scheme administrators in relation to any alteration to the terms of the Share Option Scheme except where such alterations take effect automatically under the existing terms of the Share Option Scheme, provided that: (aa) the amended terms of the Share Option Scheme or the options must comply with Chapter 17 of the Listing Rules; and (bb) no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such majority of grantees as would be required of our Shareholders under the Articles for the time being of our Company for a variation of the rights attached to our Shares.

(2) Notwithstanding the other provisions of the Share Option Scheme, the Share Option Scheme may be amended or altered in any respect by resolution of our Board without the approval of our Shareholders or the grantee(s) to the extent such amendment or alteration is required by the Listing Rules or any guidelines issued by the Stock Exchange from time to time.

(3) Our Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

(xxiv) Conditions

The Share Option Scheme is conditional on:

(aa) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalisation Issue, the [REDACTED] and any Shares which may fall to be issued pursuant to the exercise of any options under the Share Option Scheme;

(bb) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and

(cc) the commencement of dealings in the Shares on the Stock Exchange.

2. Present status of the Share Option Scheme

(i) Approval and adoption of the rules of the Share Option Scheme

The rules of the Share Option Scheme were approved and adopted by our Shareholders on 17 August 2017.

(ii) Approval of the Stock Exchange required

The Share Option Scheme is conditional, among other matters, on the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of the options under the Share Option Scheme up to 10% of the total number of Shares in issue as at [REDACTED].

(iii) Application [REDACTED]

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme. The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed [REDACTED], being 10% of the total number of Shares in issue as at [REDACTED] unless our Company obtains the approval of our Shareholders in general meeting for renewing the said 10% limit under the Share Option Scheme provided that options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company will not be counted for the purpose of calculating the 10% limit mentioned above.

(iv) Grant of option

As at the Latest Practicable Date, no options have been granted or agreed to be granted under the Share Option Scheme.

(v) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

E. OTHER INFORMATION

1. Tax and other indemnities

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) (being the material contract (d) referred to in the paragraph headed "B. Further information about the business of our Group — 1. Summary of material contracts" in this appendix) to provide indemnities in respect of, among other matters, any liability which might be incurred by any member of our Group as a direct or indirect result of or in consequence of any claim relating to the amount of any and all taxation falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring or deemed to occur up to the date on which the [REDACTED] becomes unconditional.

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

As at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation or arbitration of material importance, and no litigation or claim of material importance was known to our Directors to be pending or threatened against our Company or any of our subsidiaries.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this document, including any Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, on the Stock Exchange.

The Sole Sponsor satisfies the independence criteria applicable to sponsors under Rule 3A.07 of the Listing Rules. The Sole Sponsor is entitled to the sponsor's fee in the amount of [REDACTED].

4. Preliminary expenses

The preliminary expenses of our Company are approximately [REDACTED] and are payable by our Company.

5. Promoter

(a) Our Company has no promoter for the purpose of the Listing Rules.

(b) Save as disclosed herein, within the two years immediately preceding the date of this document, no amount or benefit has been paid or given to the promoter in connection with the [REDACTED] or the related transactions described in this document.

6. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this document are as follows:

Name:	Qualifications
Vinco Capital Limited	licensed corporation holding a licence to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Greater China Appraisal Limited	Property Valuer
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Dentons Rodyk & Davidson LLP	Legal advisers as to Singapore law
Ipsos Pte. Ltd.	Independent market research expert
CCIS Singapore Pte Ltd	Independent workplace safety and health auditor

7. Consents of experts

Each of the experts named in the paragraph headed "E. Other information — 6. Qualifications of experts" in this appendix has given and has not withdrawn its respective written consent to the issue of this document with copies of its reports and/or letters and/or opinions and/or the references to its name included herein in the form and context in which they are respectively included.

None of the experts named in the paragraph headed "E. Other information — 6. Qualifications of experts" in this appendix has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Binding effect

This document shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the CWUMPO so far as applicable.

9. [REDACTED]

Our Company's principal register of members will be maintained in the Cayman Islands by our [REDACTED], [REDACTED], and a register of members will be maintained in Hong Kong by our [REDACTED], [REDACTED]. Unless our Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by our [REDACTED] in Hong Kong and may not be lodged in the Cayman Islands.

10. Miscellaneous

Save as disclosed in this document:

(a) within the two years immediately preceding the date of this document:

(i) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash; and

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;

(iii) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and

(iv) no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries have been issued or agreed to be issued;

(b) no share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(d) all necessary arrangements have been made enabling the Shares to be admitted into CCASS;

(e) our Company has no outstanding convertible debt securities;

(f) our Directors confirm that none of them shall be required to hold any Shares by way of qualification and none of them has any interest in the promotion of our Company;

(g) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 April 2017 (being the date to which the latest audited combined financial statements of our Group were made up);

(h) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this document;

(i) there are no arrangements in existence under which future dividends are to be or agreed to be waived; and

(j) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the [REDACTED];

(b) a copy of each of the material contracts referred to in the paragraph headed "B. Further information about the business of our Group — 1. Summary of material contracts" in Appendix V to this document.

(c) the written consents referred to in the paragraph headed "E. Other information — 7. Consents of experts" in Appendix V to this document; and

(d) a copy of statement of adjustments relating to the accountants' report set out in Appendix I to this document prepared by Deloitte Touche Tohmatsu.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Michael Li & Co., at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

(a) the Memorandum of Association and the Articles of Association;

(b) the accountants' report on financial information of our Group for the three years ended 31 December 2016 and the four months ended 30 April 2017 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this document, together with the related statement of adjustments;

(c) the audited financial statements of BHCC Construction and Wan Yoong for each of the three financial years immediately preceding the issue of this document;

(d) the report on unaudited pro forma financial information of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this document;

(e) the letter, summary of values and valuation certificates relating to the property interests of our Group prepared by Greater China Appraisal Limited, the text of which is set out in Appendix III to this document;

(f) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this document;

(g) the Companies Law;

(h) the rules of the Share Option Scheme;

(i) the material contracts referred to in the paragraph headed "B. Further information about the business of our Group — 1. Summary of material contracts" in Appendix V to this document;

(j) the written consents referred to in the paragraph headed "E. Other information — 7. Consents of experts" in Appendix V to this document;

(k) the service agreements and letters of appointment referred to in the paragraph headed "C. Further information about Directors, management, staff and experts — 3. Particulars of service agreements" in Appendix V to this document;

(l) the legal opinion in relation to maximum penalties under the Income Tax Act (Chapter 134) of Singapore arising from accounting errors for Years of Assessment 2015 and 2016 issued by Dentons Rodyk & Davidson LLP;

(m) the industry report prepared by Ipsos Pte. Ltd. referred to in the section headed "Industry overview" in this document; and

(n) the report prepared by CCIS Singapore Pte Ltd.