S&T Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 3928

SHARE OFFER

Sponsor

Grande Capital Limited
均富融資有限公司

Sole Bookrunner

聯合證券
Head & Shoulders Securities

Joint Lead Managers

聯合證券
Head & Shoulders Securities

ASTRUM

悅有證券有限公司
EVER JOY SECURITIES LIMITED

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

S&T Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Total number of Offer Shares	**:**	**120,000,000 Shares (subject to the Over-allotment Option)**
Number of Public Offer Shares	**:**	**12,000,000 Shares (subject to reallocation)**
Number of Placing Shares	**:**	**108,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$1.15 per Offer Share and expected to be not less than HK$1.05 per Offer Share, plus brokerage of 1%, 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	**:**	**3928**

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility as to contents of this prospectus or any other document referred to above.

The final Offer Price is expected to be fixed by agreement between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Tuesday, 3 September 2019 and in any event, not later than Tuesday, 17 September 2019. The Offer Price will be not more than HK$1.15 per Share and is currently expected to be not less than HK$1.05 per Share, unless otherwise announced.

The Sole Bookrunner (for itself and on behalf of the Underwriters) may, with our Company's consent, reduce the number of Offer Shares under the Share Offer and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of reduction in the number of Offer Shares and/or the indicative Offer Price range will be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.singtec.com.sg** not later than the morning of the last day for lodging applications under the Public Offer. Details of the arrangement will then be announced by our Company as soon as practicable. Further details are set out in the sections headed "Structure and conditions of the Share Offer" and "How to apply for the Public Offer Shares" in this prospectus.

If, for any reason, the Offer Price is not agreed between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on or before Tuesday, 17 September 2019, the Share Offer will not become unconditional and will lapse immediately.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including the risk factors set out in the section headed "Risk factors" in this prospectus. Pursuant to the Public Offer Underwriting Agreement, the Sole Bookrunner has the right in certain circumstances to terminate the obligations of the Public Offer Underwriters at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of such circumstances are set out in the section headed "Underwriting – Underwriting arrangements and expenses – The Public Offer – Grounds for termination" in this prospectus.

29 August 2019

*If there is any change in the following expected timetable, our Company will issue a separate announcement to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.singtec.com.sg**.*

	2019*(Note 1)*
Application lists open*(Note 2)*	11:45 a.m. on Tuesday, 3 September
Latest time to lodge **WHITE** and **YELLOW** Application Forms and to give **electronic application instructions** to HKSCC*(Note 3)*	12:00 noon on Tuesday, 3 September
Application lists close*(Note 2)*	12:00 noon on Tuesday, 3 September
Expected Price Determination Date*(Note 4)*	Tuesday, 3 September
(a) Announcement of the final Offer Price, the indication of level of interest in the Placing, the results of applications in the Public Offer and the basis of allocation under the Public Offer to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.singtec.com.sg** on or before*(Note 5)*	Wednesday, 18 September
(b) Results of allocations in the Public Offer (with successful applicants' identification document or business registration numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to apply for the Public Offer Shares – 10. Publication of results" in this prospectus from	Wednesday, 18 September
A full announcement of the Public Offer containing (a) and (b) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.singtec.com.sg** *(Note 5)*	Wednesday, 18 September
Results of allocations in the Public Offer will be available at **www.ewhiteform.com.hk/results** with a "search by ID" function on	Wednesday, 18 September

2019$^{(Note\ 1)}$

Despatch of Share certificates of the Public Offer Shares or deposit of Share certificates of the Public Offer Shares into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before *(Note 6)*	Wednesday, 18 September
Despatch of refund cheque pursuant to the Public Offer on or before *(Note 7)*	Wednesday, 18 September
Dealing in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Thursday, 19 September

Notes:

1. All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Share Offer, including the conditions of the Public Offer, are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus.

2. If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 3 September 2019, the application lists will not open and close on that day. Please refer to the section headed "How to apply for the Public Offer Shares – 9. Effect of bad weather on the opening of the application lists" in this prospectus for further details.

3. Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for the Public Offer Shares – 5. Applying by giving **electronic application instructions** to HKSCC via CCASS" in this prospectus for further details.

4. The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Tuesday, 3 September 2019 and in any event, not later than Tuesday, 17 September 2019. If, for any reason, the final Offer Price is not agreed by 5:00 p.m. on Tuesday, 17 September 2019 between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company, the Share Offer will not proceed and will lapse.

5. None of the information contained on any website forms part of this prospectus.

6. Applicants who apply for 1,000,000 Offer Shares or more and have provided all information required may collect share certificates (if applicable) and refund cheques (if applicable) in person from our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 18 September 2019 or any other date as notified by us on the websites as the date of despatch of share certificates/refund cheques. Applicants being individuals who is eligible for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who is eligible for personal collection must attend by sending their authorised representatives each bearing a letter of authorisation from his/her/its corporation stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited. Applicants who have applied on **YELLOW** Application Forms may not elect to collect their share certificates, which will be deposited into CCASS for credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected share certificates and refund cheques will be despatched by ordinary post to the addresses specified in the relevant applications at the applicants' own risk. Further information is set out in the section headed "How to apply for the Public Offer Shares" in this prospectus.

7. Refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to apply for the Public Offer Shares" in this prospectus.

Share certificates for the Share Offer will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained or made in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, any of the Underwriters, any of their respective directors, affiliates, employees or representatives or any other person or party involved in the Share Offer.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the section headed "Definitions and glossary of technical terms" in this prospectus.

BUSINESS OVERVIEW

We engage in construction services and property investment business in Singapore. During the Track Record Period, our construction services primarily include (i) civil engineering works entailing road works, earthworks, drainage works, ERSS works and soil improvement works; (ii) building construction works mainly for industrial buildings which include substructure works, piling works, addition and alteration works and electrical and mechanical works; and (iii) other ancillary services which include logistics and transportation services of construction materials. During the same period, our property investment business primarily includes residential and industrial properties leasing.

The following table sets out the breakdown of our revenue during the Track Record Period by reference to the business segments:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Construction services										
Civil engineering works	29,672	66.3	42,076	69.7	70,229	83.6	23,033	96.3	36,593	81.5
Building construction works	13,986	31.3	17,613	29.2	12,494	14.9	451	1.9	7,600	16.9
	43,658	97.6	59,689	98.9	82,723	98.5	23,484	98.2	44,193	98.4
Other ancillary services	598	1.3	181	0.3	735	0.9	184	0.8	526	1.2
	44,256	98.9	59,870	99.2	83,458	99.4	23,668	99.0	44,719	99.6
Property investment	484	1.1	478	0.8	505	0.6	243	1.0	194	0.4
Total	44,740	100.0	60,348	100.0	83,963	100.0	23,911	100.0	44,913	100.0

Construction services

In relation to our construction services, for each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, there were, respectively, 67, 57, 63 and 54 construction projects with revenue contribution to us. During the Track Record Period, we had increasingly acted as a main contractor in our projects and undertaken public sector projects, of which the ultimate project employers are Singapore government agencies. The following table sets out the breakdowns of our revenue in relation to our construction services (except for other ancillary services) during the Track Record Period by reference to our role and the nature of projects:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Main contractor	5,924	13.6	35,899	60.1	64,166	77.6	17,057	72.6	32,760	74.1
Subcontractor	37,734	86.4	23,790	39.9	18,557	22.4	6,427	27.4	11,433	25.9
Total	43,658	100.0	59,689	100.0	82,723	100.0	23,484	100.0	44,193	100.0

	FY2015/16 S$'000	%	FY2016/17 S$'000	%	FY2017/18 S$'000	%	For the five months ended 28 February 2018 S$'000 (unaudited)	%	For the five months ended 28 February 2019 S$'000	%
Public sector projects	168	0.4	19,588	32.8	51,810	62.6	16,740	71.3	25,269	57.2
Private sector projects	43,490	99.6	40,101	67.2	30,913	37.4	6,744	28.7	18,924	42.8
Total	43,658	100.0	59,689	100.0	82,723	100.0	23,484	100.0	44,193	100.0

During the Track Record Period, we had increasingly undertaken projects with larger revenue recognised for a financial year. The following table sets out the breakdown of such projects based on their respective revenue recognised during the Track Record Period:

	FY2015/16 *No. of projects*	**FY2016/17** *No. of projects (Note 1)*	**FY2017/18** *No. of projects (Note 2)*	**For the five months ended 28 February 2019** *No. of projects (Note 3)*
Revenue recognised				
S$10 million or above	–	1	3	–
S$5 million or below S$10 million	2	3	2	4
S$1 million to below S$5 million	10	8	11	7
Below S$1 million	55	45	47	43
	67	57	63	54

Notes:

1. Out of the 57 projects which contributed revenue to the FY2016/17, 36 projects also contributed revenue to the FY2015/16.

2. Out of the 63 projects which contributed revenue to the FY2017/18, 28 projects and 44 projects also contributed revenue to the FY2015/16 and FY2016/17, respectively.

3. Out of the 54 projects which contributed revenue to the five months ended 28 February 2019, 17, 24 and 40 projects also contributed revenue to the FY2015/16, FY2016/17 and FY2017/18, respectively.

As at the Latest Practicable Date, we had 53 projects in our backlog. The following table sets out the details of our projects in backlog as at the Latest Practicable Date with total contract sum exceeding S$10 million, in descending order by total contract sum:

Project Code	Customer	Type of projects	Our role	Expected project period (Note 1)	Total Contract sum S$'000 (Note 2)	Revenue derived from the project FY2015/16 S$'000	FY2016/17 S$'000	FY2017/18 S$'000	Revenue derived from the project for the five months ended 28 February 2019 S$'000	Revenue derived from the project for the period from 1 March 2019 to the Latest Practicable Date S$'000	Expected revenue to be recognised from the project for the period after the Latest Practicable Date and up to 30 September 2019 S$'000 (Note 3)	Expected revenue to be recognised from the project for the period from 1 October 2019 to 30 September 2020 S$'000 (Note 3)	Expected revenue to be recognised from the project for period after 30 September 2020 S$'000 (Note 3)
Project 14	Customer E *(Note 5)*	Civil engineering works	Subcontractor	May 2019 to November 2026	30,592	–	–	–	5	1,066	468	4,007	25,046
Project 9 *(Note 4)*	Customer F *(Note 5)*	Civil engineering works	Main contractor	January 2018 to December 2019	23,900	–	–	13,469	6,946	3,246	76	163	–
Project 10 *(Note 4)*	Customer F *(Note 5)*	Civil engineering works	Main contractor	February 2017 to August 2019	22,555	–	187	11,974	5,802	3,915	677	–	–
Project 16	Customer F *(Note 5)*	Civil engineering works	Main contractor	July 2019 to June 2021	17,577	–	–	–	–	–	1,052	9,014	7,511
Project 13	Customer F *(Note 5)*	Civil engineering works	Main contractor	May 2018 to November 2019	13,300	–	–	2,385	6,029	4,553	137	196	–

Project Code	Customer	Type of projects	Our role	Expected project period	Total Contract sum	Revenue derived from the project FY2015/16	FY2016/17	FY2017/18	Revenue derived from the project for the five months ended 28 February 2019	Revenue derived from the project for the period from 1 March 2019 to the Latest Practicable Date	Expected revenue to be recognised from the project for the period after the Latest Practicable Date and up to 30 September 2019	Expected revenue to be recognised from the project for the period from 1 October 2019 to 30 September 2020	Expected revenue to be recognised from the project for period after 30 September 2020
				(Note 1)	*S$'000* *(Note 2)*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000* *(Note 3)*	*S$'000* *(Note 3)*	*S$'000* *(Note 3)*
Project 12 *(Note 4)*	Customer F *(Note 5)*	Civil engineering works	Main contractor	November 2016 to November 2019	13,177	–	2,489	6,049	1,322	3,054	108	155	–
Sub-total of projects in backlog with total contract sum exceeding S$10 million										15,834	2,518	13,535	32,557
Sub-total of the remaining projects in backlog										28,251	9,476	11,513	1,788
Total										44,085	11,994	25,048	34,345

Notes:

1. The expected project period represents the duration of our works with reference to the commencement date of the relevant project set out in the letter of intent/award or architect instruction issued by our customer or its authorised persons; and the future completion date based on our management's best estimates according to the expected completion dates specified in the relevant contracts (if any), the extension period granted by customers (if any), and the actual work schedule up to the Latest Practicable Date.

2. The total contract sum represents the original estimated contract sum stated in the contract, or, where applicable, the adjusted contract sum taking into account the actual amount of orders under the contract, subsequent adjustments due to variation orders (see the section headed "Business – Our business model – Operation flow – Variation order" in this prospectus) and other updated information provided by the relevant customer.

3. It represents our best estimation based on factors including the estimated completion date specified in the relevant contracts, variation orders received and work progress as at the Latest Practicable Date.

4. As referred to the section headed "Business – Our construction projects – Our major projects" in this prospectus.

5. This is one of our major customers during the Track Record Period. For further details, please refer to the section headed "Business – Our customers – Our major customers" in this prospectus.

The following table sets out the movement in the value of backlog of our projects during the Track Record Period and up to the Latest Practicable Date:

	FY2015/16	**FY2016/17**	**FY2017/18**	**For the five months ended 28 February 2019**	**From 1 March 2019 to the Latest Practicable Date**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Opening value of backlog	30,647	71,966	73,147	73,131	67,116
Initial contract sum of newly awarded projects *(Note 1)*	83,176	64,159	84,815	38,094	50,001
Total value of variation orders awarded *(Note 2)*	1,801	(3,289)	(2,108)	84	(5)
Revenue recognised	(43,658)	(59,689)	(82,723)	(44,193)	(45,725)
Ending value of backlog *(Note 3)*	71,966	73,147	73,131	67,116	71,387

Notes:

1. Total value of new projects awarded means the initial contract sum of new projects awarded by our customers in the relevant financial year/period indicated.

2. Total value of variation orders awarded means the net value of variation orders issued by our customers for addition, modification and cancellation of certain contract works in the relevant financial year/period indicated.

3. Ending value of backlog means the portion of the total estimated revenue yet to be recognised with respect to our projects which had not been completed as at the end of the relevant year/period indicated.

Property investment

With an intention to establish an alternative recurring revenue stream, since 2009, we have started to acquire properties with good capital appreciation potential and rental value for investment as and when our management considered appropriate.

As at the Latest Practicable Date, we have 11 owned properties. Among those 11 properties, we have eight investment properties, which were rented out to satisfy our customers' daily needs for residential and industrial purposes as at the Latest Practicable Date. Our investment properties comprised of industrial units, condominium units and a canteen unit. For the remaining three properties, while one property is currently used as our headquarters, the remaining two properties are currently rented to Mr. Poon and Mr. Teo, respectively, with a monthly rent for their residential purpose.

Our Directors (including our independent non-executive Directors) are of the view that the property lease agreements entered into with Mr. Poon and Mr. Teo are on normal commercial terms, on arm's length basis, in the ordinary and usual course of business of our Group and that the terms of such property lease agreements are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

For details of our properties, please refer to the sections headed "Business – Property investment", "Business – Our properties – Owned property" and "Connected transactions" in this prospectus.

During the Track Record Period, our revenue in relation to our property investment business was derived from rental of our investment properties. However, if market conditions are favourable to us, we may consider to sell the property to realise the capital appreciation, taking into accounts factors such as the prevailing market rate of the corresponding properties.

Our customers

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we had 67, 68, 94 and 72 customers with revenue contribution to us, respectively. For our construction services, our customers comprise mainly (i) Singapore government agencies; (ii) property developers; and (iii) construction contractors, while for our property investment business, our customers are generally private companies and individuals, respectively. The following table sets out the breakdown of our revenue during the Track Record Period by reference to the type of our customers:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (Unaudited)	*%*	*S$'000*	*%*
Construction services										
Singapore government agencies	168	0.4	19,588	32.5	51,810	61.7	16,740	70.0	25,269	56.3
Property developers/owners	6,633	14.8	16,475	27.3	12,356	14.7	317	1.3	7,491	16.7
Construction contractors	37,455	83.7	23,807	39.4	19,292	23.0	6,611	27.7	11,959	26.6
	44,256	98.9	59,870	99.2	83,458	99.4	23,668	99.0	44,719	99.6
Property investment										
Private companies	359	0.8	356	0.6	367	0.4	195	0.8	145	0.3
Individuals	125	0.3	122	0.2	138	0.2	48	0.2	49	0.1
	484	1.1	478	0.8	505	0.6	243	1.0	194	0.4
Total	44,740	100.0	60,348	100.0	83,963	100.0	23,911	100.0	44,913	100.0

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our largest customers accounted for approximately 19.5%, 31.5%, 55.7% and 49.1% of our total revenue, respectively, while our five largest customers in aggregate accounted for approximately 75.2%, 85.4%, 89.2% and 92.7% of our total revenue, respectively. For details of the customer concentration, please refer to the section headed "Business – Our customers – Customer concentration" in this prospectus.

Our suppliers

Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue to carry on our business mainly include (i) suppliers of construction materials required for performing our works, such as ready-mixed concrete, steel bars, mesh, asphalt and metal grating; and (ii) suppliers of other miscellaneous services, such as rental of plant and machinery, rental of dormitories for workers, transportation of excavated construction wastes, repair and maintenance of machinery and equipment. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our largest supplier accounted for approximately 7.3%, 5.8%, 5.0% and 4.2% of our total purchase costs, respectively, while our five largest suppliers in aggregate accounted for approximately 24.8%, 21.8%, 13.6% and 13.3% of our total purchase costs, respectively.

Our subcontractors

During the Track Record Period, we delegated works to subcontractors in our projects after consideration of the need and the cost of each project undertaken by us. In such subcontracting arrangements, we may provide construction materials to our subcontractors or require our subcontractors to purchase of construction materials at the cost of our subcontractors, depending on our agreements with our subcontractors on a case-by-case basis, and we will take a supervisory role to regularly monitor the works performed by the subcontractors. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our subcontracting charges incurred were approximately S$12.7 million, S$23.9 million, S$38.7 million and S$24.8 million, respectively. During the same periods, our largest subcontractor accounted for approximately 12.7%, 15.2%, 19.3% and 17.2% of our total purchase costs, respectively, while our five largest subcontractors in aggregate accounted for approximately 33.0%, 45.5%, 58.4% and 52.5% of our total purchase costs, respectively.

Our licenses and registrations

We hold a number of licences and registrations which enable us to carry on our businesses. In particular, we hold a GB1 Licence granted under the Licensing of Builders Scheme, which allows us to undertake general building contracts of any value in Singapore. We also hold the CW01 workhead B1 Grade registration and CW02 workhead B1 Grade registration, which allow us to directly tender for contracts of civil engineering works and general building works for Singapore government agencies of a contract value not exceeding S$40 million.

COMPETITIVE LANDSCAPE AND OUR COMPETITIVE STRENGTHS

According to the Ipsos Report, with the expected growth in civil engineering construction activities going forward, the development of the civil engineering works in Singapore is expected to remain optimistic with the total output for the civil engineering sector being forecasted to increase from approximately S$7.7 billion in 2019 to approximately S$9.1 billion by the end of 2023 at a CAGR of approximately 4.1%. On the other hand, the building construction activities are also expected to grow beyond 2019. This positive expectation is largely attributed to the continued development for new public housing construction, redevelopment of commercial buildings and industrial projects which are expected to set the pace for growth in the next five years. As such, the output value for building construction activities by certified payments is also forecasted to increase from approximately S$20.8 billion in 2019 to approximately S$23.8 billion by the end of 2023 at a CAGR of approximately 3.5%. Besides, in relation to the property market in Singapore, Ipsos is of the view that the market drivers will bring upward effect to the real estate value, in particular, industrial and commercial buildings.

We believe that our competitive strengths include: (i) well-established presence in the construction industry in Singapore; (ii) experienced management team; (iii) stable relationship with some of our major suppliers and subcontractors; (iv) wide range of construction machines and equipment which enables us to take on various large-scale construction projects; and (v) stringent quality control and high safety standard and environmental impact control.

BUSINESS STRATEGIES

We intend to pursue the following key business strategies: (i) further strengthen our market position in the construction industry in Singapore and (ii) further expand our property investment business in Singapore so as to further diversify our revenue stream. In order to implement the above business strategies, we currently intend to (i) strengthen our financial position; (ii) enhance our machinery fleet; (iii) strengthen our manpower; (iv) develop a production area for steel bar fabrication for our own usage; (v) invest in BIM and ERP systems; and (vi) acquire more investment properties.

SALES AND MARKETING AND PRICING STRATEGY

During the Track Record Period, we secured new businesses mainly through (i) tender opportunities published on the GeBIZ system (the Singapore government's one-stop e-procurement portal); or (ii) direct invitation for tender or quotation request by customers. For details, please refer to the section headed "Business – Sales and marketing" in this prospectus.

We determine our tender or quotation price on a case-by-case basis by adopting a cost-plus pricing model. To estimate our costs of undertaking a project, we consider factors including (i) the nature, scope and complexity of the work involved; (ii) the project schedule; (iii) the availability of our manpower and resources; and (iv) the estimated materials and subcontracting costs.

RISK FACTORS

Potential investors are advised to carefully read the section headed "Risk factors" in this prospectus before making any investment decision in the Offer Shares. Some of the more particular risk factors include the following: (i) our revenue was mostly derived from construction services and such contracts are non-recurring in nature and there is no guarantee that our customers will award new contracts to us in the future; (ii) we may not be able to maintain or increase our tender and quotation success rate; (iii) we had a concentration of customers during the Track Record Period; (iv) a portion of our revenue was generated from contracts awarded by Singapore government agencies during the Track Record Period and any significant reduction in the level of Singapore government's spending on civil engineering and building construction services may materially and adversely affect us; and (v) we determine the tender or quotation price based on our estimated construction time and costs which may deviate from the actual time and costs incurred and any inaccurate cost estimation and cost overrun may adversely affect our financial results.

KEY OPERATIONAL AND FINANCIAL DATA

The following tables set forth our key operational and financial data during the Track Record Period:

Results of operations

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*
Revenue	44,740	60,348	83,963	44,913
Cost of services				
– Material costs	(13,588)	(14,705)	(13,488)	(5,166)
– Subcontracting charges	(12,746)	(23,912)	(38,702)	(24,848)
– Staff costs	(5,731)	(6,823)	(7,064)	(2,853)
– Other cost of services *(Note)*	(4,755)	(5,186)	(11,410)	(4,567)
	(36,820)	(50,626)	(70,664)	(37,434)
Gross profit	7,920	9,722	13,299	7,479
Profit before taxation	3,052	4,505	8,019	2,778
Profit for the year/period	2,583	3,955	6,780	2,039

Note: Other cost of services mainly include depreciation, machinery and equipment expenses and transportation expenses.

Financial position

	As at 30 September			As at 28 February
	2016	2017	2018	2019
	S$'000	*S$'000*	*S$'000*	*S$'000*
Non-current assets	26,683	34,351	35,765	34,702
Current assets	30,194	23,753	42,934	37,945
Non-current liabilities	6,793	11,979	11,817	11,309
Current liabilities	27,750	19,837	40,186	31,494
Net current assets	2,444	3,916	2,748	6,451

Tender and quotation statistics

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2019
Number of tenders and quotations submitted	68	46	31	40
Number of successful tenders and quotations	41	19	16	18
Success rate *(Note)*	60.3%	41.3%	51.6%	48.6%

Note: Success rate for a financial year was calculated based on the number of successful tenders and quotations (whether awarded in the same financial year or subsequently) in respect of the tenders and quotations submitted during that financial year. The calculation has excluded the tenders and quotations submitted but pending results as at the Latest Practicable Date.

Cash flows

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*
Operating cashflow before movement in working capital	6,320	7,480	11,022	4,352
Net cash from (used in) operating activities	3,208	15,717	(3,736)	766
Net cash used in investing activities	(209)	(10,681)	(2,774)	(107)
Net cash (used in) generated from financing activities	(2,510)	(2,700)	6,009	(2,756)
Net increase (decrease) in cash and cash equivalents	489	2,336	(501)	(2,097)
Cash and cash equivalents at beginning of the year/period	1,336	1,825	4,161	3,660
Cash and cash equivalents at end of the year/period	1,825	4,161	3,660	1,563

Key financial ratios

	FY2015/16 or as at 30 September 2016	FY2016/17 or as at 30 September 2017	FY2017/18 or as at 30 September 2018	For the five months ended 28 February 2019 or as at 28 February 2019
Revenue growth	N/A	34.9%	39.1%	87.8%
Net profit growth	N/A	53.1%	71.4%	28.7%
Gross profit margin	17.7%	16.1%	15.8%	16.7%
Net profit margin before interest and tax	8.1%	8.2%	10.4%	7.1%
Net profit margin	5.8%	6.6%	8.1%	4.5%
Return on equity	11.6%	15.0%	25.4%	6.8%
Return on total assets	4.5%	6.8%	8.6%	2.8%
Current ratio	1.1	1.2	1.1	1.2
Quick ratio	1.1	1.2	1.1	1.2
Inventories turnover days	N/A	N/A	N/A	N/A
Trade receivables turnover days	34.5 days	30.5 days	32.6 days	31.8 days
Trade payables turnover days	28.9 days	24.2 days	30.3 days	26.5 days
Gearing ratio	89.9%	69.9%	101.4%	86.0%
Net debt to equity ratio	81.7%	54.1%	87.7%	80.8%
Interest coverage	6.4	10.6	12.0	7.9

Our revenue increased from approximately S$44.7 million for FY2015/16 to approximately S$60.3 million for FY2016/17, which was mainly due to the increase of our revenue for provision of construction services from approximately S$44.3 million for FY2015/16 to approximately S$59.9 million for FY2016/17. Such increase was mainly because of (i) the increase in the number of sizeable projects with revenue contribution of S$5 million or above during FY2016/17; and (ii) the revenue contributed by some of our major projects undertaken or commenced during FY2016/17 (i.e. Project 3 and Project 6 as referred to in the table of "Business – Our construction projects – Our major projects"). Along with the increase in revenue, our gross profit increased from approximately S$7.9 million for FY2015/16 to approximately S$9.7 million for FY2016/17, representing an increase of approximately 22.8%. However, our gross profit margin decreased from approximately 17.7% for FY2015/16 to approximately 16.1% for FY2016/17, which was mainly due to the increase in our use of subcontractors evidenced by our subcontracting charges accounted for approximately 34.6% of our total cost of services for FY2015/16 and increased to approximately 47.2% for FY2016/17.

Our revenue further increased from approximately S$60.3 million for FY2016/17 to approximately S$84.0 million for FY2017/18, which was mainly due to the increase of our revenue for provision of construction services from approximately S$59.9 million for FY2016/17 to approximately S$83.5 million for FY2017/18. Such increase was mainly because of (i) the increase in the number of sizable projects with revenue contribution of S$10 million or above during FY2017/18 as compared to that in FY2016/17; and (ii) the revenue contributed by some of our major projects undertaken or commenced during FY2017/18 (i.e. Project 9, Project 10 and Project 11 as referred to in the table of "Business – Our construction projects – Our major projects"). Along with the increase in revenue, our gross profit increased from approximately S$9.7 million for FY2016/17 to approximately S$13.3 million for FY2017/18, representing an increase of approximately 36.8%. However, our gross profit margin slightly decreased from approximately 16.1% for FY2016/17 to approximately 15.8% for FY2017/18, which was mainly due to the slightly increase in our use of subcontractors.

As compared with the five months ended 28 February 2018, our business experienced a significant growth during the five months ended 28 February 2019 and recorded a total revenue of approximately S$44.9 million which was mainly due to there being a greater number of ongoing projects.

Despite the slight decrease in our gross profit margin during the Track Record Period, our net profit margin increased from approximately 5.8% for FY2015/16 to approximately 6.6% for FY2016/17 and further increased to approximately 8.1% for FY2017/18, which was mainly due to the increase in our other gains and losses, partially offset by the recognition and the tax effect of the non-deductible listing expenses during FY2017/18. Our gross profit margin improved to approximately 16.7% for the five months ended 28 February 2019 while the net profit margin decreased to approximately 4.5% due to the tax effect of the non-deductible listing expenses of approximately S$1.8 million.

We recorded net cash used in operating activities of approximately S$3.7 million for FY2017/18, which was mainly attributable to the amount and timing of billing to and receipts from our customers and the amount and timing of payments to our suppliers. In particular, we have recorded an increase in contract assets of approximately S$16.4 million which was due to (i) the increase in the size and number of contract works as a result of our business growth that the relevant services were completed but were not yet certified at the end of FY2017/18; and (ii) some of the works of our major projects undertaken or commenced close to the end of FY2017/18 and such works were not yet certified as at 30 September 2018, such as Project 9 and Project 11 as referred to the table of "Business – Our construction projects – Our major projects" for FY2017/18 resulting in the increase in the contract assets as at 30 September 2018 as compared to that in 2017. Of approximately S$21.0 million contract assets (excluding retention receivables) as at 30 September 2018, approximately S$9.2 million was related to Project 9 and Project 11. In view of our cash outflow in operating activities for FY2017/18, our Directors consider that, going forward, our Group shall adopt a prudent treasury management policy to (i) manage our Group's funds ensuring that there is no material shortfall in cash which may cause interruption to our Group's obligations arising from daily business needs; (ii) maintain sufficient level of funds to settle our Group's commitment as and when they fall due; (iii) maintain adequate liquidity to cover our Group's operation cash flow, project expenditures and administrative expenses; and (iv) maintain the relevant financing costs at a reasonable level. In particular, our Group has adopted certain measures including (i) analyse historical timing of payment approval and settlement patterns related to our customers and historical credit terms granted by our suppliers and/or subcontractors; and (ii) prepare an analysis of the forecasted amount and timing of cash inflows and outflows in relation to the project as well as our other liquidity requirements; (iii) our finance manager is responsible for the overall monitoring of our current and expected liquidity requirements on a monthly basis to ensure that we maintain sufficient financial resources to meet our liquidity requirements; and (iv) if, based on the regular monitoring of our finance manager, there is any expected shortage of internal financial resources, we would consider different financing alternatives, including but not limited to obtaining adequate committed lines of funding from banks and other financial institutions.

For the more detailed discussion of the fluctuation of our key operational and financial data during the Track Record Period, please refer to the section headed "Financial information" in this prospectus.

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our tender and quotation success rate was approximately 60.3%, 41.3%, 51.6% and 48.6%, respectively. We may from time to time respond to our customers' invitations by submitting less competitive tenders or quotations after taking into account our tendering strategy instead of turning them down. This is mainly because our Directors are of the view that submitting the tenders or quotations would allow us to maintain our market presence and keep abreast of up-to-date market information, the requirements of our customers as well as the pricing level of our competitors, which can be served as references in our future tendering exercise in similar projects. As a result, we may experience fluctuations in our overall tender and quotation success rates from period to period.

In general, having considered our tendering strategy, our business growth during the Track Record Period and the revenue yet to be recognised for our projects in backlog as at 30 September 2016, 30 September 2017, 30 September 2018, 28 February 2019 and the Latest Practicable Date, our Directors consider that our overall tendering performance during the Track Record Period has been satisfactory. For details, please refer to the section headed "Business – Our business model – Operation flow – Award of contract" in this prospectus.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account the Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), Mr. Poon and Mr. Teo will act in concert and, through their holding company, HG TEC, hold and be entitled to exercise in general meetings voting rights attached to Shares representing approximately 75% of the issued share capital of our Company pursuant to the Acting in Concert Confirmation. Accordingly, Mr. Poon, Mr. Teo and HG TEC will be a group of Controlling Shareholders under the Listing Rules.

Please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus for further details.

Mr. Poon is the chairman of our Board and an executive Director. Mr. Teo is our chief executive officer and an executive Director. Please refer to the section headed "Directors and senior management" in this prospectus for the biographical information of Mr. Poon and Mr. Teo.

LITIGATION AND CLAIMS

During the Track Record Period and up to the Latest Practicable Date, our Group has been involved in a number of claims and litigations, including two concluded contractual claims commenced by us against our tenants in relation to the recovery of payment of rental debt and four concluded negligence claims commenced by independent third parties in relation to three motor vehicle accidents which involved the alleged negligence of our workers whilst driving our motor vehicles. For details, please refer to the section headed "Business – Litigation and claims" in this prospectus.

OFFERING STATISTICS

Number of the Offer Shares	:	120,000,000 Shares
Offer Price	:	Not more than HK$1.15 per Offer Share and is expected to be not less than HK$1.05 per Offer Share (excluding brokerage, Stock Exchange trading fee and SFC transaction levy)

	Based on an Offer Price of HK$1.05 *HK$*	**Based on an Offer Price of HK$1.15** *HK$*
Market capitalisation	504,000,000	552,000,000
Unaudited pro forma adjusted combined net tangible assets of the Group as at 30 September 2018 per Share *(Note)*	0.57	0.59

Note: Please refer to Appendix II to this prospectus for the bases and assumptions in calculating this figure.

LISTING EXPENSES

Our Directors estimate that the total amount of expenses in relation to the Listing is approximately HK$37.7 million. Out of the amount of approximately HK$37.7 million, approximately HK$17.8 million is directly attributable to the issue of the Listing and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately HK$19.9 million, which cannot be so deducted, shall be charged to profit or loss. Of the approximately HK$19.9 million that shall be charged to profit or loss, approximately S$2.4 million (approximately HK$13.7 million) has been charged during the Track Record Period, and approximately HK$6.2 million is expected to be incurred for the remaining seven months ending 30 September 2019. Expenses in relation to the Listing are non-recurring in nature.

FUTURE PLANS AND USE OF PROCEEDS

The net proceeds to be received from the Share Offer based on the Offer Price of HK$1.10 per Offer Share, being the mid-point of the indicative Offer Price range, after deducting related expenses in connection with the Share Offer and assuming Over-allotment Option is not exercised, are estimated to be approximately HK$94.3 million. Our Directors presently intend that the net proceeds will be applied as follows: (i) approximately HK$23.9 million, representing approximately 25.3% of the net proceeds will be used to strengthen our financial position in order to pay for upfront costs; (ii) approximately HK$34.0 million, representing approximately 36.0% of the net proceeds will be used to enhance our machinery fleet, by acquiring additional hydraulic excavators, articulated dump trucks, crusher, trailer and trucks and lorries in order to cater for more construction works of different scales and complexity; (iii) approximately

HK$12.6 million, representing approximately 13.4% of the net proceeds will be used to strengthen our workforce; (iv) approximately HK$2.2 million, representing approximately 2.3% of the net proceeds will be used to develop the production area in our headquarters for steel bar fabrication for our own usage; (v) approximately HK$5.7 million, representing approximately 6.1% of the net proceeds will be used to invest in BIM and ERP systems to enhance our information technology capability and project implementation efficiency; and (vi) approximately HK$15.9 million, representing approximately 16.9% of the net proceeds will be used to acquire addition investment properties for our property investment business.

DIVIDEND

During FY2015/16, Sing Tec Development declared and paid a dividend of S$1.3 million to our then shareholders in respect of FY2015/16.

During FY2017/18, Sing Tec Development and Sing Tec Construction declared dividends of approximately S$5.7 million and S$1.4 million respectively to our then shareholders in respect of FY2017/18. Approximately S$5.5 million was offset against amounts owing from Mr. Poon and Mr. Teo during FY2017/18 as detailed in note 21 of the accountants' report set out in Appendix I to this prospectus. In respect of the remainder of the dividend payable of approximately S$1.6 million as at 30 September 2018, having considered our available financial resources, our business growth and the needs for our business operation, on 20 December 2018, Mr. Poon and Mr. Teo decided to further invest to our Group and waived the dividend payable of our Group of S$1.1 million in aggregate. The remainder of such dividend payable of approximately S$0.5 million shall be paid to Mr. Poon by using our internal resources before the Listing.

The declaration and payment of future dividends will be subject to the decision of the Board having regard to various factors, including but not limited to our operation and financial performance, profitability, business development, prospect, capital requirements, and economic outlook. It is also subject to any applicable laws. The historical dividend payments may not be indicative of future dividend trends. We do not have any predetermined dividend payout ratio.

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have continued to focus on developing our construction services and property investment business in Singapore.

As at 28 February 2019, we had a total of 46 projects in our backlog (including projects that we have commenced as well as projects that have been awarded to us but not yet commenced), with an aggregate total contract sum of approximately S$210.2 million. After the Track Record Period and up to the Latest Practicable Date, we were awarded 10 new projects with an aggregate total contract sum of approximately S$33.8 million. As at the Latest Practicable Date, we had a total of 53 projects in our backlog (including projects that we have commenced as well as projects that have been awarded to us but not yet commenced), with an aggregate total contract sum of approximately S$195.1 million, of which approximately S$71.4 million is expected to be recognised as revenue for the period after the Latest Practicable Date.

Besides, after the Track Record Period and up to the Latest Practicable Date, we have submitted 32 tenders and quotations, among which we were awarded 10 contracts of construction projects. Together with the tenders and quotations we have submitted during the Track Record Period, there were 21 tenders and quotations with an aggregate estimated tender and quotation sum of approximately S$261.0 million which were still pending result as at the Latest Practicable Date.

Our Directors confirm that, save for the expenses in connection with the Listing, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since the 28 February 2019 and there had been no events since 28 February 2019 which would materially affect the information shown in our combined financial information included in the accountants' report set out in Appendix I to this prospectus.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings. These terms and their meanings may or may not correspond to standard industry meaning or usage of these terms.

"Acting in Concert Confirmation"	the deed of confirmation and undertaking dated 18 December 2018 executed by Mr. Poon and Mr. Teo, in relation to their confirmation of the existence of certain acting in concert arrangements. For details, please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus
"Application Form(s)"	the **WHITE** Application Form(s) and **YELLOW** Application Form(s), or where the context so requires, any of them, relating to the Share Offer
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on 23 August 2019 with effect from the Listing Date and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
"associate(s)"	has the meaning ascribed thereto it under the Listing Rules
"BCA"	the Building and Construction Authority of Singapore, an agency under the Ministry of National Development of the Singapore
"BCISPA"	the Building and Construction Industry Security of Payment Act, Chapter 30B of the laws of Singapore
"BIM"	Building information modelling
"bizSAFE"	a five-step programme that assists companies to 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
"Board" or "Board of Directors"	the board of Directors
"Builink"	Builink Holdings Limited (立德控股有限公司), a company incorporated in BVI with limited liability on 4 May 2018 and a direct wholly-owned subsidiary of the Company

"business day(s)" or "Business Day(s)"	any day (other than a Saturday, Sunday or public holidays in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate, a method of assessing the average growth of a value over time
"Capitalisation Issue"	the issue of 359,999,937 Shares to be made upon capitalisation of part of the amount standing to the credit of our share premium account as referred to in the paragraph headed "A. Further information about our Company – 4. Written resolutions of our sole Shareholder" in Appendix V to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person permitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person permitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participants"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Chairman"	the chairman of our Board
"civil engineering"	the construction of structures, infrastructures, roads and railways, bridges and tunnels; utilities installations; geotechnical and underground works; industrial plants, and refineries (all excluding major electrical and mechanical works); public amenities and facilities with structural or aforementioned content
"close associate(s)"	has the meaning ascribed to it under the Listing Rules

"Companies Law"	the Companies Law, Cap 22. (Law 3 of 1961) of the Cayman Islands, as amended, modified and supplemented from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"Company", "our Company", "we" or "us"	S&T Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 17 September 2018
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, means Mr. Poon, Mr. Teo and HG TEC
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CPF"	Central Provident Fund of Singapore, which is a security savings scheme funded by contributions from employers and employees
"Deed of Indemnity"	the deed of indemnity dated 23 August 2019 executed by our Controlling Shareholders in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) regarding certain indemnities, details of which are set out in the paragraph headed "E. Other information – 1. Estate duty, tax and other indemnities" in Appendix V to this prospectus

"Director(s)"	the director(s) of our Company
"ERP system"	Enterprise resource planning system
"ERSS works"	Earth retaining stabilising structures works
"FWL"	Foreign worker levy, a pricing mechanism administered by the government of Singapore to regulate the number of foreign workers in Singapore
"FY2015/16"	the financial year ended 30 September 2016
"FY2016/17"	the financial year ended 30 September 2017
"FY2017/18"	the financial year ended 30 September 2018
"FY2018/19"	the financial year ending 30 September 2019
"GB1 Licence"	the General Builder Class 1 licence issued by the BCA under the Licensing of Builders Scheme, a builder with such a licence is allowed to undertake general building works of unlimited value
"GeBIZ"	a one-stop government-to-business public e-procurement business centre where suppliers can conduct electronic commerce with the government of Singapore. All of the public sector's invitations for quotations and tenders are posted on GeBIZ. Suppliers can search for government procurement opportunities, retrieve relevant procurement documentations and submit their bids online
"Group", "we, "us" or "our"	our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, our subsidiaries and the businesses operated by such subsidiaries at the relevant time
"GST"	goods and services tax
"HG TEC"	HG TEC Holdings Limited (宏德控股有限公司), a company incorporated in BVI with limited liability on 4 May 2018 and one of our Controlling Shareholders

"HK dollars" or "HKD" or "HK$" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar of our Company
"IFRSs"	the International Financial Reporting Standards issued by the International Accounting Standards Board
"independent third party(ies)"	an individual(s) or a company(ies) who or which is/are independent and not connected with (within the meaning of the Listing Rules) any of our Directors, chief executive, substantial Shareholders of our Company or any of its subsidiaries, or any of their respective associates
"Initial Resources"	Initial Resources Pte. Ltd., a private company limited by shares incorporated in Singapore on 3 August 2007 and an indirect wholly-owned subsidiary of the Company
"Ipsos"	Ipsos Pte. Ltd., the independent market research agency engaged by our Company
"Ipsos Report"	an independent industry research report commissioned by our Company prepared by Ipsos
"ISO"	an acronym for a series of quality management and quality assurance standards published by International Organization for Standardization, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"ISO 14001"	environmental management system requirements published by ISO

"ISO 9001"	quality management systems model published by ISO for quality assurance in design, development, production, installation and servicing
"Joint Lead Manager(s)"	Head & Shoulders Securities Limited, Astrum Capital Management Limited and Ever Joy Securities Limited being the joint lead managers to the Share Offer
"JV Company"	a joint venture company established by Sing Tec Development and an independent third party in June 2014, details of which are set out in the section headed "History, development and Reorganisation – Corporate history" in this prospectus
"Latest Practicable Date"	19 August 2019, being the latest practicable date for the purpose of ascertaining certain information in this prospectus prior to its publication
"Listing"	the listing of our Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about 19 September 2019, on which dealings in our Shares first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"main contractor(s)"	in respect of a construction project, a contractor who is appointed by the project employer and who generally oversees the progress of the entire construction project and delegate different work tasks of the construction to other contractors
"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company adopted on 23 August 2019 and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus, as amended from time to time

"MOM"	the Ministry of Manpower, a ministry of the government of Singapore which is responsible for the formulation and implementation of labour policies related to the workforce in Singapore
"Mr. Poon"	Mr. Poon Soon Huat (方順發), our Chairman, an executive Director and one of our Controlling Shareholders
"Mr. Teo"	Mr. Teo Teck Thye (張德泰), our chief executive officer, an executive Director and one of our Controlling Shareholders
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for or issued pursuant to the Share Offer, to be determined in the manner further described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Offer Share(s)"	the Public Offer Shares and the Placing Shares
"OHSAS"	Occupational Health and Safety Assessment Specification, an international assessment specification for occupational health and safety management systems
"OHSAS 18001"	the requirements for occupational health and safety management system developed for managing health and safety risks associated with a business
"Over-allotment Option"	the option expected to be granted by us to the Placing Underwriters under the Placing Underwriting Agreement, exercisable by the Sole Bookrunner (on behalf of the Placing Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 18,000,000 additional Shares (representing 15% of the number of Offer Shares initially being offered under the Share Offer) at the Offer Price, to, among other things, cover over-allocations in the Placing, if any, as further described in "Structure and Conditions of the Share Offer" in this prospectus

"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters at the Offer Price to selected professional, institutional and other investors as set out in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Placing Shares"	the 108,000,000 Shares being initially offered by our Company for subscription pursuant to the Placing, subject to re-allocation as described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Placing Underwriter(s)"	the underwriters of the Placing, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing
"Placing Underwriting Agreement"	the conditional underwriting agreement relating to the Placing expected to be entered into on or about the Price Determination Date by, among others, our Company and the Placing Underwriters, particulars of which are summarised in the section headed "Underwriting" in this prospectus
"PRC"	the People's Republic of China, which for the purpose of this prospectus and for geographical reference only, excluding Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan region
"Price Determination Agreement"	the price determination agreement to be entered into between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters), on or before the Price Determination Date to record and fix the Offer Price
"Price Determination Date"	the date expected to be on Tuesday, 3 September 2019, and in any event no later than Tuesday, 17 September 2019, on which the final Offer Price is determined for the purposes of the Share Offer
"private sector projects"	works contracts that are not public sector projects

"Public Offer"	the offer of the Public Offer Shares for subscription by the members of the public in Hong Kong at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, and subject to the terms and conditions described in this prospectus and the Application Forms
"Public Offer Shares"	the 12,000,000 Shares initially being offered for subscription under the Public Offer, subject to re-allocation as described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer whose names are set out in the section headed "Underwriting – Underwriters – Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement dated 28 August 2019 relating to the Public Offer entered into between, our Company, executive Directors, Controlling Shareholders, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriters, particulars of which are summarised in the section headed "Underwriting" in this prospectus
"public sector projects"	works contracts of which the ultimate project employer is a Singapore government agency
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing as described in the section headed "History, development and Reorganisation – Reorganisation" in this prospectus
"S$"	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 share(s) with nominal value of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 23 August 2019, the principal terms of which are summarised in the paragraph headed "D. Share Option Scheme" in Appendix V to this prospectus
"Sing Tec Construction"	Sing Tec Construction Pte Ltd, a private company limited by shares incorporated in Singapore on 21 September 1998 and an indirect wholly-owned subsidiary of the Company
"Sing Tec Development"	Sing Tec Development Pte. Ltd., a private company limited by shares incorporated in Singapore on 4 October 2004 and an indirect wholly-owned subsidiary of the Company
"Singapore"	the Republic of Singapore
"Singapore Legal Adviser"	Shook Lin & Bok LLP, the legal advisers to our Company as to Singapore laws
"Sole Bookrunner"	Head & Shoulders Securities Limited, being the sole bookrunner to the Share Offer
"Sponsor"	Grande Capital Limited, being the sponsor for the Listing and a licensed corporation engaging in type 6 (advising on corporate finance) regulated activity under the SFO
"sq. ft."	square foot
"sq.m."	square metre
"Stabilising Manager"	the Sole Bookrunner

"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into between HG TEC and the Stabilising Manager, pursuant to which the Stabilising Manager may borrow up to 18,000,000 Shares to cover any over-allocations in the Share Offer
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subcontractor"	a contractor who is appointed by the main contractor or another subcontractor and generally responsible for specific delegated works in a project
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial Shareholder(s)"	has the meaning ascribed thereto in the Listing Rules and details of our substantial Shareholders are set out in the section headed "Substantial Shareholders" in this prospectus
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019
"Underwriters"	the Public Offer Underwriters and the Placing Underwriters
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"United States" or "U.S."	the United States of America
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"variation order(s)"	an order placed by customer during the course of project execution concerning variation to part of the works, which may include (i) additions, omissions, substitutions, alterations, and/or changes in the quality, form, character, kind, position, dimension or other aspect of the works; (ii) changes to any sequence, method or timing of construction specified in the main contract; and (iii) changes to the site or entrance to and exit from the site

"**WHITE** Application Form(s)"	the application form(s) to be completed in accordance with the instructions in the section headed "How to apply for the Public Offer Shares" in this prospectus
"**YELLOW** Application Form(s)"	the application form(s) to be completed in accordance with the instructions in section headed "How to apply for the Public Offer Shares" in this prospectus
"%"	per cent

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. In some cases the words such as “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “might”, “plan”, “potential”, “predict”, “propose”, “seek”, “should”, “target”, “will”, “would” and other similar expressions are used to identify forward-looking statements. These forward-looking statements include statements relating to:

- our Group’s business; operating strategies and future plans;
- the amount and nature of, and potential for, future development of our Group’s business;
- our Company’s dividend, if any;
- our ability to control costs;
- the regulatory environment as well as the general industry outlook for the industry in which our Group operate;
- future developments in the industry in which our Group operate; and
- the trend of the economy of Singapore, Hong Kong and the world in general.

These statements are based on several assumptions, including those regarding our Group’s present and future business strategy and the environment in which our Group will operate in the future.

Our Group’s future results could differ materially from those expressed or implied by such forward-looking statements. In addition, our Group’s future performance may be affected by various factors including those discussed in the sections headed “Risk factors” and “Financial information” in this prospectus.

Should one or more risks or uncertainties stated in the aforesaid sections materialise, or should any underlying assumptions to prove incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of the forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements as set out in this section.

In this prospectus, statements of, or references to, our Group’s intentions or those of any of the Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

Potential investors should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. You should pay particular attention to the fact that the legal and regulatory environment of which may differ in some respects from that which prevails in other countries. The business, financial condition or results of operations of us could be materially and adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Our revenue was mostly derived from construction services and such contracts are non-recurring in nature and there is no guarantee that our customers will award new contracts to us in the future

During the Track Record Period, we generally derived our revenue from construction services and our contracts for construction services are non-recurring in nature and we did not enter into any long-term agreement with our customers.

As the contracts are awarded on a project-by-project basis, our customers are under no obligation to award contracts to us. As such, there is no assurance that our existing customers will continue to engage us in their upcoming projects after the completion of the current contracts. The number and scale of projects and the amount of revenue we are able to derive therefrom may therefore vary significantly from period to period.

If we cannot continue to maintain the amount of contracts at a similar level or obtain new projects of similar or even larger contract sum, our business, financial condition, results of operations as well as business prospect may be materially and adversely affected.

We may not be able to maintain or increase our tender and quotation success rate

During the Track Record Period, we secured new businesses mainly through (i) tender opportunities published on the GeBIZ system (the Singapore government's one-stop e-procurement portal) or (ii) direct invitation for tender or quotation request by customers. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our tender and quotation success rate was approximately 60.3%, 41.3%, 51.6% and 48.6%, respectively. For details, please refer to the section headed "Business – Our business model – Operation flow – Award of contract" in this prospectus.

There is no guarantee that we will receive tender invitation or quotation request from our customers or our tenders or fee quotations will be selected by our customers. As such, there is no assurance that we will be able to maintain or increase our tender success rate in the future. In that case, we may have to adjust our pricing strategy or offer more favourable terms to our customers to increase the competitiveness of our tenders or fee quotations. Failure to maintain our success rate on project tendering and to adjust our pricing accordingly may materially or adversely affect our profitability and results of operations.

We had a concentration of customers during the Track Record Period

During the Track Record Period, a significant portion of our revenue was derived from a limited number of customers. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our largest customer accounted for approximately 19.5%, 31.5%, 55.7% and 49.1% of our revenue, respectively, while our five largest customers in aggregate amounted to approximately 75.2%, 85.4%, 89.2% and 92.7% of our revenue, respectively.

There is no assurance that we will be able to maintain our relationships with our major customers. There is also no assurance that we will be able to diversify the composition of our customer base. If any of our major customers materially reduces, delays or terminates its projects with us and we cannot secure projects on similar terms in a timely manner from other customers, there may be a material and adverse effect on our business, financial condition, results of operations as well as prospect.

A portion of our revenue was generated from contracts awarded by Singapore government agencies during the Track Record Period and any significant reduction in the level of Singapore government's spending on civil engineering and building construction services may materially and adversely affect us

For each of FY2015/2016, FY2016/2017 and FY2017/2018 and the five months ended 28 February 2019, our revenue generated from contracts awarded by Singapore government agencies represented approximately 0.4%, 32.5%, 61.7% and 56.3% of our total revenue, respectively. Contracts from Singapore government agencies are normally awarded to contractors by way of public tender and there is no assurance that we will continue to obtain contracts from Singapore government agencies in the future. If we are unable to successfully tender for contracts from the Singapore government agencies or if there is a significant decrease in our tender success rate, our business operations, financial results and profitability will be adversely affected. In addition, the Singapore government's spending budget on construction projects may change from year to year, which in turn may be affected by various factors, including changes in the Singapore government's policies, the amount of investment in the construction of new infrastructure and improvement of existing infrastructure by the Singapore government, the general financial conditions of the Singapore government and the general economic conditions in Singapore. Any reduction or significant delay in the level of spending on construction projects by the Singapore government may affect our business and operating results. In the event that the Singapore government reduces or delays its level of spending on construction projects and our Company fails to secure sufficient business from the private sector, our business and financial positions and prospects could be materially and adversely affected.

We determine the tender or quotation price based on our estimated construction time and costs which may deviate from the actual time and costs incurred and any inaccurate cost estimation and cost overrun may adversely affect our financial results

When preparing our tenders, we determine our tender or quotation price on a case-by-case basis by adopting a cost-plus pricing model. To estimate our costs of undertaking a project, we consider factors including (i) the nature, scope and complexity of the work involved; (ii) the project schedule; (iii) the availability of our manpower and resources; and (iv) the estimated material and subcontracting costs. There is no assurance that the actual time and costs incurred would not exceed our estimation during the performance of our projects. The actual time and costs incurred to complete our construction projects may vary substantially from our original estimates due to factors such as (i) shortage or cost escalation of materials or labour during the project period; (ii) unexpected technical problems or adverse weather condition; and (iii) failure of performance by our subcontractors which may in turn forces us to incur additional costs in replacing the defaulting subcontractor or carrying out rectification works.

During the Track Record Period, most of our contracts were determined on a fixed-price basis upon the signing of the contract. If we cannot maintain our costs within our original estimations throughout the course of carrying out the contract, or pass on to our customers any increase in costs, our business, financial condition and results of operations may be materially and adversely affected.

Uncertainties on variation orders may affect our liquidity and financial position

During the implementation period of our construction projects, we may be given variation orders where our customers amend the specification and scope of work from that originally contracted. A variation order may increase, omit or vary the original scope of work and adjust the original contract sum. Normally, the scope for the variation order will be agreed by us and our customers and the rights and obligations under the variation order will be the same as that under the contract. We first estimate the costs of each variation order and may negotiate with the customers for the charge of additional costs incurred. Variation orders may affect our profit margin as prices for additional purchases or subcontracting services have to be negotiated with our suppliers and subcontractors, and we may not be able to maintain the same gross profit margin for a variation order as that for the original contract as a result of higher material costs or subcontracting charges. In the event that we have disagreement with our customers in relation to the scope of variation work, or to the valuation on variation work, dispute may arise and the settlement of our payment applications may be delayed, thereby affecting our liquidity and financial position.

We rely on subcontractors to implement the projects and any significant increase in our subcontracting charges or any substandard subcontractor works may have adverse impacts on our financial results

During the Track Record Period, we may subcontract some of our works to other subcontractors after taking into consideration our available labour resources and the cost of performing the works by using our own resources. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our subcontracting charges were approximately S$12.7 million, S$23.9 million, S$38.7 million and S$24.8 million, representing approximately 34.6%, 47.2%, 54.8% and 66.4% of our total cost of services, respectively.

When preparing our tenders or quotation, subcontracting cost is one of the factors we would take into account to estimate our project costs. We cannot guarantee that the cost of engaging subcontractors will always remain stable. Any unexpected fluctuations in subcontracting charges during the course of execution of our projects will thus have a negative impact on our profitability.

Besides, there is no assurance that our subcontractors will always provide services to us at an acceptable standards, and we may incur additional time and costs in rectifying substandard work, if any, which may cause cost overrun or delay to the projects. In such case, our business, financial condition and results of operations may be materially and negatively affected.

Construction works are highly labour-intensive and we rely on a stable supply of labour to carry out our projects

Construction works are generally labour-intensive and numbers of workers from different disciplines with different skills may be required for a construction project.

According to the Ipsos Report, the construction industry in Singapore is suffering from recruitment challenges due to the shortage of construction labour as a result of an aging workforce supply and a declining rate of young Singaporeans entering the industry. Furthermore, the construction industry is also facing a shortage of skilled workers, attributable to factors such as the Singapore government's policy measures restricting foreign manpower hiring and the transient employment nature of the construction industry. Skilled workers are important to the industry, as much of the work involves labour and a more skilled workforce will help to increase productivity, maintain quality as well as lower foreign worker levies.

There is no assurance that the supply of labour and average labour costs will remain stable at all times. When there is a significant increase in the cost of labour and we or our subcontractors have to retain labour by increasing their wages, our staff costs and/or subcontracting charges will increase and as a result, our profitability will be adversely affected. Furthermore, if we experience any failure to attract and retain competent personnel or any material increase in labour costs as a result of the shortage of skilled labour, our competitiveness and business would be damaged, thereby adversely affecting our financial condition, operating results as well as our future prospect.

Our historical results may not be indicative of our future revenue and profit margin

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our revenue amounted to approximately S$44.7 million, S$60.3 million, S$84.0 million and S$44.9 million, respectively, while our gross profit amounted to approximately S$7.9 million, S$9.7 million, S$13.3 million and S$7.5 million, respectively. During the same periods, our gross profit margin amounted to approximately 17.7%, 16.1%, 15.8% and 16.7%, respectively.

Such historical financial information is solely an analysis of our past performance, which does not necessarily have any positive implication to our future financial performance. Our future financial performance is largely dependent on our capability to secure new contracts, control our costs and expenditures, as well as project implementation. Our revenue and profit margins may fluctuate from project to project, depending on factors specific to that project, including our determination of tender or quotation price and the actual costs of the construction works. There is no assurance that we will always be able to obtain similar or greater amount of projects and to maintain our profits at similar level as we did during the Track Record Period.

Our business has to be operated with various registrations, certificates and licences and the loss of or failure to obtain and/or renew any or all of these registrations, certifications and/or licences could materially and adversely affect our business

Pursuant to the laws of Singapore, we are required to obtain and maintain certain registrations and certificates in order to operate certain parts of our business. For details, please refer to the section headed "Regulatory overview" in this prospectus.

In particular, as at the Latest Practicable Date, we held a number of licences and registrations which enable us to carry on our businesses. In particular, for our construction services, we hold a GB1 Licence granted under the Licensing of Builders Scheme, which allows us to undertake general building contracts of any value in Singapore. We also holds the CW01 workhead B1 Grade registration and CW02 workhead B1 Grade registration, which allow us to directly tender for contracts of general building works and civil engineering works for government agencies of a contract value of not exceeding S$40 million.

Renewal of the registrations and certifications we currently possess is generally subject to certain technical and relevant industry experience requirements. As such, there is no assurance that all these qualifications can be maintained or obtained/renewed in a timely manner or at all. Any changes in the existing policies by Singapore government authorities in relation to the construction industry may result in our failure to obtain or maintain such qualifications. If we cannot maintain these qualifications, our reputation, our ability to obtain future business, our business and results of operations may be materially and adversely affected.

Our financial position and liquidity may be adversely affected by possible failure by our customers to make timely or full payments

During the Track Record Period, we generally submit an interim payment application to our customers on a monthly basis based on the amount of work completed. Upon receiving our payment application, consultants appointed by our customers will examine our portion of work completed and issue a payment certificate endorsing the work progress. Accordingly, our customer would then make payment to us. In addition, our customers usually retain a portion of progress payments as retention money, generally representing 5% to 10% of each progress payment, in aggregate subject to maximum retention of 5% of the total original contract sum. There is no assurance that our customers will pay us in a timely manner or pay the full amount invoiced by us.

When we purchase construction materials from our suppliers and engage subcontractors to perform our works, there may be a significant difference in time between payments to our suppliers and subcontractors and payment from our customers and we may experience significant cash flow mismatch. The extent of such cash flow mismatch can be illustrated by the difference between our trade payable turnover days and our trade receivable turnover days. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, trade payable turnover days were approximately 28.9 days, 24.2 days, 30.3 days and 26.5 days, respectively, while our trade receivable turnover days were approximately 34.5 days, 30.5 days, 32.6 days and 31.8 days, respectively. For further discussion, please refer to the section headed "Financial information – Discussion on selected statement of financial position items" in this prospectus.

During the Track Record Period, we have not written off any receivables as uncollectible. There is no assurance that the financial position of our customers will remain healthy in the future. If our customers experience any financial distress or are unable to settle their payments due to us or release the retention money to us in a timely manner or at all, we may have to write off our receivable against them. As a result, our financial position and results of operations may be adversely affected.

Our cash flow may fluctuate due to the nature of construction works

Due to the nature of construction works, we may record net cash outflows at the beginning of the projects when we are required to pay certain upfront costs, while progress payment will only be paid to us after the construction works commences. For details of our execution of projects, please refer to the section headed "Business – Construction services – Operation flow" in this prospectus.

Besides, our customers may also require us to provide performance bonds in order to ensure our due performance of the contracts. Pursuant to the terms of the performance bond, we are generally required to place a pledged deposit with the bank or pay an insurance premium to the insurance company, and the amount paid will only be released upon practical completion of the project. For details, please refer to the section headed "Business – Our customers – Principal terms of engagement – Performance bond" in this prospectus.

Therefore, certain amount of cash and other resources have been retained before we can obtain any payments in return. If the commencement periods of some of our projects overlap, we may be required to provide a substantial amount of initial setting up costs and performance bond, which may adversely affect our cash flow position and financial position.

We recorded net operating cash outflow for FY2017/18

We recorded net cash used in operating activities of approximately S$3.7 million for FY2017/18. For further information, please refer to the section headed "Financial information – Liquidity and capital resources – Cash flows" in this prospectus. There is no assurance that we will able to generate positive cash flows from operating activities in the future. In particular, we cannot predict the amount and timing of receipts of our trade receivables from our customers. Negative operating cash flows may materially and adversely affect our liquidity and financial condition, and thus may require us to obtain sufficient external financing to meet our financial needs and obligations. If we rely on external financing to generate additional cash, we will incur financing costs and there is no assurance that we will be able to obtain external financing on terms acceptable to us, or at all.

We are exposed to our customers' credit risks

Our trade receivables amounted to approximately S$5.4 million, S$2.3 million, S$10.7 million and S$6.0 million as at 30 September 2016, 30 September 2017, 30 September 2018 and 28 February 2019, respectively. For each of FY2015/16, FY2016/17 and FY2017/18 and for the five months ended 28 February 2019, our trade receivable turnover days were approximately 34.5 days, 30.5 days, 32.6 days and 31.8 days, respectively. Progress payments will not always be paid to us on time or in full. We may experience significant cash flow mismatch when there is a significant timing difference between making payments to our suppliers and subcontractors and receiving payments from our customers. In the event of defaulting payments by any of our major customers, we may be unable to recover a significant amount of the receivables. In addition, if there is any difficulty in collecting a substantial portion of our trade receivables or any material mismatch in time between receipt of progress payments from our customers and payment of initial setting up costs and we fail to manage the fluctuation of our cash flows, our cash flows, business operations and financial condition would be materially and adversely affected.

Our performance bonds may be forfeited in the event of our non-performance of contracts

It is common that some of our potential customers, in both the public and private sectors, may require us to take out performance bonds to ensure the due performance of the contracts. Pursuant to the terms of the performance bond, we are generally required to place a pledged deposit with the bank or pay an insurance premium to insurance company, and the amount paid will only be released upon practical completion of the project. In the event of our non-performance, the bank or insurance company may forfeit our performance bond and pay a sum of money to our customer. For details, please refer to the section headed "Business – Our customers – Principal terms of engagement – Performance bond" in this prospectus.

There is no assurance that our works or works performed by our subcontractors are up to the standard of our customers. If we fail to satisfy our customers with our work performance, the amount paid for the performance bonds will not be released to us, which may thereby adversely affect our cash flow and financial position. It may also have a material adverse impact on our business, reputation and prospect.

We may be liable to pay liquidated damages if we fail to meet the time schedule specified in contracts

Our customers may include a liquidated damages clause in the contracts to protect themselves against any significant delay in completion of works. Pursuant to the terms of the relevant contracts, save for some exceptional circumstances, we may be liable to pay liquidated damages if we are unable to meet the time schedules specified therein. For details, please refer to the section headed "Business – Our customers – Principal terms of engagement – Liquidated damages" in this prospectus.

Liquidated damages are generally calculated on a daily basis with reference to the rates stipulated in the contracts. Any failure to meet the time schedule specified may result in us being liable to pay significant liquidated damages, which would adversely affect our cash flow and financial position. It may also have a material adverse impact on our business, reputation and prospect.

We are dependent on key management personnel with relevant expertise

Our Directors believe that our success, to a large extent, is attributable to the leadership and contributions of our executive Directors and senior management team, who are collectively responsible for the overall corporate development and business strategies of us as well as implementing business plans and driving our growth. For details of their expertise and experience, please refer to the section headed "Directors and senior management" in this prospectus.

Our key personnel, as well as their extensive experience and business connections in Singapore's construction industry, are important to our business operations. There is no assurance that we can retain their service or find suitable replacement on reasonable terms in a timely manner, and in such cases, the results of operations and business performance may be materially and adversely affected.

A majority of our workforce is made up of foreign workers and inability to obtain foreign workers could materially affect our operations and financial performance

Our business is highly reliant on foreign workers as the local construction labour force is limited and more costly. Any shortage in the supply of foreign workers, increase in FWL for foreign workers, or any restriction on the number of foreign workers that we can employ for our construction services (including those imposed by the MOM for regulatory non-compliances), will adversely affect our operations and financial performance. Based on the latest information available from the MOM database as at the Latest Practicable Date, our Group has utilised 174 of the quota balance for foreign workers, among 329. Based on the ratio of one full-time local worker to seven foreign workers, the maximum number of foreign workers our Group can hire is 329, which means that we can hire 155 additional foreign workers based on the dependency ceilings. Consequently, our operations and financial performance may be adversely affected by the possible shortages in the supply of foreign workers and any increase in cost of foreign labour. Supply of foreign labour in Singapore is subject to the policies and regulations imposed by the MOM.

To illustrate, the MOM imposes a quota on the number of foreign workers that the main contractor and its subcontractors (including our Group and our subcontractors) can employ in respect to each project. The tightening of such quota could adversely affect our operations and subsequently our business and financial performance. In addition, any changes in policies regarding the countries of origins of foreign workers may affect the supply of foreign labour and cause disruptions to our operations, causing delays in the completion of our projects. The MOM also imposes FWL for foreign workers. Any increase in FWL will increase our operating expenses and our financial performance will be further affected.

We may be involved in litigation and/or disputes, legal and other proceedings arising from our operations from time to time and may face significant legal liabilities as a result

Our business carries the inherent risks of disputes with our employees, customers, suppliers, subcontractors and other project parties from time to time in respect of various matters, including in particular employees' compensation claims and common law personal injury claims in relation to personal injuries suffered by our workers during the course of employment. During the Track Record Period and up to the Latest Practicable Date, we were involved in a number of legal proceedings arising out of our operation. For details, please refer to the section headed "Business – Litigations and claims" in this prospectus.

There is no assurance that the outcomes of any legal proceedings arising from our operations would be favourable to us. There is also no assurance that we may be able to resolve every instance of dispute by way of negotiation and/or mediation with relevant parties. As such, if the aforementioned claims were successfully made against us and the damages which we may be liable to pay in respect of such legal proceedings are not covered by our insurance policies, our business, financial condition and results of operations could be materially and adversely affected.

In addition, our management's attention and resources could be diverted from the operation of our business in order to pursue and defend the legal proceedings in which we are involved, which could also affect our business.

There is no guarantee that our occupational health and safety management system could prevent the occurrence of industrial accidents of all kinds

We have established an occupational health and safety management system which has been certified to be in accordance with the requirements of the OHSAS 18001 standards. Further, we have also obtained the bizSAFE Level Star Certification. For details, please refer to the section headed "Business – Occupation health and safety" in this prospectus. However, there is no assurance that all of the safety measures and procedures are strictly adhered to at any time, nor can there be any assurance that the suggested safety measures and procedures are sufficient to prevent the occurrence of industrial accidents of all kinds. For any personal injuries and/or fatal accidents of our employees or our subcontractors at our project sites may lead to claims or other legal proceedings against us. As at the Latest Practicable Date, we were subject to a potential claim in relation to personal injury. For details, please refer to the section headed "Business – Litigations and claims" in this prospectus.

Such claims may expose us to the risk of negative publicity or higher insurance premiums in the future. If such incidents occur, our business prospect, reputation and results of operations may be adversely and materially affected.

Our insurance policies may not be sufficient to cover all the potential losses arising from our operations

During the Track Record Period, we have generally taken out work injury compensation policies, group insurance policy, public liability insurance, fire insurance and insurance policies for our motor vehicles and fleet of machinery and our Directors consider that our insurance coverage is adequate having considered our current business operation and the prevailing industry practice. For details, please refer to the section headed "Business – Insurance" in this prospectus.

However, there are certain types of losses for which insurance coverage is not generally available on commercial terms favourable to us or at all, for example, the insurance against potential losses due to war, terrorism, pollution, fraud, professional negligence and acts of God. Besides, there is no assurance that the insurance we have taken out can always cover all losses we sustain during the course of our business operations as it is not always possible to accurately predict and quantify how much loss we will suffer from potential claims.

In the case of an uninsured loss or a loss in excess of insured limits, including those caused by natural disasters and other events beyond our control, we may be required to pay for the losses, damages and liabilities out of our own funds. If we face legal claims from parties that may not be adequately covered by the insurance we have taken out, our business, operations and financial condition could be adversely affected.

We cannot guarantee that the insurance premiums payable by us will not increase in the future. Any further increase in insurance premiums or reduction in insurance coverage may materially and adversely affect our business operations and financial results.

We derive a portion of our revenue from our investment property portfolio, the performance of which depends on a number of factors, including changes in market rental levels, competition for tenants and rental collection and renewal

Leasing of our investment properties constitutes part of our business. For FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, revenue generated from our property investment business amounted to approximately S$0.5 million, S$0.5 million, S$0.5 million and S$0.2 million, respectively. We are subject to risks incidental to the ownership and operation of the properties, such as volatility in market rental rates and occupancy rates, competition for tenants, costs resulting from on-going maintenance and repair and the inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or at all, upon the expiration of the existing terms. Furthermore, any downturn in the rental market in general could negatively affect the demand for our rental properties and our revenue. If any of the above occurs, there may be a material adverse effect on our business, financial condition, results of operations and prospect.

We may not receive the full amount of contract or receive the amount in a timely manner that stated in our payment application to customer

As at 30 September 2016, 30 September 2017, 30 September 2018 and 28 February 2019, we recorded contract assets of approximately S$14.6 million, S$9.1 million, S$25.5 million and S$25.1 million, respectively. Contract assets are recognised when our Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. There is normally a timing difference between the completion of contract work, the payment applications by us and the issue of payment certificates by our customers, the subsequent issue of the invoice by us and up to the payment by our customers. There is no assurance that we will receive the full amount of contract assets for contract works or received the amount in a timely manner as our customers may not agree on our work done stated in our payment application submitted to them. If we are not able to do so, our results of operation, liquidity and financial position may be adversely affected.

Our results may fluctuate due to increases or decreases in the appraised fair value of our investment properties and the appraised value of our properties may differ from the actual realisable value and is subject to change

We are required by HIFRSs to reassess the fair value of our investment properties at every reported statement of financial position date thereafter. Accordingly, gains or losses arising from changes in the fair value of our investment properties are included in our combined statements of comprehensive income in the period in which they arise. However, fair value gains or losses do not change our overall cash position or our liquidity as long as we continue to hold such investment properties.

We had fair value losses on investment properties of approximately S$0.2 million for FY2015/16. For each of FY2016/17 and FY2017/18 and the five months ended 28 February, 2019, we recognised increases in fair value gains on our investment properties in the amounts of approximately S$0.1 million, S$0.5 million and S$40,000, respectively. On the other hand, we recorded fair value losses on investment properties held under joint operations of approximately S$0.5 million, S$0.5 million and S$0.2 million for FY2015/16, FY2016/17 and FY2017/18, respectively, while we recorded fair value gains on investment properties held under joint operations of approximately S$40,000 for the five months ended 28 February 2019. Any global market fluctuations and economic downturn can affect the amount of revaluation adjustments. There is no assurance that we will continue to record fair value gains on our investment properties at previous levels or at any level at all, or that the fair value of our investment properties will not decrease in the future. There is no assurance that the fair value gains (if any) on our investment properties will increase due to any increase in our portfolio of investment properties and/or increase overall value appreciation of properties in Singapore.

Fair value gains of our properties during the Track Record Period are based on valuations performed by an independent property valuer and are calculated based on assumptions adopted by them and the unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price. Therefore, the accounting estimation is subject to risks and uncertainties that the valuation of investment properties requires the use of significant unobservable inputs. We cannot assure that the assumptions used by the independent property valuer will be realised. Assumptions used by an independent property valuer when valuing our properties may exceed the corresponding parametres in the current market and/or corresponding historical parametres associated with our properties. As a result, the appraised value of our properties may differ from their actual realisable value or a forecast of their realisable value. For details regarding the assumption adopted by the independent property valuer, please refer to Appendix III to this prospectus. If any of the assumptions adopted by the property valuer in reaching the appraised values of our properties proves to be inaccurate, the appraised values of our property projects may be materially affected. As a result, the appraised values of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realisable value or an estimation of their realisable value. Unforeseeable changes in circumstances such as any downturn in national and local economic conditions, tightening of government austerity measures with respect to the property sector, any deterioration in the macroeconomic environment or for other reasons may also adversely affect the value of our properties.

Investment in properties is relatively illiquid, and we may not be able to sell such investment properties at prices or on terms satisfactory to us, or at all

We strategically retain the ownership of our investment properties for capital appreciation and rental income. In general, investment in properties in Singapore is relatively illiquid compared with other forms of investment. In the event that we need to dispose of certain investment properties because of changes in economic, financial and investment conditions, there is no assurance that we will be able to sell such investment properties at market prices or on terms satisfactory to us, or at all.

Our business strategy may not be successful or achieved within the expected time frame or estimated budget

Our business strategies are based on circumstances currently prevailing, which may be hindered by risks inherent in various stages of our business. There is no assurance that we will be successful in maintaining or increasing our market share, or expanding our customer base in the future. Any failure to maintain our current market position or implement our business strategies could materially and adversely affect our business, financial condition and the results of operations.

Increased staff cost and depreciation charge from additional capital expenditure on manpower, property and machinery could affect our financial performance

It is part of our business strategies to expand our operations by recruiting additional manpower and acquiring property and additional machinery. For details, please refer to the sections headed "Business – Business strategies" and "Future plans and use of proceeds" in this prospectus. Such additional manpower, property and machinery may increase our staff costs and depreciation expenses, respectively, and may therefore adversely affect our future results of operations and financial performance. In relation to the recruitment of additional manpower and acquisition of additional machinery under our expansion plan, based on the intended timing of the recruitment and acquisition, it is estimated that we will incur additional staff costs and depreciation expenses of approximately S$31,000 and S$15,000 for FY2018/19, and approximately S$2.5 million and S$1.1 million for FY2019/20, respectively. Upon completion of our expansion plan, while the staff costs and depreciation expenses in respect of the recruitment of manpower and acquisition of property and machinery, respectively, would increase, there is no assurance that our revenue or gross profit would increase accordingly. Should we be unable to obtain more projects and increase our profitability after such planned investment, our business and financial positions and prospect may be adversely affected.

Dividends declared in the past may not be indicative of the future dividend

During FY2015/16, Sing Tec Development declared and paid a dividend of S$1.3 million to our then shareholders in respect of FY2015/16.

During FY2017/18, Sing Tec Development and Sing Tec Construction declared dividends of approximately S$5.7 million and S$1.4 million respectively to our then Shareholders in respect of FY2017/18. For details, please refer to the section headed "Financial information – Dividend" in this prospectus.

After the Listing, our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and the amount of any future dividend will be at the discretion of our Board and will depend on, among others, our results of operations, financial condition, prospect and any other factors our Directors may deem relevant. As such factors and the payment of dividends are at the discretion of our Board, and there is no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future. Historical dividend payments should not be regarded as an indication of our future dividend policy.

We are subject to interest rate risk

We have bank borrowings, bank overdrafts and obligation under finance lease of approximately S$14.7 million, S$17.6 million, S$25.5 million and S$24.3 million as at 30 September 2016, 2017 and 2018 and 28 February 2019, respectively. We are therefore subject to interest rate risks. The weighted average effective interest rates on bank borrowings as at 30 September 2016, 2017 and 2018 and 28 February 2019 were 5.1%, 3.9%, 4.0% and 4.6% per annum, respectively. Any increase in the interest rate adversely affect our financial performance in the future.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Our performance is dependant on market conditions and trends in the Singapore's construction industry and overall economy

During the Track Record Period, all of our operations and management were located in Singapore. The continued availability of major construction works will affect the general future growth and level of profitability of the construction industry in Singapore. The availability of construction works projects from the public sector, private sector or other institutional bodies depends on the interplay of factors including the land supply in Singapore, Singapore government's policy, the investment of property developers and the general conditions and prospect of Singapore's economy.

The Singapore economy may experience considerable volatility. If there is any recession in Singapore, deflation or any changes in Singapore's currency policy, the construction industry, being one of Singapore's primary economic sectors, may decline as well. If the demand for civil engineering works and building construction works in Singapore deteriorates as a result, our operations and profitability could be adversely affected.

We operate in a competitive environment

According to the Ipsos Report, the construction industry in Singapore is highly fragmented and competitive. As as the Latest Practicable Date, there were more than 1,800 contractors and 1,000 contractors registered under the "General Building" and "Civil Engineering" workheads respectively within the construction industry in Singapore. We consider other construction companies operating in Singapore as our competitors as well as our business partners. New participants who possess appropriate skills, local experiences, necessary machinery and equipment, capital and are eligible for the grant of the requisite licences by the relevant regulatory bodies may enter the industry and compete with us. These competitors may reduce our market shares and lower our operating margins, which may adversely affect our profitability and operating results.

Construction labours may launch industrial actions or strikes to have higher wages and shorter working hours

Construction works are usually split into various different disciplines. Each discipline requires specialised labour of its own and may not be substituted by labour of other disciplines. During the Track Record Period, there was no industrial action or strike in our construction sites. There is no assurance that no trade unions will launch industrial actions or strikes to demand higher wages and shorter working hours in the future. If we meet their demand, we will incur additional labour costs, or if not, we may be exposed to risk of liquidated damage claims by customers for the delays in completion of our works. In either case, these industrial actions or strikes may have adverse impact on our profitability and results of operations. Any delays in the completion of our construction works caused by such actions may also be taken into consideration by our customers when considering our future tender or quotation submissions, and thus will have an adverse impact on our business and prospect.

We are subject to environmental liability

Our business in Singapore is subject to the environmental regulations and guidelines issued by the Singapore government, which apply to the operation of all construction projects in Singapore. For details in relation to the environmental related regulations and guidelines, please refer to the section headed "Regulatory overview – Environmental laws and regulations" in this prospectus. Such regulations and guidelines may be revised by the Singapore government from time to time to reflect the latest environmental needs. Any changes to such regulations and guidelines may increase our cost and burden in complying with them, and adversely affect our profitability and financial position.

Changes of laws may affect our business

As a company which engages in the construction services and property investment business, we are subject to extensive laws and regulations in Singapore laws. For further details, please refer to the section headed "Regulatory overview" in this prospectus.

There is no assurance that the Singapore government will not impose additional or stricter laws or regulations which may lead to an increase in our costs of complying with such regulations. We may also as a result be subject to fines, suspension of operations, loss of licenses and, in more extreme cases, criminal proceedings against us and our management. Any of these events could have a material adverse impact on our business, results of operations and financial condition. In addition, we may be unable to pass these additional costs on to our customers, which may result in a material adverse effect on our results of operations.

Our operations may be affected by adverse weather conditions, natural disasters, acts of God or wars and terrorism

Some of our business operations are conducted outdoors and are vulnerable to adverse weather. If the adverse weather persists or natural disasters occur, we may be prevented from performing work at our construction sites, and as a result, we may not be able to meet the specified time schedule. If we have to stop our operations during adverse weather or natural disaster, we may continue to incur operating expenses such as labour costs and our revenue and profitability may be reduced. In addition, power failures, fire or explosions could also cause disruption to our operations or cause delays to our works schedules.

Besides, we are subject to other acts of God which are beyond our control. Acts of wars and terrorism may also injure our employees, cause loss of lives, disrupt our operations and destroy our works performed. Such incidents may adversely affect our revenue, costs, financial conditions and growth potential. It is also difficult to predict the potential effect and materiality of these incidents and to the business of our customers and suppliers.

If our project is delayed and the terms of the contract do not accommodate for such delays or our customers do not grant us with a sufficient time extension for the completion, we may be liable to pay for any liquidated damages to our customers according to the relevant contract terms, which will adversely affect our financial position.

RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for our Shares and an active trading market for our Shares may not develop or be sustained

Prior to the Share Offer, no public market for our Shares existed. Following the completion of the Share Offer, the Stock Exchange will be the only market on which the Shares are publicly traded. There is no assurance that an active trading market for our Shares will develop or sustained after the Share Offer. In addition, there is no assurance that that our Shares will trade in the public market at or above the Offer Price subsequent to the Share Offer. The Offer Price for the Shares is expected to be fixed by the Sole Bookrunner and us, and may not be indicative of the market price of the Shares following the completion of the Share Offer. If an active trading market for our Shares does not develop or is not sustained after the Share Offer, the market price and liquidity of our Shares may be materially and adversely affected.

The trading price and volume of our Shares may be volatile, which may result in substantial losses for our investors

The trading price of our Shares may be volatile and may fluctuate widely in response to factors beyond our control, including variations in the level of liquidity of our Shares, changes in securities analysts' (if any) estimates of our financial performance, investors' perceptions of us and the general investment environment, changes in laws, regulations and taxation systems which may affect our operations, as well as the general market conditions of the securities markets in Hong Kong. These macro market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, net income and cash flow, success or failure of our efforts in implementing business and growth strategies and involvement in material litigation as well as recruitment or departure of key personnel, may cause the market price of our Shares to change unexpectedly. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

Further, there will be a gap of several days between pricing and trading of the Offer Shares. The Offer Price of our Shares is expected to be determined on the Price Determination Date while our Shares will not commence trading on the Stock Exchange until the Listing Date. As a result, investors may not be able to sell or otherwise deal in our Shares during the period between the Price Determination Date and the Listing Date and hence are subject to the risk that the price of our Offer Shares could fall during the period before trading of our Offer Shares begins.

Future disposal or perceived disposal of a substantial number of our Shares by our major Shareholders in the public market may materially and adversely affect the prevailing market price of our Shares

Disposal of substantial amounts of our Shares in the public market after the completion of the Share Offer, or the perception that disposal may occur and adversely affect the market price of our Shares and materially impair our future ability to raise capital through offerings of our Shares. There is no assurance that our major Shareholders will not dispose of their shareholdings. Any significant disposal of our Shares by any of the major Shareholders may materially affect the prevailing market price of our Shares. In addition, these disposals may make it more difficult for us to issue new Shares in the future at a time and price we deem appropriate, thereby limiting our ability to raise further capital. We cannot predict the effect of any significant future disposal on the market price of our Shares.

Investors may experience dilution if we issue additional Shares in the future

Our Company may issue additional Shares upon exercise of options to be granted under the Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

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

Purchasers of Offer Shares may incur an immediate and substantial dilution in net tangible book value per Share as a result of the Share Offer

The Offer Price of the Offer Shares is substantially higher than the net tangible book value per Share. Therefore, purchasers of the Offer Shares in the Share Offer may experience an immediate and substantial dilution in net tangible book value per Share as a result of the Share Offer.

The Sole Bookrunner is entitled to terminate the Underwriting Agreements

Prospective investors should note that the Sole Bookrunner (for itself and on behalf of the Underwriters) is entitled to terminate its obligations under the Underwriting Agreements by giving notice in writing to us upon the occurrence of any of the events set out in the section headed "Underwriting – Underwriting arrangements and expenses – The Public Offer – Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such events include any acts of God, wars, riots, public disorder, civil commotion, economic sanction, epidemic, fire, flood, explosions, acts of terrorism, earthquakes, strikes or lock-outs.

Investors may experience difficulties in enforcing their shareholders' rights because our Company was incorporated in the Cayman Islands, and the protection of minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions

Our Company was incorporated in the Cayman Islands and its affairs are governed by the Articles of Association, the Companies Law and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on the protection of minority Shareholders is set out in Appendix IV to this prospectus.

RISKS RELATING TO STATEMENTS IN THIS PROSPECTUS

Investors should read the entire prospectus and should not rely on any information contained in press articles or other media coverage regarding us and the Share Offer

We strongly caution our investors not to rely on any information contained in press articles or other media regarding the Share Offer and us. Prior to the publication of this prospectus, there may be press and media coverage regarding the Share Offer and us. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information to the press or media and do not accept any responsibility for such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and our investors should not rely on such information.

Certain facts, forecasts and other statistics in this prospectus obtained from publicly available sources have not been independently verified and may not be reliable

Certain facts, statistics and data presented in the section headed "Industry overview" and elsewhere in this prospectus relating to the industries in which we operate have been derived from various publications and industry-related sources prepared by government officials or independent third parties. We believe that the sources of the information are appropriate sources for such information, and our Directors and the Sponsor have taken reasonable care to extract and reproduce the publications and industry-related sources in this prospectus. In addition, we have no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither our Directors, the Sponsor nor any party involved in the Share Offer other than Ipsos has independently verified, or make any representation as to, the accuracy of such information and statistics. We cannot assure that the statistics derived from such sources will be prepared on a comparable basis or that such information and statistics will be stated or prepared at the same standard or level of accuracy or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

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

This prospectus contains forward-looking statements with respect to our business strategies, operating efficiencies, competitive positions, growth opportunities for existing operations, plans and objectives of management, certain pro forma information and other matters. The words "aim", "anticipate", "believe", "could", "estimate", "expect", "going forward", "intend", "may", "might", "plan", "potential", "predict", "propose", "seek", "should", "target", "will", "would" and the negative of these terms and other similar expressions identify a number of these forward-looking statements. These forward looking statements, including, amongst others, those relating to our future business prospect, capital expenditure, cash flows, working capital, liquidity and capital resources are necessarily estimates reflecting the best judgement of our Directors and management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set out in the section headed "Risk factors" in this prospectus. Accordingly, such statements are not a guarantee of future performance and investors should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. The principal business operations and office of our Group are primarily located, managed and conducted in Singapore, and our senior management members are and will be based in Singapore. For the purpose of the Listing, our Company has established a principal place of business in Hong Kong and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance. However, all the executive Directors are not Hong Kong residents nor based in Hong Kong. Since the business operations of our Group are located in Singapore, and all the executive Directors and senior management of our Company play very important roles in our business operations, we believe that it is in the best interests of our Company that they are based in the places where our Group has significant operations. Our Company does not and will not in the foreseeable future have two executive Directors residing in Hong Kong for the purposes of satisfying the requirements under Rule 8.12 of the Listing Rules.

As a result, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 8.12 of the Listing Rules, on the following conditions to ensure that regular communication is maintained between the Stock Exchange and our Company:

1. our Company has 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. Our Company has appointed Ms. Leung Hoi Yan, the company secretary of our Company, who is ordinarily resident in Hong Kong, and Mr. Poon, the executive Director, as the two authorised representatives of our Company. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by their respective mobile phone number, office phone number, email address and facsimile number. Each of the two authorised representatives has been duly authorised to communicate on our behalf with the Stock Exchange;

2. both of the authorised representatives of our Company will have means to contact all members of the Board (including the independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors and senior management team for any matters;

3. to enhance the communication between the Stock Exchange, the authorised representatives and the Directors, our Company will implement a policy whereby (a) each executive Director will have to provide his mobile phone number, office phone number, fax number and email address to the authorised representatives; (b) each

executive Director will endeavour to provide valid phone number or means of communication to the authorised representatives when he is traveling; and (c) each Director will provide his mobile phone number, office phone number, fax number and email address to the Stock Exchange and notify the Stock Exchange from time to time of any changes thereof;

4. our Company has appointed Grande Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorised representatives, Directors and senior management to ensure that they are in a position to provide prompt responses to any query or request from the Stock Exchange in respect of our Company and will act as an additional channel of communication with the Stock Exchange for a period commencing on the Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year after the Listing Date in accordance with Rule 13.46 of the Listing Rules; and

5. each of the Directors (including the independent non-executive Directors) who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Company (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE SHARE OFFER

This prospectus is published solely in connection with the Share Offer. Details of the terms of the Share Offer are described in the section headed "Structure and conditions of the Share Offer" in this prospectus and in the related Application Forms.

The Listing is sponsored by the Sponsor and the Share Offer is managed by the Joint Lead Managers. The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any such circumstances such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus or the related Application Forms and the offering and sales of the Offer Shares 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. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly, in the PRC or the United States, except in compliance with the relevant laws and regulations of each of such jurisdictions.

Each person subscribing for the Offer Shares will be required to confirm, or be deemed by his/her/its subscription of the Offer Shares to have confirmed, that he/she/it is aware of the restrictions on offer of the Offer Shares described in this prospectus and the Application Forms, and that he/she/it is not subscribing for, and has not been offered, any Share in circumstances that contravene any such restrictions.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option) and any Shares which may be issued upon the exercise of any option which may be granted under the Share Option Scheme).

No part of the Shares or loan capital of our Company is listed, traded or dealt in on any stock exchange and no such listing or permission to deal is being or proposed to be sought on any stock exchange other than the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares and our compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangements and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional adviser.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the Share Offer are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, the Directors, the Sponsor, the Underwriters, their respective directors or any other person involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Offer Shares or the exercise of their rights thereunder.

SHARE REGISTRAR AND STAMP DUTY

The principal register of members of our Company will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands. All the Offer Shares will be registered on the Hong Kong branch register of members to be maintained by Boardroom Share Registrars (HK) Limited. Dealings in the Offer Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. Unless our Directors otherwise agree, all transfers and other documents of title of shares must be lodged for registration with and registered in Hong Kong and may not be lodged in the Cayman Islands.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence at 9:00 a.m. on or about Thursday, 19 September 2019. The Shares will be traded in board lots of 2,000 Shares each and are freely transferable.

LANGUAGE

If there is any inconsistency between the English version of this prospectus and the Chinese translation of this prospectus, the English version of this prospectus shall prevail. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this prospectus and their English translation, the Chinese names shall prevail.

CURRENCY TRANSLATIONS

Unless otherwise specified, conversion of US$ into HK$ and S$ into HK$ in this prospectus is based on the exchange rate set out below (for illustration purposes only):

US$1.00: HK$7.80
S$1.00: HK$5.70

No representation is made that any amounts in US$, HK$ and S$ can be or could have been converted at the relevant dates at the above exchange rate at any other rate or at all.

ROUNDING

Any discrepancies in any table between totals and sum of amounts listed in this prospectus are due to rounding.

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Poon Soon Huat (方順發先生)	14 Pavilion Rise Singapore 658649	Singaporean
Mr. Teo Teck Thye (張德泰先生)	39 Pavilion Place Singapore 658375	Singaporean
Independent non-executive Directors		
Mr. Chan Kwok Wing Kelvin (陳國榮先生)	Flat B, 17/F Block 5, Cavendish Heights 33 Perkins Road Hong Kong	Chinese
Mr. May Tai Keung Nicholas (梅大強先生)	Unit 602 Block C, Evergreen Villa No. 43 Stubbs Road Happy Valley Hong Kong	Australian
Mr. Tam Hon Fai (譚漢輝先生)	Flat B, 28/F Tower 7B, Oceanaire 18 Po Tai Street Ma On Shan New Territories Hong Kong	Chinese

Please refer to the section headed "Directors and senior management" in this prospectus for further details.

PARTIES INVOLVED IN THE SHARE OFFER

Sponsor	**Grande Capital Limited** *A licensed corporation engaging in type 6 (advising on corporate finance) regulated activity under the SFO* Room 2701, 27/F Tower One, Admiralty Centre 18 Harcourt Road Admiralty Hong Kong
Sole Bookrunner	**Head & Shoulders Securities Limited** *A licensed corporation engaging in type 1 (dealing in securities), type 2 (dealing in future contracts) and type 4 (advising on securities) regulated activities under the SFO* Room 2511, 25th Floor Cosco Tower 183 Queen's Road Central Hong Kong
Joint Lead Managers	**Head & Shoulders Securities Limited** *A licensed corporation engaging in type 1 (dealing in securities), type 2 (dealing in future contracts) and type 4 (advising on securities) regulated activities under the SFO* Room 2511, 25th Floor Cosco Tower 183 Queen's Road Central Hong Kong
	Astrum Capital Management Limited *A licensed corporation engaging in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO* Room 2704, 27th Floor, Tower 1 Admiralty Centre 18 Harcourt Road Admiralty Hong Kong

	Ever Joy Securities Limited *A licensed corporation engaging in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO* Unit 2012–2013, 20th Floor China Merchants Tower Shun Tak Centre 168 Connaught Road Central Central Hong Kong
Public Offer Underwriter(s) and Placing Underwriter(s)	**Head & Shoulders Securities Limited** *A licensed corporation engaging in type 1 (dealing in securities), type 2 (dealing in future contracts) and type 4 (advising on securities) regulated activities under the SFO* Room 2511, 25th Floor Cosco Tower 183 Queen's Road Central Hong Kong
	Astrum Capital Management Limited *A licensed corporation engaging in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO* Room 2704, 27th Floor, Tower 1 Admiralty Centre 18 Harcourt Road Admiralty Hong Kong
	Ever Joy Securities Limited *A licensed corporation engaging in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO* Unit 2012–2013, 20th Floor China Merchants Tower Shun Tak Centre 168 Connaught Road Central Central Hong Kong

Legal advisers to our Company	*As to Hong Kong laws* **ZM Lawyers** *Solicitors, Hong Kong* 20/F, Central 88 Nos. 88–98 Des Voeux Road Central Hong Kong *As to Singapore laws* **Shook Lin & Bok LLP** 1 Robinson Road #18-00 AIA Tower Singapore 048542 *As to Cayman Islands laws* **Conyers Dill & Pearman** *Attorneys-at-law, Cayman Islands* Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sponsor and the Underwriters	*As to Hong Kong laws* **ONC Lawyers** *Solicitors, Hong Kong* 19th Floor Three Exchange Square 8 Connaught Place Central Hong Kong
Reporting accountants	**Deloitte Touche Tohmatsu** *Certified Public Accountants* 35th Floor, One Pacific Place 88 Queensway Hong Kong
Auditors	**Deloitte & Touche LLP** *Public Accountants and Chartered Accountants Singapore* 6 Shenton Way OUE Downtown 2 #33-00 Singapore 068809

Industry consultant	**Ipsos Pte. Ltd.** 3 Killiney Road #05-1 Winsland House 1 Singapore 239519
Property valuer	**Roma Appraisals Limited** 22/F, China Overseas Building 139 Hennessy Road Wan Chai Hong Kong
Tax adviser	**Baker Tilly TFW LLP** 600 North Bridge Road #05-01 Parkview square Singapore 188778
Compliance adviser	**Grande Capital Limited** *A licensed corporation engaging in type 6 (advising on corporate finance) regulated activity under the SFO* Room 2701, 27/F Tower One, Admiralty Centre 18 Harcourt Road Admiralty Hong Kong
Receiving bank	**Industrial and Commercial Bank of China (Asia) Limited** 33/F, ICBC Tower 3 Garden Road Central Hong Kong

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in Singapore	16 Kian Teck Way Singapore 628749
Principal place of business in Hong Kong registered under Part 16 of the Company Ordinance	Unit B, 17/F United Centre 95 Queensway Hong Kong
Company's website	**www.singtec.com.sg** *(Note: information contained in this website does not form part of this prospectus)*
Company secretary	**Ms. Leung Hoi Yan (梁皚欣女士)** *(Member of ICSA and member of HKICS)* Unit B, 17/F United Centre 95 Queensway Hong Kong
Authorised representatives	**Ms. Leung Hoi Yan (梁皚欣女士)** Unit B, 17/F United Centre 95 Queensway Hong Kong **Mr. Poon Soon Huat (方順發先生)** 14 Pavilion Rise Singapore 658649
Audit committee	Mr. Tam Hon Fai (譚漢輝先生) *(Chairman)* Mr. Chan Kwok Wing Kelvin (陳國榮先生) Mr. May Tai Keung Nicholas (梅大強先生)
Remuneration committee	Mr. Chan Kwok Wing Kelvin (陳國榮先生) *(Chairman)* Mr. Teo Teck Thye (張德泰先生) Mr. Tam Hon Fai (譚漢輝先生)

Nomination committee	Mr. Poon Soon Huat (方順發先生) *(Chairman)* Mr. Chan Kwok Wing Kelvin (陳國榮先生) Mr. May Tai Keung Nicholas (梅大強先生)
Principal share registrar and transfer office in Cayman Islands	**Conyers Trust Company (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	**Boardroom Share Registrars (HK) Limited** 2103B, 21/F 148 Electric Road North Point Hong Kong
Principal bankers	**United Overseas Bank Limited** 80 Raffles Place #11-00 Singapore 048624 **Maybank Banking Berhad** North Bridge Business Centre 809 North Bridge Road Singapore 198777

Unless otherwise indicated, the information presented in this section is derived from the Ipsos Report, which was commissioned by us and is prepared primarily as a market research tool. 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 set out in this section has not been independently verified by our Group, the Sponsor, the Joint Lead Managers, the Sole Bookrunner, the Underwriters or any other party involved in the Share Offer other than Ipsos, 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.

THE IPSOS REPORT

We commissioned Ipsos, an independent market research consulting firm, to conduct an analysis of, and to report on, the construction industry in Singapore. A total fee of S$87,550 was charged by Ipsos for the preparation of the Ipsos Report. The payment of such amount was not conditional on our Group's successful listing or on the results of the Ipsos Report. The Ipsos Report has been prepared by Ipsos independent of our Group's influence. The information and statistics set forth in this section have been extracted from the Ipsos Report.

Ipsos has been engaged in a number of market assessment projects in connection with initial public offerings in Hong Kong. Ipsos is part of a group of companies which employs approximately 16,664 personnel worldwide across 89 countries. Ipsos conducts research on market profiles, market sizes and market shares and performs segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

The Ipsos Report includes information on the construction industry and property market in Singapore. The information contained in the Ipsos Report is derived by means of data and intelligence gathering methodology which include: (i) desktop research; and (ii) primary research, including interviews with leading industry participants, key stakeholders (including construction service providers and property market participants) and industry experts in Singapore, etc.

Information gathered by Ipsos has been analysed, assessed and validated using Ipsos in-house analysis models and techniques. According to Ipsos, this methodology ensures a full circle and multilevel information sourcing process, where information gathered can be cross-referenced to ensure accuracy. All statistics are based on information available as at the date of the Ipsos Report. Other sources of information, including government, trade associations or marketplace participants, may have provided some of the information on which the analysis or data is based.

Ipsos developed its estimates and forecasts on the following principal bases and assumptions: (i) it is assumed that the global economy remains a steady growth across the forecast period; and (ii) it is assumed that there is no external shock such as financial crisis or natural disasters to affect the demand and supply of the construction industry and property market in Singapore over the forecast period.

OVERVIEW OF THE CONSTRUCTION INDUSTRY IN SINGAPORE

Construction output by value of certified payments in Singapore

Construction output by certified payments in Singapore recorded a negative CAGR of approximately 4.6%, decreasing from approximately S$33.7 billion in 2013 to approximately S$26.6 billion in 2018. The construction output decreased by approximately 4.7% year-on-year from 2017 in 2018, largely due to the slowdown in construction activities since 2015.

Despite the slowdown of the Singapore's construction industry in recent years, the industry is anticipated to improve in terms of demand over the next five years. The increase in construction demand is projected to be driven by continuous public housing developments, healthcare and educational facilities and other major infrastructure projects which include major developments for Changi Airport Terminal 5 and land transport projects such as the Cross Island Line, Jurong Regional Line and Rapid Transit System. Further, private sector construction demand is expected to boost demand gradually with the redevelopment progress of en-bloc sale sites and the spill-over benefits generated by the improved performance and outlook of other economic sectors. As such, beyond 2019, Ipsos forecasts the construction output value to increase from approximately S$28.5 billion in 2019 to approximately S$32.9 billion by the end of 2023 at a CAGR of approximately 3.6%.

Construction output by value of certified payments in Singapore, 2013–2023f

Note: The letter "f" denotes forecast figures

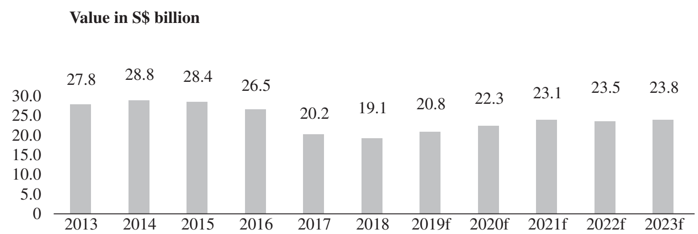
Sources: Building Construction Authority (BCA); Department of Statistics, Singapore (SINGSTAT); Ipsos analysis

Building construction works in Singapore

Building construction activities include the construction of residential (e.g. private homes and flats), commercial (e.g. office buildings and shopping malls), industrial (e.g. factories and plants) and institutional (e.g. educational buildings and healthcare facilities) projects. The output value for building construction activities by certified payments recorded a negative CAGR of approximately 7.2%, decreasing from approximately S$27.8 billion in 2013 to approximately S$19.1 billion in 2018. In 2018, the construction output for building construction activities decreased by approximately 5.6% as compared to that in 2017, largely due to the slowdown in the demand of industrial and institutional construction sectors since 2015.

Building construction activities are expected to grow beyond 2019, following the positive expectation of the general industry and market players for the construction industry for the next five years despite the decrease in the building construction output value from 2015 to 2018. This positive expectation is largely attributed to the continued development for new public housing construction, redevelopment of commercial buildings and industrial projects which are expected to set the pace for growth in the next five years. Some key projects within Singapore's construction industry pipeline include: (i) residential projects such as new public housing construction, upgrading works for HDB flats; (ii) commercial projects such as major upcoming office building projects likely at locations such as Central Boulevard and Harbour Drive; (iii) industrial projects such as an automotive hub at Jalan Terusan and a multi-storey recycling facility in Northern Singapore; (iv) institutional and other building projects such as more healthcare facilities including the redevelopment of National Skin Centre at Mandalay Road and Woodlands Integrated Health Campus, and various educational facilities for Institutes of Higher Learning (IHLs). Further, over the review period of 2013 to 2018, the number of newly built and completed residential buildings has grown rapidly in particular, executive condominiums, a type of public housing in Singapore, rose from 11,683 units in 2013 to 32,070 units in 2018 at a CAGR of approximately 22.4%, and is expected to continue increasing with more completed residential units being recorded in the coming years. As such, the output value for building construction activities by certified payments is also forecasted to increase from approximately S$20.8 billion in 2019 to approximately S$23.8 billion by the end of 2023 at a CAGR of approximately 3.5%, based on the reasons mentioned above.

Building construction output by value of certified payments, 2013–2023f



Note: The letter "f" denotes forecast figures

Sources: BCA; SINGSTAT; Ipsos analysis

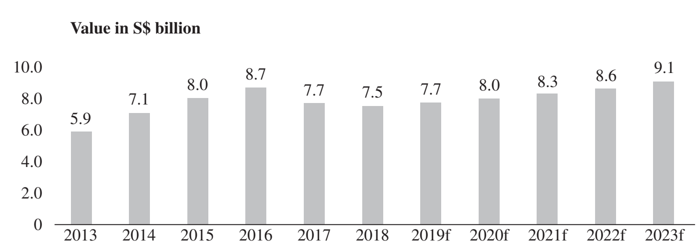
The civil engineering works in Singapore

Civil engineering output by certified payments increased by a CAGR of approximately 5.0% from approximately S$5.9 billion in 2013 to approximately S$7.5 billion in 2018. The demand was substantiated by major infrastructure projects, which include the construction of new National Cancer Centre, State Courts' new building at Havelock Square, JTC's Integrated Logistics Hub, Public Utilities Board (PUB) water reclamation and sewerage projects, Changi Airport's 3-runway system (package 2), improvement works to the Kranji Expressway and Pan-Island Expressway over the same period. However, the total output for the civil engineering sector in 2018 decreased by approximately 2.6% year-on-year to approximately S$7.5 billion.

Over the next five years, the civil engineering works in the construction industry is anticipated to improve in terms of demand. To support Singapore's growing population, notably with the Singapore government initiative to increase the overall population in Singapore to a range of 6.5 to 6.9 million by 2030 under the Singapore Population Whitepaper, the Singapore government plans various infrastructure projects ahead to meet the future needs of its growing society. Some of these projects include (i) land expansion of more than 5,000 hectares to meet growing needs for land through reclamation from 2013 to 2030; (ii) expansion of railway network to curb car population and minimise traffic congestion; (iii) second phase of the Deep Tunnel Sewerage System (DTSS phase 2); (iv) North-South Corridor; and (v) other major development for Changi Airport Terminal 5 and land transport projects such as the Cross Island Line, Jurong Regional Line and Rapid Transit System.

Furthermore, road-related civil engineering works such as road maintenance activities, enforcement of transport technology and development of public transport facilities are also expected to progress in line with the expected overall development of the construction industry, notably with the development of private, public, commercial and industrial buildings which would require proper connectivity and road networks to meet the needs of society. As such, with these expected growth in civil engineering construction activities going forward, the demand for civil engineering works in Singapore is expected to remain optimistic with the total output for the civil engineering sector being forecasted to increase from approximately S$7.7 billion in 2019 to approximately S$9.1 billion by the end of 2023 at a CAGR of approximately 4.1%.

Civil engineering output by value of certified payments, 2013–2023f



Note: The letter "f" denotes forecast figures

Sources: BCA; SINGSTAT; Ipsos analysis

COMPETITIVE LANDSCAPE OF THE CONSTRUCTION INDUSTRY IN SINGAPORE

Our market share and comparable companies

In 2018, the construction output by certified payments by the building construction and civil engineering works in Singapore were estimated to value at approximately S$19.1 billion and S$7.5 billion, respectively. For the same period, the Company's revenue generated from building construction and civil engineering works were recorded at approximately S$12.5 million and S$70.2 million, respectively. As such, our market share was estimated to be approximately 0.1% and 0.9% in the building construction and civil engineering segments respectively, based on the company's revenue by the end of 2018.

Ipsos has identified 5 key active contractors involved in building construction and civil engineering works respectively in Singapore based on desktop and primary research, including (i) the results of the interviews conducted with building construction and civil engineering works industry players; (ii) the research results from various construction industry reports and news articles; and (iii) the research results from various databases such as those of the Accounting and Corporate Regulatory Authority and the Building and Construction Authority. The metrics used to determine the 5 key industry players in the market and their respective ranking was a consolidation of (i) the ranking provided by the building construction and civil engineering works industry players during the Ipsos interviews; (ii) the total number of contracts awarded to the building construction and civil engineering works industry players which were publicly disclosed during the Track Record Period; and (iii) the total contract value awarded to the building construction and civil engineering works industry players which were publicly disclosed during the Track Record Period. Such 5 key active contractors in the building construction and civil engineering segments include:

Building construction works contractors in Singapore, 2018

Rank	Contractors	Estimated market share	Products and services
1	A contractor based in Singapore, which is a subsidiary of a company listed on the Tokyo Stock Exchange	0.8%	The company provides general construction, and design and build contracting services for commercial, industrial and residential projects.
2	A contractor based in Singapore, which is a subsidiary of a company listed on the Main Board of the Stock Exchange	0.6%	The company is engaged in the provision of building and construction works involving residential, commercial and industrial buildings.
3	A contractor based in Singapore, which is a subsidiary of a company listed on the Singapore Stock Exchange	0.5%	The company offers building construction services to both private and public sectors for residential, commercial, industrial and institutional projects.
4	A contractor based in Singapore	0.4%	The company is engaged in the construction of public housing, condominiums, landed housing, industrial buildings and also provides retrofitting and refurbishment services.
5	A contractor based in Singapore, which is a subsidiary of a company listed on the Singapore Stock Exchange	0.3%	The company provides building construction services and is involved in residential, commercial and institutional projects.
		2.6%	

Sources: Secondary research; Published reports; Ipsos analysis

Note: The total market value of the building construction works segment in Singapore was estimated based on calendar year 2018 (where the figure for the twelve-month period ended 30 September 2018 is not available), and compared with our revenue which was based on the financial year ended 30 September 2018.

Civil engineering works contractors in Singapore, 2018

Rank	Contractors	Estimated market share	Products and services
1	A contractor based in Singapore	3.8%	The company provides infrastructure construction services which include building roads, bridges, ports, rail tracks, water ways etc.
2	A contractor based in Singapore, which is a subsidiary of a company listed on the Singapore Stock Exchange	3.6%	The company provides a wide spectrum of civil engineering services including road, drainage, water treatment and tunnelling works, etc.
3	A contractor based in Singapore, which is a subsidiary of a company listed on the Singapore Stock Exchange	2.7%	The company provides civil engineering and infrastructure services for bridges, expressways, tunnels, water and sewage facilities etc.
4	A contractor based in Singapore and listed on the Singapore Stock Exchange	2.3%	The company provides civil engineering services for infrastructure projects, such as earthworks, external works, demolition and excavation, drainage and other infrastructure works.
5	A contractor based in Singapore	1.0%	The company specialises in infrastructure construction and maintenance works, including road construction, pipeline rehabilitation and maintenance works.
		13.4%	

Sources: Secondary research; Published reports; Ipsos analysis

Note: The total market value of the civil engineering works segment in Singapore was estimated based on calendar year 2018 (where the figure for the twelve-month period ended 30 September 2018 is not available), and compared with our revenue which was based on the financial year ended 30 September 2018.

Market drivers

1. Singapore government's initiatives to increase overall population

As stated in the Singapore Population whitepaper, the Singapore government has various initiatives to increase the overall population in Singapore to a range of 6.5 to 6.9 million in 2030 from approximately 5.4 million in 2013, which include encouraging marriage and parenthood amongst Singaporeans, remaining open to immigration and enhancing integration efforts of new immigrants to the nation. A country that is highly urbanised is also typically a good platform to spur demand for building and infrastructure development, as urban areas are typically densely populated and demand for housing, commercial buildings, proper infrastructure, proper connectivity (i.e. road networks) and social amenities are crucial to achieving quality of life. This is expected to drive the demand for construction projects, which will in turn provide opportunities for building construction and civil engineering construction activities in Singapore.

In addition, new Housing Development Board ("**HDB**") projects have also been developed to support the population growth in Singapore over the last ten 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 number of public residential units ready for occupation is expected to increase substantially over the next few years due to a Singapore 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. This would drive construction demand for the residential sector and infrastructure projects, which will in turn provide opportunities for construction activities indirectly. As such, the increase in population serves as a positive note to the construction industry and will drive activities within building construction and civil engineering construction works segments in Singapore.

2. Upcoming new building projects from public and private sectors

Over the last decade, construction development has been progressively planned and implemented in Singapore not only to accommodate the growing population and needs of the Singapore community but also to sharpen Singapore's competitive advantage in terms of infrastructure development. Development such as new public housing construction, redevelopment of commercial buildings, industrial projects and development of mega civil engineering projects are all set to encourage the growth of the Singapore construction industry. For 2019, construction demand is expected to be driven by continuous public housing developments, healthcare and educational facilities and other major infrastructure projects which include major developments for Changi Airport Terminal 5 and land transport projects such as the Cross Island Line, Jurong Regional Line and Rapid Transit System. Further, private sector construction demand is expected to boost gradually with the redevelopment progress of en-bloc sale sites and the spill-over benefits generated by the improved performances and outlook of other economic sectors.

3. Economic development and diversification and infrastructure development

Singapore is encouraging economic diversification in areas such as medical sciences and financial services to attract investment into the country. As these industries grow, demand for proper infrastructure, connectivity and housing facilities will increase in tandem, thus creating opportunities for the building construction and civil engineering works in Singapore. Furthermore, 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 over 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 most 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 building and infrastructure projects, mostly from the significant government funding for infrastructure improvement and housing enhancements. As such, opportunities for building construction and civil engineering works segments will remain positive.

Entry barriers

1. Proven track record and capabilities

Building construction and civil engineering works contractors with years of experience, building reliable and skilled construction workforce, are capable of handling large-scale construction projects. Such networks and skilled workforce grew over the years with significant investment and management. In addition, timely delivery of projects and the capability to provide a comprehensive scope of work (e.g. the ability to design, budget, plan and carry out works in a cost and time effective manner) would be difficult without sufficient industry experience. New industry players will have to compete against industry players with mature company setups and networks and will likely not be able to develop solid design and installation experience in a short period. Furthermore, in terms of construction project tenders, one of the key tender evaluation criteria of both public and private sector projects is the contractors' track record and experience in projects with similar nature and complexity. This makes it difficult for new entrants with little track record in building construction or civil engineering construction works to compete for tenders in Singapore.

2. Large capital investment, sizeable pool of trained operators and construction equipment required to be competitive with the current industry players

Established market players over the years have invested significantly in their fleet of machinery/equipment and their workers to sustain existing operations and initiate new ones. These would include investing in machinery such as excavation machines, pipe jacking machinery and training workers on site. New industry players will be less likely to have the proper infrastructure, machinery/equipment, set-up and adequate investment in place to compete with the current established building construction and civil engineering works contractors. Furthermore, new entrants to the building construction and civil engineering works segments may not be able to attract and retain a sizeable pool of skilled workers or equipment to cater for the different requirements of customers. As a result, those new entrants may find it difficult to meet the different needs and requirements of their potential customers due to the limitation in equipment available and services rendered or lack of trained/ experienced on-site workers, and may face difficulties in obtaining contracts or to gain confidence from potential customers.

3. Highly competitive environment

As at the Latest Practicable Date, there were more than 1,800 contractors and 1,000 contractors registered under the "General Building" and "Civil Engineering" workheads respectively within the construction industry in Singapore. This results in a highly competitive environment with high degrees of rivalry, effectively diminishing the competitiveness of new industry players attempting to compete within the industry. High levels of competitors also make it difficult for new entrants to stand out and establish their product/service offerings, further exacerbated by the presence of large construction firms, some being multinational, with comprehensive product/service offerings. Intense competition causes new entrants to constantly react and anticipate the competitive moves of other industry players, resulting in high amounts of pressure to improve and/or maintain their positions in the industry. As such, this high degree of rivalry and competitive pressure serve as a deterrent for new building construction or civil engineering works contractors attempting to enter the construction industry in Singapore.

Potential challenges

1. Regional competition

Although the construction industry in Singapore is one of the most structured and well-managed systems in the region, its position is subsequently threatened by the growth and entry of other construction companies from countries like the PRC. Foreign companies awarded with projects usually have more advanced construction methods and lower labour cost. Therefore, the Singapore government constantly urges local construction firms to keep up with the change and advancement in technologies. As such, Singapore's contractors are constantly adapting to competition not only from local but foreign companies at large.

2. Rising foreign worker levies

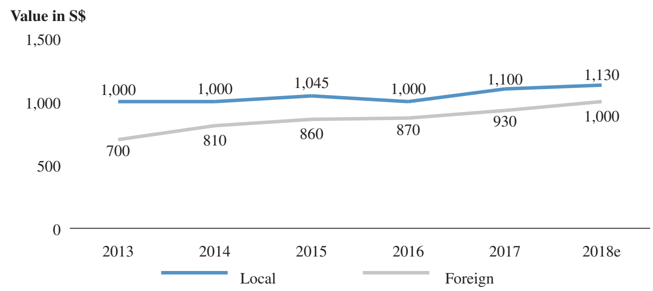
The construction industry in Singapore relies on the supply of foreign labour as the local construction labour force in Singapore is limited and more costly than foreign labour. Based on the latest available information, the monthly rate of foreign worker levy for basic skilled workers in the construction sector has increased from S$650 in 2016 to S$700 in 2017. Rising foreign worker levy will increase the contractors' costs of operations and will therefore be one of the challenges faced by the industry as the profit margin of building construction and civil engineering works contractors will be negatively affected if such increased costs cannot be passed onto their customers.

3. Labour shortage

According to the Ipsos Report, the construction industry in Singapore is facing recruitment challenges due to the shortage of construction labour as a result of an aging workforce supply and a declining rate of young Singaporeans entering the industry.

Labour cost in Singapore has been generally on an increasing trend in the past few years as a result of labour shortage, as well as the increased foreign worker levies that have been applied. On average, the monthly basic wages for local construction workers in Singapore increased from S$1,000 in 2013 to an estimated S$1,130 in 2018, representing a CAGR of approximately 2.4%, reflecting the shortage in local workforce in the construction industry. Average monthly basic wages for foreign workers on the other hand, increased from S$700 in 2013 to an estimated S$1,000 in 2018, representing a CAGR of approximately 7.4%. In general, basic wages paid to foreign workers were on average 20% lower compared to wages paid to local workers. Going forward, the average monthly basic wages for both local and foreign workers are expected to remain stable, in line with the growth of the construction industry in Singapore.

Average monthly basic wages, local vs. foreign workforce, 2013–2018e



Note: The letter "e" denotes estimated figures

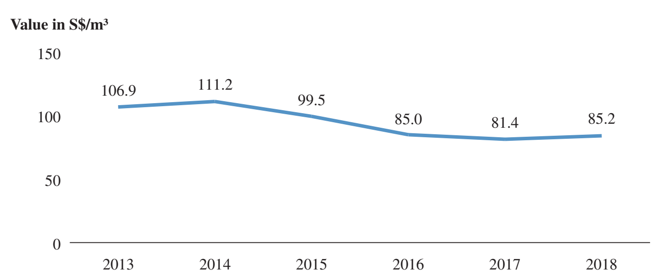
Sources: MOM; SINGSTAT; Ipsos interviews; Ipsos analysis

4. Fluctuating cost of raw materials in Singapore

The main raw materials in the construction industry in Singapore include concrete and steel bars. Raw materials are mostly imported and the prices are influenced by the demand for such materials within the country.

Ready-mixed concrete prices fell from approximately S$106.9 per cubic metre in 2013 to approximately S$85.2 per cubic metre in 2018 at a negative CAGR of 4.4%. The decrease is largely attributed to the slowdown of demand for such materials in Singapore in line with the contraction of Singapore's construction industry. However, ready-mixed concrete prices are forecasted to remain stable and not decrease any further, in line with forecasted growth in construction activities in Singapore.

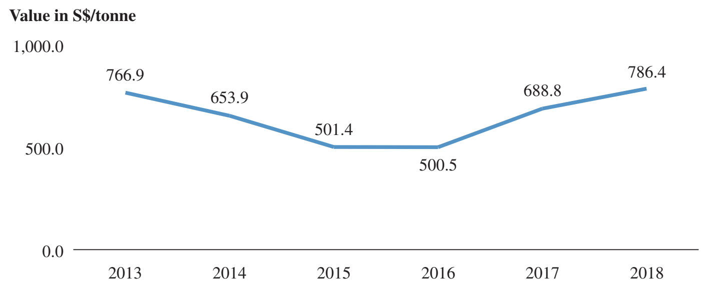
Ready-mixed concrete prices, Singapore, 2013–2018



Sources: BCA; SINGSTAT; Ipsos analysis

Steel bar prices increased from approximately S$766.9 per tonne in 2013 to approximately S$786.4 per tonne in 2018 at a CAGR of 0.5%. Steel is a global commodity and its prices are influenced by the dynamics of the global economy, notably by the PRC economy as it is the main producer of steel bars globally. The decrease in steel bar prices from 2013 to 2016 were primarily attributed to changes in iron ore prices and the slowdown of the economy in the PRC. However, in 2017 and 2018, steel bar prices increased due to high demand of steel from consumers in the PRC, notably by measures implemented by the Chinese government to stimulate the housing market in the nation. Going forward, steel bar prices are expected to remain stable, assuming that there is no huge impact to the global economy.

Steel bar prices, Singapore, 2013–2018

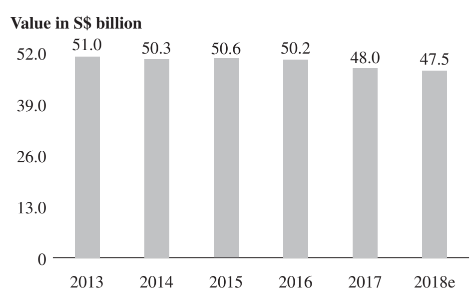


Sources: BCA; SINGSTAT; Ipsos analysis

OVERVIEW OF THE PROPERTY MARKET IN SINGAPORE

Real estate value in Singapore decreased from approximately S$51.0 billion in 2013 to an estimate of approximately S$47.5 billion in 2018, representing a negative CAGR of approximately 1.4%. As advised by Ipsos, the recent decreasing trend in the property market is largely due to the cooling measures implemented by the Singapore government since 2013. However, the effect of the cooling measure is expected to be offset by the market drivers as discussed below. As such, the real estate value remains stable in the near future having considered cooling measures will still be implemented by the Singapore government.

Real estate value in Singapore, 2013–2018e



Note: The letter "e" denotes estimated figures

Sources: SINGSTAT; Ipsos analysis

Market drivers

1. Growing population and Singapore is a regional financial and business hub

The expected rise in population, resulting from the Singapore government's initiatives to increase overall population to a range of 6.5 to 6.9 million in 2030 from 5.4 million in 2013, would boost demand for properties in Singapore, notably in the residential segment as demand for homes are expected to rise with the growing population. The growing household as a result of growing population also motivates household to invest in a more spacious home, in order to accommodate the growing household. In addition, Singapore is also regional financial and business hub, which attracts many local and international firms to invest in industrial and commercial real estate within Singapore, which, in turns, encourage growth in the property market.

2. Attractive investment

Property investment in Singapore has been an attractive choice for long-term wealth creation. According to the Ipsos Report, property ownership in Singapore possess a certain cultural aspect amongst local citizens as many Singaporeans view investment in real estate (i.e. residential, industrial and commercial) can generate stable recurring income. According to Ipsos Report, having motivated by the solid economic fundamentals, political stability and transparent business environment in Singapore, foreign investors actively invest in properties in Singapore as a currency hedge against currency depreciation that caused by the political instability in their home nations, notably by high net worth individuals such as Mainland Chinese citizens. These factors make the property market in Singapore attractive among prospective investors, thus encouraging growth in the property market.

3. Growth in Singapore economy

According to the Ipsos Report, the real estate value is largely impacted by the overall economic cycle. In short, when Singapore economy is growing, the real estate value in Singapore is also influenced to grow. This is because Singapore's real estate demand was and still is heavily influenced by investor's appetite. As the Gross Domestic Product is expected to increase from S$466.3 billion in 2018 to S$514.8 billion in 2023, at a CAGR of approximately 2.3%, the real estate value is expected to increase in the future.

Potential Challenge

Anti-speculative measures by the Singapore government

The Singapore government has historically implemented various property cooling measures to reduce property speculation. In 2013, the Singapore government had implemented property cooling measures to control property prices such as increased Additional Buyer's Stamp Duty Rates (ABSD) which increased taxes to be paid for private residential properties, in addition to the introduction of the Total Debt Servicing Ratio (TDSR) which made loans stricter for consumers and subsequently making property investment more difficult. Furthermore, in the same year, government measures were introduced including the revision of the Mortgage Servicing Ratio (MSR), which is applied exclusively to executive condominiums, that curbed bank loans for prospective executive condominium buyers. On 5 July 2018, the Singapore government further introduced property cooling measures to curb real estate prices, including higher additional stamp duty for Singapore residents buying a second home and for foreigners investing in the housing market, lowering of the maximum loan quantum for property purchases and levying of new duties on developers that procure existing sites for redevelopment. These government measures bring about a slowdown for demand in properties and the property market in Singapore and serve as a deterrent for new entrants into the property market going forward.

Considering the above, Ipsos is of the view the market drivers will bring upward effect to the real estate value, in particular, industrial and commercial buildings. The value of such buildings will not be materially affected by the cooling measures implemented by the Singapore government as such measures mainly focus on residential buildings.

This section summarises the material current laws and regulations in Singapore that are or may be relevant to our operations in Singapore.

LICENSING REGIME FOR BUILDERS AND CONTRACTORS IN SINGAPORE

Overview

The building and construction industry in Singapore is regulated by the Building and Construction Authority ("**BCA**"), whose primary role is to develop and regulate Singapore's building and construction industry.

The principal legislation regulating the building and construction industry is the Building Control Act (Chapter 29 of Singapore) ("**BC Act**"). The BC Act and its subsidiary legislation provide for a licensing regime known as the Licensing of Builders Scheme, which seeks to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency under a licensing framework. The Licensing of Builders Scheme is administered by the BCA, and applies for companies which intend to carry out either private sector building works and/or public sector building works. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control (the "**BC Commissioner**"), and builders who work in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution, have to be licensed by the BCA.

Apart from the Licensing of Builders Scheme, the BCA also administers a registration regime known as the Contractors Registration System. This registration framework is intended to serve the construction and construction-related procurement needs of the public sector (including government departments, statutory bodies and other public sector organisations). While registration under the Contractors Registration System is not mandatory to conduct building works, it is a pre-requisite to tender for building works in the public sector in Singapore. A company which is only involved in private sector building works need not register under the Contractors Registration System and will only need a licence under the Licensing of Builders Scheme. A company would need to have a licence issued under the Licensing of Builders Scheme in order to be registered under the Contractors Registration System.

Licensing of Builders

There are two types of builder's licences under the Licensing of Builders Scheme, namely the General Builder Licence (the "**GB Licence**") and the Specialist Builder Licence ("**SB Licence**"). Each type of licence is generally issued with a three-year tenure and renewable after each tenure.

A GB Licence is required for builders undertaking general building works.

A SB Licence is for builders undertaking certain prescribed specialist building works, such as piling works, ground support and stabilisation works, structural steelwork; pre-cast concrete work; site investigation work or in-situ post-tensioning work.

GB Licence

There are two sub-categories for the GB Licence:

(i) General Builder Class 1 ("**GB1 Licence**"), which allows the builder to undertake general building works of unlimited value; and

(ii) General Builder Class 2 ("**GB2 Licence**"), which allows the builder to undertake general building works limited to contract value of S$6 million or less.

As at the Latest Practicable Date, Sing Tec Development and Sing Tec Construction are licensed and issued with GB1 Licence by the BCA which are valid until 16 June 2021 and 17 September 2020 respectively.

The permitted work scope under a GB1 Licence includes all general building works as well as the following minor specialist building works:

(i) all specialist building works associated with minor building works;

(ii) structural steelwork comprising fabrication and erection work for structures with a cantilever length of not more than three metres, a clear span of less than six metres and a plan area not exceeding 150 square metres; and

(iii) pre-cast concrete work comprising casting of pre-cast reinforced concrete slabs or planks on site.

In addition to the aforesaid minor specialist building works, a company with a GB1 Licence may conduct all types of construction works, including all forms of specialist works if the project does not require checks from an accredited checker, but cannot undertake works that have been designated as specialist works to be carried out only by companies possessing a SB Licence.

SB Licence

There are six sub-categories for the SB Licence:

(i) piling works;

(ii) ground support and stabilisation works;

(iii) site investigation work;

(iv) structural steelwork;

(v) pre-cast concrete work; and

(vi) in-situ post-tensioning work.

A company with a GB Licence will be eligible to register as a specialist builder so long as it meets the specialist builder licensing requirements. There is no restriction on the number of specialist categories that a general builder may register in.

As at the Latest Practicable Date, Sing Tec Development is licensed and issued with Specialist Builder (Ground Support and Stabilisation Works) ("**SB(GS) Licence**") by the BCA which is valid until 24 November 2021.

As a holder of a SB(GS) Licence, Sing Tec Development can undertake ground support and stabilisation works, including installation and testing of ground anchors, soil nails, rock bolts, ground treatment like chemical grouting and jet-grouting, reinforced-earth, shotcreting and tunnel supports, which have been designated as specialist works to be carried out only by companies possessing a SB Licence (apart from holding a GB Licence).

Qualification criteria

To qualify for the GB1 Licence, the licensee must have a minimum paid-up capital of S$300,000. In addition, the following personnel requirements must be met:

Approved person [1]		**Technical controller** [2]	
Course	*Practical Experience*	*Course*	*Practical Experience*
A course leading to a Bachelor's degree or postgraduate degree in any field	At least 3 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a Bachelor's degree or postgraduate degree in a construction and construction related fields [3]	At least 5 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification
or			
A course leading to a diploma in a construction and construction-related fields [3]	At least 5 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification		
or			
A course conducted by BCA known as Essential Knowledge in Construction Regulations & Management for Licensed Builders	At least 10 years (in aggregate) of practical experience in the execution of construction projects in Singapore		

To qualify for the SB Licence, the licensee must have a minimum paid-up capital of S$25,000. In addition, the following personnel requirements must be met:

Approved person (1)		**Technical controller** (2)	
Course	*Practical Experience*	*Course*	*Practical Experience*
A course leading to a diploma in a construction-related field, or a Bachelor's degree or post-graduate degree in any field	At least 3 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a Bachelor's degree or post-graduate degree in the field of civil or structural engineering from a recognised institution	At least 5 years (in aggregate) of practical experience in the execution of specialist building works of that class (whether in Singapore or elsewhere) after attaining the corresponding qualification
or			
A course conducted by BCA known as Essential Knowledge in Construction Regulations & Management for Licensed Builders	At least 8 years (in aggregate) of practical experience in the execution of construction projects in Singapore		

Notes:

(1) The approved person is the appointed key personnel under whose charge and direction the management of the business of the licensee, in so far it relates to general building works or specialist building works in Singapore, is to be at all times. The approved personnel shall be the sole-proprietor, partner, director or member of the board of management of the licensee. If an employee of the licensee is appointed as the approved person, he shall be employed in such a manner and with such similar duties and responsibilities as a director or member of its board of management. The approved person shall not have acted as an approved person or the technical controller of a builder whose licence has been revoked in the 12 months preceding the date of application for the licence by the licensee. The approved person must not be acting, for so long as he is the approved person for the licensee, as a technical controller for any company with or applying for a licence. The approved person must give his consent for carrying out the duties of an approved person for the licensee.

(2) The technical controller is the appointed key personnel under whose personal supervision the execution and performance of any general building works or specialist building works in Singapore that the licensee undertakes is to be carried out. The technical controller(s) could be the sole proprietor, partner, director or member of board of management of the licensee or an employee (being a person employed in such a manner and with such similar duties and responsibilities as a partner, director or member of its board of management). The technical controller shall not have acted as an approved person or the technical controller of a builder whose licence has been revoked in the 12 months preceding the date of application for the licence by the licensee. The technical controller must not be acting, for so long as he is the technical controller for the licensee, as a technical controller for any company with or applying for a licence. The technical controller must give his consent to carrying out the duties of a technical controller for the applicant of the licence.

(3) "Construction and construction-related field" means the field of architecture, civil or structural engineering, mechanical or electrical engineering, construction or project management, quantity surveying or building science, facilities or estate management.

For the GB1 Licence and the SB(GS) Licence of Sing Tec Development, Mr. Koh Chew Chiang, our general manager, is the approved person and technical controller. For details of the qualifications and experience of Mr. Koh Chew Chiang, please refer to the section headed "Directors and senior management" in this prospectus.

For the GB1 Licence of Sing Tec Construction, Mr. Ong Shen Zhong Jayson, our project manager, and Ms. Adeline Yew, our contract manager, are the approved person and technical controller, respectively. Both of Mr. Ong and Ms. Yew have joined us for more than nine years.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, the aforesaid personnel requirements were fully complied with and were satisfied by our employment of individuals who possess the requisite qualifications and experience.

Renewal and retention requirements

For renewal of the GB1 Licence or SB Licence, an applicant must submit to the BC Commissioner an application for renewal of licence not later than one month before the date of expiry of the licence, accompanied by the relevant renewal fee. If the application is submitted less than one month before the date of expiry of the licence, the renewal must be accompanied by the relevant renewal fee and late application fee. The BC Commissioner may refuse to renew any licence if such application is made not more than 14 days before the date of expiry of the licence. Renewal of the GB1 Licence or SB Licence is required every three years and generally an application to the BCA for renewal takes approximately two weeks to be processed.

As advised by the Singapore Legal Adviser, Sing Tec Development and Sing Tec Construction are eligible to meet the aforesaid renewal requirements and it does not presently foresee any legal impediments for Sing Tec Development and Sing Tec Construction in renewing their GB1 Licence and/or SB(GS) Licence.

Contractors Registration System

At present, there are seven major categories of registration heads under the Contractors Registration System:

(i) Construction (CW);

(ii) Construction-Related (CR);

(iii) Mechanical and Electrical (ME);

(iv) Maintenance (MW);

(v) Trade Heads for sub-contractors (TR);

(vi) Regulatory Workhead (RW); and

(vii) Supply (SY).

Under the aforesaid seven major categories, there is a further sub-classification of a total of 64 workheads. Each major category of registration under the Contractors Registration System is also subject to up to seven financial grades. In order to qualify for a particular grade, companies must satisfy the respective grade requirements in terms of (i) financial resources; (ii) track record; (iii) sufficiency of personnel resources with the relevant skills and experience; and (iv) management certification (such as Singapore Accreditation Council Accredited ISO 9001, ISO 14001, OHSAS 18001, etc.). The qualified grade of registered companies corresponds with a tender limit (valid for one year) which, depending on the economy of the construction industry in Singapore, may be adjusted from year to year.

The validity for a first time registration is for a period of three years. Registration will thereafter lapse automatically unless a renewal (for a period of three years) is filed and approved by the BCA.

As at the Latest Practicable Date, our subsidiaries, Sing Tec Development and Sing Tec Construction, are registered under the Contractors Registration System under the following workheads:

Workheads	Title	Tender limits	Grade (5)	Expiry Date
Sing Tec Development				
CW01	General Building (1)	S$40 million	B1	1 April 2021
CW02	Civil Engineering (2)	S$40 million	B1	1 April 2021
CR07	Cable/Pipe Laying & Road Reinstatement (3)	S$0.65 million	L1	1 April 2021
Sing Tec Construction				
CW02	Civil Engineering(2)	S$4 million	C1	1 September 2020
CR03	Demolition (4)	Unlimited	Single Grade	1 September 2020

Notes:

(1) Scope includes (i) 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 structures include the construction of multi-storey car-parks, buildings for parks and playgrounds and other recreational works, industrial plants and utility plants; (ii) addition and alteration works on buildings involving structural changes; and (iii) installation of roofs.

(2) Scope includes (i) 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; (ii) works involving dredging in canal, river and offshore for the purpose of deepening and extraction of

mineral or construction materials, including reclamation works; and (iii) 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.

(3) Scope includes installation of underground cables/pipes and the subsequent reinstatement of roads and other surfaces including detection of underground services.

(4) Scope includes all general demolition works.

(5) The difference in the grades relate to the tender limits for Singapore public sector projects, which may be adjusted from year to year depending on the economy of the construction industry in Singapore. For further details, please refer to the paragraph headed "Tender limits for different grades under the Contractors Registration System" below.

Tender Limits for Different Grades under the Contractors Registration System

Tender limits for different grades of major categories of registration under the Contractors Registration System are as summarised below:

(i) For workheads CW01 and CW02:

Grades	**A1**	**A2**	**B1**	**B2**	**C1**	**C2**	**C3**
Tender Limit (S$ million)	Unlimited	85	40	13	4	1.3	0.65

(ii) For specialist workheads (CR, ME, MW and SY):

Grades	**Single Grade**	**L6**	**L5**	**L4**	**L3**	**L2**	**L1**
Tender Limit (S$ million)	Unlimited	Unlimited	13	6.5	4	1.3	0.65

Registration and Retention Requirements

Renewal of the registrations under the Contractors Registration System is required every three years and generally an application to the BCA for renewal takes approximately two weeks to be processed.

In order to apply for, maintain and renew the registrations under the Contractors Registration System, there are different requirements to be complied with for different grades, including but not limited to financial resources (minimum paid-up capital and minimum net worth), management and sufficiency of personnel resources with the relevant skills and experience (including registrable professionals ("**RP**") [(1)], professionals ("**P**") [(2)] and technicians ("**T**") [(3)], as well as track record of past projects.

All applicants are expected to meet these respective specific requirements. Additionally, applicants applying for renewal of its registration status are expected to prove that they are still active in the line of business, and produce evidence to show to BCA's satisfaction that it has undertaken relevant works or supplies during the preceding three years. Applicants under a scheme of arrangement, judicial management or financial embarrassment (bankruptcy, liquidation, winding-up, negative press reports, etc.) will not be considered for registration and, if registered, may be de-registered.

Sing Tec Development intends to submit an application to BCA for the grade of its annual workhead CW02 from Grade B1 to be upgraded to Grade A2. As advised by the Singapore Legal Adviser, Sing Tec Development is eligible to meet the upgrading requirements (save for the track record requirement) and it does not presently foresee any material legal impediments for Sing Tec Development in upgrading its current workhead CW02 from Grade B1 to Grade A2. Our Directors estimate that we can fulfil the track record requirement by December 2019.

Some of the specific requirements as at the Latest Practicable Date are as follows:

Workhead/ Permitted Scope/Grade	**Requirements**	
CW01/General Building/B1	Minimum paid-up capital and minimum net worth	S$3,000,000
	Management/Personnel	To employ at least 6 RP(1) or P(2) or T(3), of which (i) a minimum of 2 RP and (ii) 1 RP/P/T with SDCP/CCPP(4)
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S$30.0 million of which (i) S$22.5 million of MC(5) and S$7.5 million of SP(6)
	Certification	ISO9001:2008 (SAC)(7)/ICQA(8) ISO14001/ICQA(8) ISO45001/OHSAS18001/ICQA(8) GGBS(9)
	Additional requirement	To possess GB1 Licence
	Tender Limit	S$40,000,000.00
CW02/Civil Engineering/A2	Minimum paid-up capital and minimum net worth	S$6,500,000
	Management/Personnel	To employ 12 RP(1) or P(2) or T(3) of which (i) a minimum of 4 RP, 1 RP/P/T with SDCP/CCPP(4) (and at least one-third of the RP or P or T shall have minimum 24 months of relevant experience in Singapore, of which at least 12 months of relevant experience was accumulated in Singapore within the latest three years), and submitting annual CET declaration(12)

Workhead/ Permitted Scope/Grade	Requirements	
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S$65.0 million of which (i) S$32.5 million of PS[13]; (ii) S$32.5 million of MC[5] and S$16.25 million of SP[6]
	Certification	ISO9001:2008 (SAC)[7]/ICQA[8] ISO14001/ICQA[8] ISO45001/OHSAS18001/ICQA[8] GGBS[9]
	Additional requirement	To possess GB 1 Licence
	Tender Limit	S$85,000,000.00
CW02/Civil Engineering/B1	Minimum paid-up capital and minimum net worth	S$3,000,000
	Management/Personnel	To employ at least 6 RP[1] or P[2] or T[3], of which (i) a minimum of 2 RP and (ii) 1 RP/P/T with SDCP/CCPP[4]
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S$30.0 million of which (i) S$15.0 million of MC[5] and S$7.5 million of SP[6]
	Certification	ISO9001:2008 (SAC)[7]/ICQA[8] ISO14001/ICQA[8] ISO45001/OHSAS18001/ICQA[8] GGBS[9]
	Additional requirement	To possess GB1 Licence
	Tender Limit	S$40,000,000.00
CW02/Civil Engineering/C1	Minimum paid-up capital and minimum net worth	S$300,000
	Management/Personnel	To employ at least 1 RP[1] or P[2] and 1 T[3], of which 1 RP/P/T with BCCPE[10]
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S$3.0 million
	Certification	bizSAFE Level 3[11] /ISO45001/OHSAS 18001/ICQA[8]
	Additional requirement	To possess GB1 Licence or GB2 Licence
	Tender Limit	S$4,000,000.00

Workhead/ Permitted Scope/Grade	Requirements	
CR03/Demolition/Single Grade	Minimum paid-up capital and minimum net worth	S$10,000
	Management/Personnel	To employ at least 1 T[(3)] with BCCPE[(10)]
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S$100,000 and completed at least ONE completed demolition project
	Certification	–
	Tender Limit	Unlimited

Notes:

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

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

(3) A T must have a minimum qualification in any of the following: (i) a diploma in civil/structural, mechanical, electrical engineering, architecture, building or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic; (ii) a National Certificate in Construction Supervision or Advance National Building Qualification or a Specialist Diploma in M&E Coordination awarded by the BCA Academy; or (iii) such other diplomas or qualifications as approved by the BCA from time to time.

(4) "SDCP" refers to the Specialist Diploma in Construction Productivity conducted by BCA Academy while "CCPP" refers to a Certified Construction Productivity Professional.

(5) "MC" refers to minimum main contracts (nominated sub-contracts may be included).

(6) "SP" refers to minimum size single main contract or nominated sub-contract. The percentage of sub-contract value taken into consideration for the fulfilment of this criteria will be 50% for CW01 and 75% for CW02.

(7) ISO 9001:2008 must be SAC accredited (i.e. the certificate must bear the SAC logo).

(8) "ICQA" refers to the Integrated Construction Quality Assurance, which is an industry specific and integrated outcome based certification scheme developed by BCA, which can meet ISO9001, ISO4001 and ISO45001/OHSAS18001/bizSAFE Level 3 requirement in the Contractors Registration System.

(9) "GGBS" refers to the Green and Gracious Builder Scheme. Companies which wish to apply for or retain their BCA Contractors Registry System (CRS) registration in work heads CW01 and CW02 and financial grades from A1 to B2 are required to obtain the GGBS.

(10) "BCCPE" refers to the Basic Concept in Construction Productivity Enhancement (Certificate of Attendance). This certificate is obtained after having attended a course conducted by the BCA Academy. Should the director of a company be the only person in the company possessing a BCCPE, he cannot utilise the same BCCPE to satisfy the requirements for another company of which he is also part of.

(11) bizSAFE is a five-step programme to assist companies build up their workplace safety and health capabilities. bizSAFE Level 3 is issued by the Workplace Safety and Health Council. Workplaces that have achieved bizSAFE Level 3 would have their risk management implementation and must engage a Workplace Safety and Health auditor approved by the Ministry of Manpower ("**MOM**") to assess the implementation of risk management in their enterprise.

(12) "CET" refers to Continuing Education & Training.

(13) "PS" refers to minimum projects executed in Singapore.

Personnel requirements

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, the aforesaid personnel requirements were fully complied with and were satisfied by our employment of individuals who possess the requisite qualifications and experience.

BUILDING CONTROL ACT

Under the BC Act which is administered by the BCA, the plans of any building works must be submitted to the BC Commissioner for approval and in the case of structural works, a permit must be granted by the BC Commissioner prior to carrying out of such structural works. Before an application to the BC Commissioner 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-fraction 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 BC 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 BC Act, the plans approved by the BC Commissioner and supplied to it by a Qualified Person and with any terms or conditions imposed by the BC Commissioner of which the Qualified Person knows or ought reasonably to know; (b) notify the BC Commissioner of any contravention of the BC 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 BC Commissioner 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 BC Act and the building regulations and deliver such certificate to the BC Commissioner.

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 BC Commissioner 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; (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**"), which is administered by BCA, facilitates regular and timely payments, provides for speedy dispute resolution through adjudication and provides remedies to recover payment in the building and construction industry. The BCISPA applies to all construction and supply contracts other than (1) contracts relating to residential properties that do not require the approval of the Commissioner of Building Control and (2) other prescribed classes of contracts.

The BCISPA provides for the progress payment a person is entitled, the valuation of the construction work carried out under a contract and the date progress payments become due, to the extent these are not specified in the contract and in other prescribed circumstances. Generally, our contracts with customers contain terms relating to progress payments. The BCISPA also renders unenforceable any contractual provision that makes any payment obligation contingent upon receipt of money from another party.

As advised by the Singapore Legal Adviser and confirmed by our Directors, during the Track Record Period and up to the Latest Practicable Date, our Group has not been subject to and/or involved in any payment adjudications processes initiated under the BCISPA with our customers or suppliers.

EMPLOYMENT MATTERS

Employment Act

The Employment Act (Chapter 91 of Singapore) ("**EA**") sets out the basic terms and conditions of employment (such as entitlements as to paid public holidays and sick leave for employees covered under the EA), and the respective rights and responsibilities of employers and employees covered under the EA. The EA is administered by the Ministry of Manpower ("**MOM**"). With effect from 1 April 2019, the EA covers every employee who is under a contract of service with an employer, including persons employed in managerial and executive positions, but does not include seafarers, domestic workers and public servants.

In particular, Part IV of the EA, which applies only to (i) workmen who are in receipt of basic monthly salaries of not more than S$4,500; and (ii) employees (other than workmen) who are in receipt of basic monthly salaries of not more than S$2,600 ("**Part IV Employee**"), sets out requirements as to rest days, hours of work and other conditions of service. Section 38(1) of the EA provides that, except in specified circumstances, a Part IV Employee shall not be required under his contract of service to work more than six consecutive hours without a period of leisure, and more than eight hours in one day or more than 44 hours in one week. Section 38(8) of the EA provides that a Part IV Employee shall not work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security, or in the case of urgent work to be done to machinery or plant. In addition, Section 38(5) of the EA provides that a Part IV Employee shall not be permitted to work overtime for more than 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour for an exemption if they require, *inter alia*, a Part IV Employee or class of Part IV Employees to work for more than 12 hours a day or more than 72 hours of overtime in a month. The Commissioner for Labour 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, exempt such employees from the overtime limits subject to such conditions as the Commissioner for Labour thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employee or class of employees are employed.

Following the amendments to the EA in effect from 1 April 2016, all employers must issue key employment terms ("**KETs**") in writing to employees covered under the EA. Such employees include employees who:

(i) enter into a contract of service with the company on or after 1 April 2016; and

(ii) are employed for 14 days or more in relation to the length of contract (and not in relation to the number of days of work).

KETs include, *inter alia*, full name of employer and employee, job title, duties and responsibilities, date of start of employment, duration of employment, basic salary, fixed allowances, fixed deductions, overtime rate of pay, leave entitlements, medical benefits, probation period and notice period.

Employment of foreign employees in Singapore

Our Group employs foreign employees (being construction workers) in its ordinary course of business in Singapore. Therefore, the following laws and regulations in relation to the employment of foreign employees in Singapore are applicable to our Group.

Employment of Foreign Manpower Act

The employment of foreign employees in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A of Singapore) ("**EFMA**"). The EFMA is also administered by the MOM.

Under Section 5(1) of the EFMA, no person shall employ a foreign employee in Singapore unless he has obtained in respect of the foreign employee a valid work pass from the MOM in accordance with the regulations prescribed pursuant to the EFMA. Work passes include, amongst others, Employment Pass, S Pass and Work Permits. The Employment Pass is for foreign professionals who (i) have a job offer in Singapore; (ii) work in a managerial, executive or specialised job; (iii) earn a fixed monthly salary of at least S$3,600; and (iv) have acceptable qualifications. The S Pass is for mid-level skilled foreign employees who earn a fixed monthly salary of at least S$2,300 and meet the assessment criteria. The Work Permit is for foreign workers from approved source countries working in the construction, manufacturing, marine shipyard, process or services sector, and there is no requirement for minimum qualifying salary.

The Employment of Foreign Manpower (Work Passes) Regulations 2012 ("**EFMR**") requires employers of Work Permit holders to, *inter alia*:

(i) provide safe working conditions;

(ii) ensure that their foreign employees have acceptable accommodation consistent with any law, directive, guideline, circular or other similar instrument issued by any competent authority; and

(iii) provide and maintain medical insurance for their foreign employees' in-patient care and day surgery, with coverage of at least S$15,000 per 12-month period of the foreign employee's employment (or for such shorter period where the foreign employee's period of employment is less than 12 months).

The EFMR also requires employers of S Pass holders to, *inter alia*, provide and maintain medical insurance for in-patient care and day surgery, with coverage of at least S$15,000 per

12-month period of the foreign employee's employment (or for such shorter period where the foreign employee's period of employment is less than 12 months).

The availability of foreign employees (or workers) is regulated and dependent on the policies of the MOM in connection with, *inter alia*, approved source countries, the imposition of security bonds and levies, dependency ceilings based on the ratio of local to foreign workers, and quotas based on the man year entitlements ("**MYE**") in respect of workers from non-traditional sources ("**NTS countries**") and the People's Republic of China ("**PRC**").

Approved source countries

The approved source countries for foreign workers holding Work Permits in the construction sector are Malaysia, the PRC, NTS countries (India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines) and North Asian sources (Hong Kong SAR, Macau, South Korea and Taiwan). During the Track Record Period, Our Group employed foreign workers from Bangladesh, PRC, India, Myanmar, Vietnam, Malaysia and the Philippines.

Construction companies must have prior approval ("**PA**") from the MOM to employ foreign workers from NTS countries and the PRC. The PA indicates the number of foreign workers a company is allowed to bring in from NTS countries and the PRC. It also determines the number of workers who can have their work permits renewed, or who can be transferred from another company in Singapore. PAs are given based on: (i) the duration of the work permits applied for; (ii) 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 contribution statements; (iii) the number of man-years allocated to the company (for main contractors) or the man-years directly allocated from the company's main contractor (for subcontractors); and (iv) the remaining number of company's quota available.

Foreign construction workers would be required to obtain the following before they are allowed to work in Singapore:

Requirements	**Type of workers**
Skills Evaluation Certificate ("**SEC**") or Skills Evaluation Certificate (Knowledge) ("**SEC(K)**") (1), issued or accepted by the BCA	NTS countries and the PRC under the PA (Type: New); NAS countries
Sijil Pelajaran Malaysia ("**SPM**") or its equivalent, the SEC or SEC(K)	Malaysia
Attend and pass either the Construction Safety Orientation Course ("**CSOC**") or Apply Workplace Safety and Health in Construction Sites Course ("**AWSHCSC**") (2)	NTS countries, NAS countries, the PRC and Malaysia (All)
Pass medical examination by doctor registered in Singapore	NTS countries, NAS countries, the PRC and Malaysia (All)

Notes:

(1) Both the SEC and SEC(K) schemes are initiatives by the BCA to raise skills, productivity and safety in the construction sector.

(2) From 1 May 2017, the CSOC has been migrated to the AWSHCSC under the Singapore Workforce Skills Qualifications system.

With respect to NTS and PRC construction workers, basic skilled workers are allowed to work up to a maximum of 14 years, while higher skilled workers are allowed to work up to 26 years. There is no maximum employment period for all other foreign workers (from NAS and Malaysia). The maximum age limit for all foreign workers to work in Singapore, regardless of country of origin, is up to 60 years old.

In addition, for each individual's work permit, in-principle approvals have to be sought. Within two weeks of arrival, the foreign construction worker is required to undergo a medical examination by a doctor registered in Singapore and must pass such medical examination before a work permit can be issued to him.

All foreign workers in the construction sector must attend the CSOC or AWSHCSC, a two-day course conducted by various training centres accredited by the MOM and obtain a valid pass. The CSOC or AWSHCSC (i) ensures that construction workers are familiar with common safety requirements and health hazards in the industry; (ii) educates them on the required measures to prevent accidents and diseases; (iii) ensures that they are aware of their rights and responsibilities under Singapore employment law; and (iv) familiarises with personal protective equipment. Employers must ensure that the foreign workers attend the course within two weeks of their arrival in Singapore before their work permits can be issued. At the end of the course, the workers will receive a safety orientation pass if they pass its requirement or assessment. Foreign workers who have failed the CSOC or AWSHCSC must retake the course as soon as possible.

During the Track Record Period and up to the Latest Practicable Date, we have required our foreign employees to undergo all the requisite training courses and medical examinations pursuant to the aforesaid requirements before the commencement of their employment with us.

Security bonds

For the construction sector, for each NAS, NTS or PRC construction worker whom is successfully granted with a work permit, a security bond of S$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes under the EFMA. The security bond must be furnished prior to the foreign worker's arrival in Singapore, failing which entry into Singapore will not be allowed. Malaysian workers are exempt from the above requirement of furnishing a security bond.

As at the Latest Practicable Date, our Group has 138 foreign workers who were non-Malaysian work permit holders, and during the Track Record Period and up to the Latest Practicable Date, our Group has arranged for the issuance of security bonds by insurance companies for our relevant foreign workers.

The purposes of the security bonds are to ensure that employers and their respective foreign workers comply with the conditions of the work permits issued, which include, *inter alia*, (for employers) the maintenance of medical insurance and the conduct of medical examination(s), and (for foreign workers) not taking part in any other business or starting their own business, and not marrying a Singapore citizen or permanent resident in or outside Singapore without the approval of the relevant authority.

The security bonds may be forfeited if, *inter alia*, the employer or employees violate any of the conditions of the work permits, fail to pay employee salaries on time, fail to repatriate foreign workers back to their countries of origin when their work permits expire, or if the foreign worker goes missing.

Our Group has implemented internal control measures to manage our foreign employees in order to mitigate the risk of forfeiture of security bonds. Please refer to the section headed "Business – Risk management and internal control systems" in this prospectus for details.

Foreign worker levy

For the construction sector, employers are required to pay prescribed foreign worker levies according to the qualification of the foreign workers employed. The levy rates are subject to changes as and when announced by the Singapore Government.

Worker category	Monthly levy rate (effective 1 July 2015) *(S$)*	Monthly levy rate (effective 1 July 2016) *(S$)*	Monthly levy rate (effective 1 July 2017) *(S$)*	Monthly levy rate (effective 1 July 2018) *(S$)*	Monthly levy rate (effective 1 July 2019) *(S$)*
Higher skilled and on MYE	300	300	300	300	300
Basic skilled and on MYE	550	650	700	700	700
Higher skilled and MYE waiver [(1)]	600	600	600	600	600
Basic skilled and MYE waiver [(1)]	950	950	950	950	950

Note:

(1) To qualify for MYE waiver, the foreign workers must have at least 3 years of working experience in Singapore which is relevant to the construction sector.

Dependency ceilings

The dependency ceiling for the construction industry is currently set at a ratio of one fulltime local worker to seven foreign workers. This means that for every full-time Singapore citizen or Singapore permanent resident employed by a company in the construction sector with regular full month Central Provident Fund contributions made by the employer, the company can employ seven foreign workers. If the quota is exceeded, new applications for and renewals of work passes may be rejected. The number of foreign workers under S passes is in turn limited to 20% of the total workforce of the company.

Based on the latest information available from the MOM database as at the Latest Practicable Date, our Group has utilised 174 of the quota balance for foreign workers, among 329. Based on the ratio of one full-time local worker to seven foreign workers, the maximum number of foreign workers our Group can hire is 329, which means that we can hire 155 additional foreign workers based on the dependency ceilings.

Man Year Entitlements ("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. The allocation of MYE is in the form of the number of "man-years" required to complete a project and only main contractors may apply for MYE. One man-year is equivalent to one year's employment under a work permit. Our Group has obtained allocations of MYE for its foreign employees from the MOM directly on a project basis.

Companies without MYE may still employ NTS or PRC construction work permit holders who possess at least three years of construction experience in Singapore, upon a waiver granted by MOM, subject to the compliance with, *inter alia*, the dependency ceiling and paying a higher foreign worker levy rate.

Conditions of work permits for foreign construction workers

Employers are required to comply with the conditions of the work permits, such as the requirement to provide acceptable accommodation for their foreign workers. Other conditions of the work permits which employers foreign construction workers are also required to comply with include the following:

- that the foreign worker performs only those construction activities specified in the conditions;
- ensuring that the foreign worker is not sent to work for any other person, except as provided for in the conditions;
- providing safe working conditions for their foreign workers; and
- purchasing and maintaining medical insurance with coverage of at least S$15,000 per 12-month period of the foreign worker's employment (or for such shorter period where the worker's period of employment is less than 12 months) for the foreign worker's inpatient care and day surgery except as the Controller of Work Passes may otherwise provide by notification in writing. Where the employer purchases group medical insurance policy for its foreign workers, the employer shall not be considered to have satisfied the obligations under this condition unless the terms of the employer's group medical insurance policy are such that each and every individual foreign worker is concurrently covered to the extent as required aforesaid.

Pursuant to Part III of the Fourth Schedule of the EFMR, an employer of a foreign employee (who is not a domestic worker and who is issued with a work permit) shall ensure that such foreign employee has acceptable accommodation, which must be consistent with any written law, directive, guideline, circular or other similar instrument issued by any competent authority. However, such requirement to provide acceptable accommodation is not imposed on an employer of a foreign employee issued with S Pass or Employment Pass under the EFMR.

As at the Latest Practicable Date, 29 out of the 174 foreign employees employed by our Group are S Pass holders, and therefore accommodation need not be provided for these 29 foreign employees. As such, our Group is only statutorily required to provide accommodation for the remaining 145 foreign employees as at such date, which is within the total maximum occupancy load of our Group's leased dormitories. Please refer to the section headed "Business – Our properties – Leased property" in this prospectus.

Minimum percentage of higher-skilled workers

From 1 January 2018, at least 10% of a construction company's work permit holders must be Higher-Skilled ("**R1**") construction workers before the company can hire any new Basic-Skilled ("**R2**") construction workers or renew the work permits of existing R2 construction workers. This is tracked based on a 12-week rolling average.

R2 construction workers may be upgraded to R1 construction workers if they satisfy the requirements for one of the four upgrading schemes, which are namely CoreTrade, the Multi-Skilling Scheme, the Direct R1 Pathway and the Markets-Based Recognition Framework. Each of the aforesaid upgrading schemes vary in qualifying criteria which include, *inter alia*, minimum years of experience, certain skills or certification and minimum fixed monthly salary.

From 1 January 2019, construction companies that do not meet the 10% minimum percentage of R1 construction workers will not be able to hire or renew R2 construction workers and will also have the work permits of any excess R2 construction workers revoked.

As at the Latest Practicable Date, approximately 26.9% of the work permit holders hired by our Group are R1 construction workers.

Immigration Act

An employer of foreign workers is subject to, *inter alia*, the provisions set out in the Immigration Act which regulates immigration into, and departure from, Singapore. Pursuant to the Immigration Act, no person, other than a citizen of Singapore, shall enter or attempt to enter Singapore unless, *inter alia*, he is in possession of a valid pass lawfully issued to him to enter Singapore. Such valid pass would include, *inter alia*, a valid work pass issued by the Controller of Work Passes under the EFMA and the regulations issued pursuant to the EFMA, including, *inter alia*, work permits (including a training work permit), S passes and employment passes. A work pass may be in the form of a card or in an endorsement made in the passport or other travel document of the work pass holder or in such other form as the Controller of Work Passes may determine.

WORKPLACE SAFETY AND HEALTH

The MOM administers the Workplace Safety and Health Act (Chapter 354A of Singapore) ("**WSHA**") and the Work Injury Compensation Act (Chapter 354 of Singapore) ("**WICA**") which govern workplace safety and payment of compensation to employees for injury suffered in the course of their employment respectively.

Workplace Safety and Health Act

The 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 those persons a work environment which is safe, without risk to health, and adequate as regards 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 those persons; ensuring that those persons 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 those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Section 41 of the WSHA provides that inspectors appointed by the Commissioner for Workplace Safety and Health ("**CWSH**") shall have power to *inter alia* make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, so far as regards any workplace and any person at work. Under Section 21 of the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that:

(i) 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;

(ii) any person has contravened any duty imposed by the WSHA; or

(iii) any person has done any act, or has refrained from doing any act which, in his opinion, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

The Workplace Safety and Health (Construction) Regulations 2007 sets out specific duties relating to, *inter alia*, the appointment of a workplace safety and health co-ordinator in respect of every worksite to assist in identifying any unsafe condition in the worksite or unsafe work practice which is carried out in the worksite and recommend and assist in the implementation of reasonably practicable measures to remedy the unsafe condition or unsafe work practice. Shahrizan bin Hamza, our workplace safety and health officer, is our workplace safety and health coordinator and is responsible for handling the health and safety matters of our Group and ensuring staff compliance with our safety measures.

Pursuant to the Workplace Safety and Health (General Provisions) Regulations ("**WSHR**"), certain equipment including but not limited to hoists, lifts, lifting gears, lifting appliances and lifting machines are required to be tested and examined by an authorised examiner ("**Authorised Examiner**") before they can be used and thereafter, at specified intervals. Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the occupier of a workspace in which the equipment is used to comply with the foregoing provisions of the WSHR, and to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines. Pursuant to the requirements of WSHR, our Group has arranged testing and examination on its lifting machinery by Authorised Examiner.

The MOM has also implemented a demerit points system for the construction industry. All main contractors and subcontractors will be issued with demerit points for breaches or infringements under the WSHA and relevant subsidiary legislation. Under the single-stage Demerit Points System for the construction industry, the number of demerit points issued depends on the severity of the breach or infringement.

Contractors, including all main contractors and subcontractors who accumulate a pre-determined number of demerit points within an 18-month period, will be debarred from employing foreign workers. An accumulation of a minimum of 25 demerit points within a period of 18 months would immediately trigger debarment for the contractor. Depending on the number of demerit points accumulated, the debarment can be in respect of the hiring of new foreign workers and/or the renewal of existing foreign workers and the duration of the debarment will also increase with the accumulation of more demerit points.

Pursuant to the Workplace Safety and Health (Risk Management) Regulations, an employer is supposed to, *inter alia*, conduct a risk assessment (at least once every three years) in relation to the safety and health risks posed to any person carrying out or undertaking work at the workplace, take all reasonably practicable steps to eliminate or minimise foreseeable risks, implement measures/safety procedures to address the risks, and to inform workers of the same, maintain records of such risk assessments and measures/safety procedures for a period of not less than three years, and submit such records to the CWSH from time to time when required by the CWSH.

Please refer to the section headed "Business – Occupation health and safety" in this prospectus for our workplace safety and health policy in this regard.

Work Injury Compensation Act

The WICA applies to any local or foreign employee (other than those set out in the Fourth Schedule of the WICA) engaged under a contract of service or apprenticeship with an employer, in respect of injury suffered by them in the course of their employment and sets out, *inter alia*, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The amount of compensation payable is computed in accordance with the Third Schedule of the WICA, subject to minimum and maximum limits prescribed therein.

Employers are required to maintain work injury compensation insurance for all employees doing manual work regardless of salary level, and all employees doing non-manual work and earning S$1,600 or less a month, who are engaged under contracts of service (unless exempted).

We have complied with the MOM's requirements and has maintained the relevant work injury compensation insurance. Please refer to the section headed "Business – Insurance" in this prospectus.

ENVIRONMENTAL LAWS AND REGULATIONS

The Environmental Public Health Act (Chapter 95 of Singapore) (the "**EPHA**") requires, among others, a person during erection, alteration, construction or demolition of any building or at any time, 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.

The EPHA also regulates, among others, the disposal and treatment of industrial waste and public nuisances. 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 conditions 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 Environmental Protection and Management Act (Chapter 94A of Singapore) seeks to provide for the protection of the environment and resources conservation and regulates, amongst others, air pollution, water pollution, land pollution and noise control. Under the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations, the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels prescribed in such regulations and the National Environmental Agency is empowered to make regulations to control noise pollution by restricting or prohibiting building works during certain hours.

EARTH CONTROL MEASURES ("ECM") UNDER THE SEWERAGE AND DRAINAGE ACT (CHAPTER 294 OF SINGAPORE)

Under the Sewerage and Drainage Act (Chapter 294 of Singapore) ("**SDA**"), all contractors have to obtain a clearance certificate or approval from the Public Utilities Board ("**PUB**") before commencing earthworks in the following cases:

(i) any works which affect or are likely to affect any storm water drainage system, drain or drainage reserve, directly or indirectly; or

(ii) any works that could lead to the discharge of silt directly or indirectly into any storm water drainage system, drain or drainage reserve.

During the Track Record Period, our Group has obtained a clearance certificate or approval from the PUB before commencing our earthworks.

Under the Surface Water Drainage Code, the contractor is required to, among others, prior to the commencement of works, engage a Qualified Erosion Control Professional to plan and design a system of earth control measures, with the detailed ECM proposals to be submitted to the PUB. "Qualified Erosion Control Professional" means a Professional Engineer who is registered under the Professional Engineers Act (Chapter 253 of Singapore) and has in force a practicing certificate issued thereunder, and has satisfactorily completed a specialised professional course in erosion and sediment control.

During the Track Record Period and up to the Latest Practicable Date, we have complied with the aforesaid personnel requirement.

OVERVIEW

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 17 September 2018. Pursuant to the Reorganisation as more particularly described in the paragraph headed "Reorganisation" in this section, our Company has become the holding company of our Group for the purpose of the Listing and holds the entire interest of our three operating subsidiaries, namely Sing Tec Construction, Sing Tec Development and Initial Resources, through our investment holding company, Builink.

BUSINESS DEVELOPMENT

Our history and origin can be traced back to September 1998 when our Controlling Shareholders, Mr. Poon and Mr. Teo, incorporated the first member of our Group, Sing Tec Construction, with three independent third parties to provide civil engineering works services in Singapore. By September 2004, through a number of transfers and allotments and issues of shares, Sing Tec Construction became wholly owned by Mr. Poon and Mr. Teo. For the background and relevant industry experience of Mr. Poon and Mr. Teo, please refer to the section headed "Directors and senior management" in this prospectus.

Since then, we have gradually expanded our business scope. In October 2004, Mr. Poon and Mr. Teo incorporated Sing Tec Development with an aim to expand our scope of business by providing building construction works services and undertaking construction projects as main contractor. In August 2007, in view of the potential cost effectiveness as well as the business prospect, Mr. Poon and Mr. Teo incorporated Initial Resources to provide other ancillary services in relation to construction works, i.e. logistics and transportation services of construction materials. Besides, in April 2009, with the aim of establishing an alternative recurring revenue stream, we have started our property investment business by acquiring our first investment property through Sing Tec Development.

Throughout the years, we endeavour to implement effective controls and processes to ensure that we have an effective business operation and provide quality services to our customers. Each of Sing Tec Construction and Sing Tec Development has been accredited with ISO 9001, ISO 14001, OHSAS 18001 and bizSAFE Level Star Certification. Besides, Sing Tec Development has obtained the Green and Gracious Builder Award and received several awards from our customers. For details of our major certifications and awards, please refer to the section headed "Business – Our certifications and awards" in this prospectus.

During the Track Record Period, we continued to engage in construction services, which included civil engineering works, building construction works and other ancillary services, as well as property investment business in Singapore. In particular, among our principal operating subsidiaries, Sing Tec Development is mainly focused on the provision of civil engineering works and building construction works as well as property investment business, while Sing Tec Construction is mainly focused on the provision of building construction works, and Initial Resources is mainly focused on the provision of other ancillary services in relation to construction works. For details of our business, please refer to the section headed "Business" in this prospectus.

Milestones

Set out below are the major milestones of our Group's development since our establishment:

Year	**Event**
1998	Sing Tec Construction was incorporated as a private limited company in Singapore
2004	Sing Tec Development was incorporated as a private limited company in Singapore
2006	Sing Tec Development undertook a main contractor project with contract sum of approximately S$0.9 million with a Singapore government agency
2007	Sing Tec Development was first accredited with ISO 9001 (Quality Management System)
	Sing Tec Development was first accredited with OHSAS 18001 (Occupational Health and Safety Management System)
	Initial Resources was incorporated as a private limited company in Singapore
2009	Sing Tec Development acquired the first investment property in Singapore
	Sing Tec Construction was first accredited with OHSAS 18001 (Occupational Health and Safety Management System)
	Sing Tec Development first obtained CW01 workhead C2 Grade registration and CW02 workhead B2 Grade registration
	Sing Tec Development first obtained the bizSAFE Level Star Certification from the Workplace Safety and Health Council of Singapore
2014	Sing Tec Development formed a joint venture with an independent third party who is our customer during the Track Record Period to undertake a construction works project with contract sum of approximately S$103.0 million, the details of which was set out in the section headed "Relationship with Controlling Shareholders" in this prospectus

Year	Event
2015	Sing Tec Construction obtained the bizSAFE Level Star Certification from the Workplace Safety and Health Council of Singapore
	Sing Tec Development obtained the Green and Gracious Builder Award from BCA
	Sing Tec Development first obtained CW01 workhead B1 Grade registration and CW02 workhead B1 Grade registration
2016	Sing Tec Construction was first accredited with ISO 9001 (Quality Management System) and ISO 14001 (Environmental Management System)
	Sing Tec Development was first accredited with ISO 14001 (Environmental Management System)

CORPORATE HISTORY

Set out below are a brief corporate history of the establishment and major changes in the shareholdings of our Company, our subsidiaries and our joint venture:

Our Company

Our Company was incorporated in the Cayman Islands with limited liability on 17 September 2018, with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. It is an investment holding company.

On 17 September 2018, the subscriber Share was transferred to HG TEC at par value. As part of the Reorganisation, (i) on 19 November 2018 the Company allotted and issued one ordinary share to each of Mr. Teo and Mr. Poon, respectively; (ii) on 13 December 2018, each of Mr. Teo and Mr. Poon transfer one share in the Company at par value to HG TEC, respectively. For details, please refer to the paragraph headed "Reorganisation" below in this section.

Immediately after the transfer, our Company became wholly owned by HG TEC.

Builink

Builink was incorporated in the British Virgin Islands with limited liability on 4 May 2018. It is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.00 each. It is an investment holding company.

On the date of its incorporation, Builink issued and allotted one and one share, credited as fully paid, at par value to Mr. Poon and Mr. Teo, respectively. As part of the Reorganisation, on 19 November 2018, each of Mr. Poon and Mr. Teo transferred one share, in aggregate representing the entire issued share capital of Builink, to our Company. For details, please refer to the paragraph headed "Reorganisation" below in this section.

Immediately after the transfer, Builink became a direct wholly-owned subsidiary of our Company.

Sing Tec Construction

Sing Tec Construction was incorporated in Singapore on 21 September 1998. Its principal activities are provision of building construction works services.

Each of Mr. Poon, Mr. Teo and the other three independent third parties was allotted one share in Sing Tec Construction on the date of incorporation. Through a number of transfers among Mr. Poon, Mr. Teo and independent third parties, allotments and issues of shares, as at 17 September 2004, a total of 345,000 shares had been issued by Sing Tec Construction, 172,500 shares and 172,500 shares of which were held by Mr. Poon and Mr. Teo, respectively. Since then and up to immediately prior to the Reorganisation, Sing Tec Construction had been owned by Mr. Poon and Mr. Teo as to 50% and 50%, respectively.

Sing Tec Development

Sing Tec Development was incorporated in Singapore on 4 October 2004. Its principal activities are provision of civil engineering works and building construction works services as well as property investment business.

Each of Mr. Poon and Mr. Teo was allotted one share in Sing Tec Development on the date of incorporation. Over the years, there were a number of allotments and issues of shares. Accordingly, as at 24 October 2016, a total of 6,500,000 shares had been issued by Sing Tec Development, 3,250,000 shares and 3,250,000 shares of which were held by Mr. Poon and Mr. Teo, respectively. Since then and up to immediately prior to the Reorganisation, Sing Tec Development has been owned by Mr. Poon and Mr. Teo as to 50% and 50%, respectively.

Initial Resources

Initial Resources was incorporated in Singapore on 3 August 2007. Its principal activities are provision of other ancillary services in relation to construction services.

Each of Mr. Poon and Mr. Teo was allotted one share in Initial Resources on the date of incorporation. Through a number of transfers, allotments and issues of shares, (i) an independent third party became a shareholder of Initial Resources as to 20% of the then issued shares in February 2008; (ii) another independent third party became a shareholder of Initial Resources as to 10% of the then issued shares in May 2008; and (iii) each of the said independent third parties ceased to be a shareholder following a transfer of their shareholdings to Mr. Poon and Mr. Teo, respectively, in August 2010. Accordingly, as at 30 August 2010, a total of 50,000 shares had been issued by Initial Resources, 25,000 shares and 25,000 shares of which were held by Mr. Poon and Mr. Teo, respectively. Since then and up to immediately prior to the Reorganisation, Initial Resources has been owned by Mr. Poon and Mr. Teo as to 50% and 50%, respectively.

The JV Company

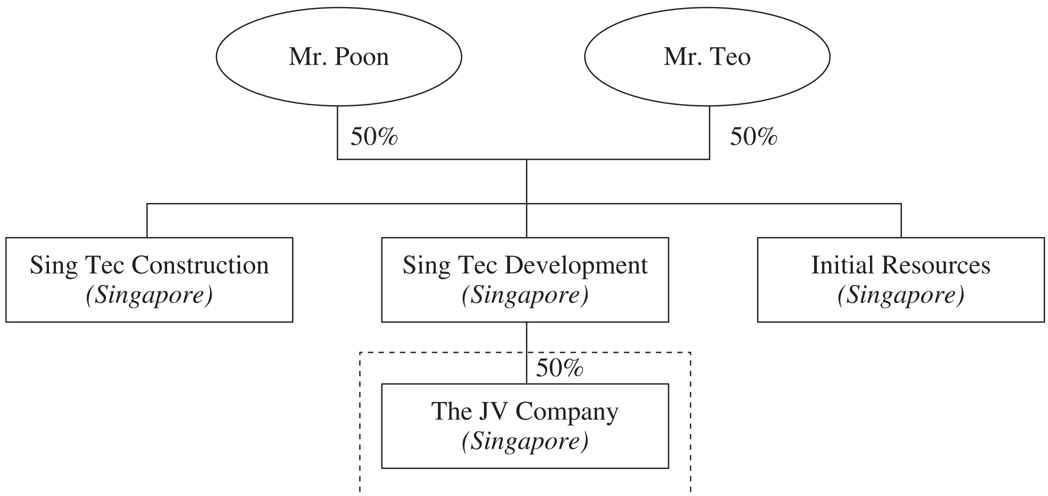
In June 2014, Sing Tec Development and an independent third party, a private company in Singapore principally engaging in general contractors services who is also our customer during the Track Record Period, entered into a joint venture agreement to establish the JV Company. The JV Company is owned as to 50% by Sing Tec Development and 50% by the independent third party and is incorporated for submitting the bid and performing the contract of a proposed erection of a single storey assembly shop in a new shipyard development, with a contract sum of approximately S$103.0 million (the "**JV Project**").

During the Track Record Period, the JV Company is one of our major customers, i.e. Customer D as defined in the section headed "Business – Our customers – Our major customers" in this prospectus. During the relevant period, we undertook two contracts of building construction works for the JV Company in the JV Project and, in respect of the two contracts, derived revenue of approximately S$7.0 million, S$7.0 million and S$10.6 million for each of FY2015/16, FY2016/17 and FY2017/18, respectively.

As stipulated in the joint venture agreement, the JV Company was only intended to be engaged in the JV Project. As at the Latest Practicable Date, the status of the JV Company is dormant while the parties are only dealing with the final settlement of payment. Our Directors intend to discuss with the other party to terminate the JV Company after settling all the payment.

REORGANISATION

The following diagrams sets out the shareholdings and corporate structure of our Group immediately before the Reorganisation:



Note: Joint venture of our Group

Our Group underwent the Reorganisation in preparation for the Listing, which involved the following steps:

(i) On 4 May 2018, HG TEC and Builink were incorporated in the BVI with limited liability. Each of them is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.00 each. On the same date, HG TEC and Builink issued and allotted one fully paid share at par value to Mr. Poon and Mr. Teo, respectively;

(ii) On 17 September 2018, our Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. The entire issued share capital of our Company, one fully paid Share at par, was issued and allotted to the initial subscriber. On the same date, the subscriber Share was transferred to HG TEC at par value;

(iii) On 19 November 2018, each of Mr. Poon and Mr. Teo transferred one share, in aggregate representing the entire issued share capital of Builink, to our Company. In consideration of the acquisition, the Company allotted and issued one ordinary shares to each of Mr. Teo and Mr. Poon, respectively. On 13 December 2018, Each of Mr. Teo and Mr. Poon transferred one share in the Company at par value to HG TEC, respectively;

(iv) On 18 December 2018, pursuant to the terms of reorganisation agreement entered into by Mr. Poon, Mr. Teo, HG TEC, our Company and Builink,

(a) each of Mr. Poon and Mr. Teo transferred 172,500 shares, in aggregate representing the entire issued share capital of Sing Tec Construction, to Builink;

(b) each of Mr. Poon and Mr. Teo transferred 3,250,000 shares, in aggregate representing the entire issued share capital of Sing Tec Development, to Builink; and

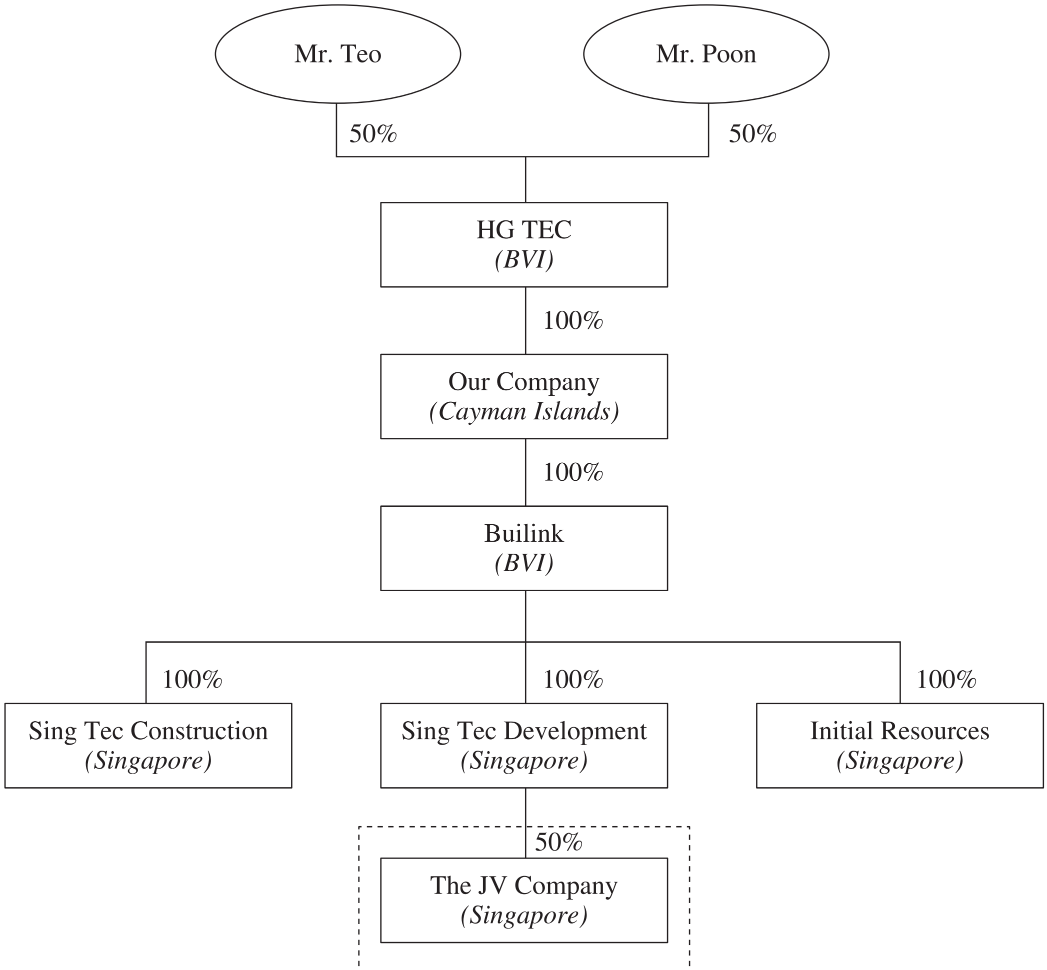
(c) each of Mr. Poon and Mr. Teo transferred 25,000 shares, in aggregate representing the entire issued share capital of Initial Resources, to Builink.

In consideration of the above transfer, our Company issued and allotted 60 shares, credited as fully paid, to HG TEC; and

(v) On 23 August 2019, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$10,000,000 divided into 1,000,000,000 Shares.

The Reorganisation complied with all the relevant laws and regulations and each of the steps has been properly and legally completed and settled. As a result of the Reorganisation, our Company became the holding company of our Group. Our Directors confirm that, save as disclosed in the prospectus, there was no outstanding options, warrants and/or convertibles in respect of each member of our Group as at the Latest Practicable Date.

The following diagrams sets out the shareholdings and corporate structure of our Group immediately after the Reorganisation but before the Capitalisation Issue and the Share Offer:

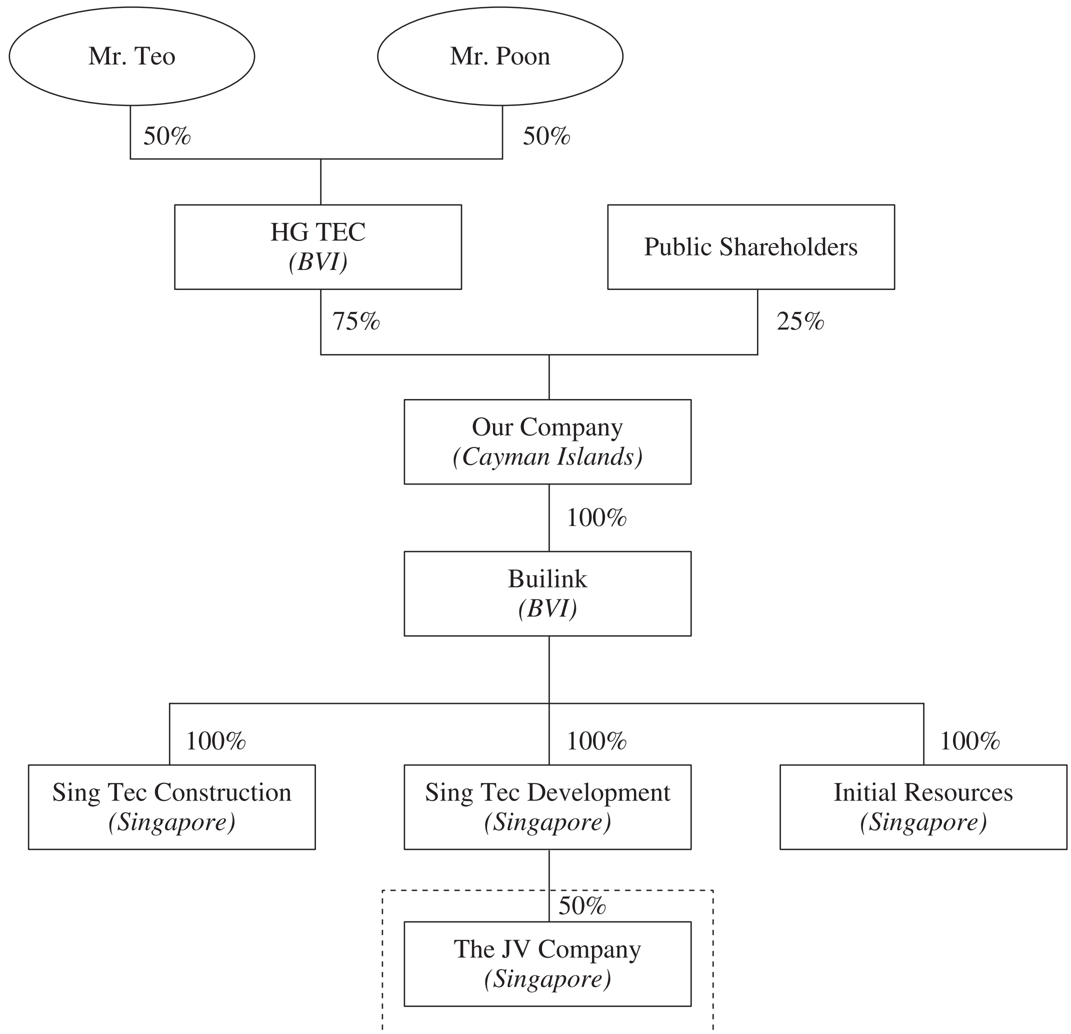


Note: Joint venture of our Group

Capitalisation Issue

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Listing, our Directors are authorised to capitalise an amount of HK$3,599,999.37 standing to the credit of the share premium account of our Company by applying such sum towards to pay up in full at par a total of 359,999,937 Shares for allotment and issue, immediately prior to the Share Offer, to HG TEC so that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by it, will constitute 75% of the issued share capital of our Company (without taking into account any Share which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme).

The following diagrams sets out the shareholdings and corporate structure of our Group immediately after the Capitalisation Issue and the Share Offer (without taking into account any Share which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme):



Note: Joint venture of our Group

OVERVIEW

Having an operating history of over 20 years, we engage in construction services and property investment business in Singapore. During the Track Record Period, our construction services primarily include (i) civil engineering works entailing road works, earthworks, drainage works, ERSS works and soil improvement works; (ii) building construction works mainly for industrial buildings which include substructure works, piling works, addition and alteration works and electrical and mechanical works; and (iii) other ancillary services which include logistics and transportation services of construction materials. During the same period, our property investment business primarily includes residential and industrial properties leasing.

The following table sets out the breakdown of our revenue during the Track Record Period by reference to the business segments:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Construction services										
Civil engineering works	29,672	66.3	42,076	69.7	70,229	83.6	23,033	96.3	36,593	81.5
Building construction works	13,986	31.3	17,613	29.2	12,494	14.9	451	1.9	7,600	16.9
	43,658	97.6	59,689	98.9	82,723	98.5	23,484	98.2	44,193	98.4
Other ancillary services	598	1.3	181	0.3	735	0.9	184	0.8	526	1.2
	44,256	98.9	59,870	99.2	83,458	99.4	23,668	99.0	44,719	99.6
Property investment	484	1.1	478	0.8	505	0.6	243	1.0	194	0.4
Total	44,740	100.0	60,348	100.0	83,963	100.0	23,911	100.0	44,913	100.0

In relation to our construction services, for each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, there were, respectively, 67, 57, 63 and 54 construction projects with revenue contribution to us. During the same period, we had increasingly acted as a main contractor in our projects. The following table sets out the breakdown of our revenue in relation to our construction services (except for other ancillary services) during the Track Record Period by reference to our role in the projects:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Main contractor	5,924	13.6	35,899	60.1	64,166	77.6	17,057	72.6	32,760	74.1
Subcontractor	37,734	86.4	23,790	39.9	18,557	22.4	6,427	27.4	11,433	25.9
Total	43,658	100.0	59,689	100.0	82,723	100.0	23,484	100.0	44,193	100.0

During the Track Record Period, we had also increasingly undertaken public sector projects, of which the ultimate project employers are Singapore government agencies. The following table sets out the breakdown of our revenue in relation to our construction services (except for other ancillary services) during the Track Record Period by reference to the nature of projects:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Public sector projects	168	0.4	19,588	32.8	51,810	62.6	16,740	71.3	25,269	57.2
Private sector projects	43,490	99.6	40,101	67.2	30,913	37.4	6,744	28.7	18,924	42.8
Total	43,658	100.0	59,689	100.0	82,723	100.0	23,484	100.0	44,193	100.0

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we had 67, 68, 94 and 72 customers with revenue contribution to us, respectively. For further information regarding our customers, please refer to the paragraph headed "Our customers" in this section. During the Track Record Period, for our construction services, our customers comprise (i) Singapore government agencies; (ii) property developers/owners; and (iii) construction contractors, while for our property investment business, our customers comprise private companies and individuals, respectively. The following table sets out the breakdown of our revenue during the Track Record Period by reference to the type of our customers:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Construction services										
Singapore government agencies	168	0.4	19,588	32.5	51,810	61.7	16,740	70.0	25,269	56.3
Property developers/owners	6,633	14.8	16,475	27.3	12,356	14.7	317	1.3	7,491	16.7
Construction contractors	37,455	83.7	23,807	39.4	19,292	23.0	6,611	27.7	11,959	26.6
	44,256	98.9	59,870	99.2	83,458	99.4	23,668	99.0	44,719	99.6
Property investment										
Private companies	359	0.8	356	0.6	367	0.4	195	0.8	145	0.3
Individuals	125	0.3	122	0.2	138	0.2	48	0.2	49	0.1
	484	1.1	478	0.8	505	0.6	243	1.0	194	0.4
Total	44,740	100.0	60,348	100.0	83,963	100.0	23,911	100.0	44,913	100.0

During the Track Record Period, upon receiving tender documents and/or project details from our customers, we would conduct an internal evaluation on the feasibility of undertaking the project, taking into account various factors including the technical requirements, project size, expected complexity, commencement date, estimated profitability of the project, availability and capacity of our project management staff. Therefore, the fluctuation of revenue derived from (i) being a main contractor and subcontractor; (ii) public and private projects; and (iii) different types of customers during the Track Record Period is mainly due to the aforementioned factors. We have no preference for (i) acting as a main contractor or subcontractor; (ii) undertaking public or private sector projects; and (iii) serving a particular type of customers.

We possess our own machinery for performing different types of civil engineering works and building construction works. Therefore, we are not materially reliant on third parties for machinery rental. Our machinery includes, among others, hydraulic excavators, compactor rollers, bulldozers, articulated dump trucks, screeners and crushers. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we invested in new machinery at the cost of approximately S$2.3 million, S$1.1 million, S$1.5 million and nil, respectively. We believe that our investment in machinery has placed us in a position to cater for civil engineering works or building construction works of different scale and complexity, and to meet the expected growing demand in the construction industry in Singapore in the foreseeable future. During the Track Record Period, having considered the high utilisation rate of our own machinery and the need of having numbers of machines simultaneously to cater for our different construction projects, we may rent machinery from our suppliers to support our business operation. On the other hand, upon the requests of our subcontractors, we may rent machinery from our suppliers on behalf of them and charge them back the costs thereof and recognise such machinery rental income as other income. For further information regarding our machinery, please refer to the paragraph headed "Our machinery" in this section.

While we may carry out our works with our own machinery and labour resources, we may subcontract some of our works to other subcontractors after taking into consideration of our available labour resources and the cost of performing the works with our own resources. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our subcontracting charges incurred were approximately S$12.7 million, S$23.9 million, S$38.7 million and S$24.8 million, respectively.

In addition to our subcontractors, suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to carry on our construction business mainly include (i) suppliers of construction materials, such as ready-mixed concrete, steel bars, mesh, asphalt and metal grating; and (ii) suppliers of other miscellaneous services, such as rental of plant and machinery, rental of dormitories for workers, transportation of excavated construction waste, repair and maintenance of machinery and equipment. Depending on the contract terms agreed with our subcontractors, construction materials may be procured by us on our own account or provided by our subcontractors to us at the cost of our subcontractors. Construction materials procured by us on behalf of our subcontractors are purchased on a project-by-project basis and we do not maintain any inventory of construction materials. For further information regarding our suppliers, please refer to the paragraph headed "Our suppliers" in this section.

COMPETITIVE STRENGTHS

Well-established presence in the construction industry in Singapore

Sing Tec Construction, one of our operating subsidiaries and the first member of our Group, has been incorporated and in operation in the construction industry in Singapore for over 20 years. Since then, we have been expanding our scale of operation by incorporating the other subsidiaries, namely Sing Tec Development and Initial Resources, and providing a wider range of services to customers. Through our continuing efforts, our Directors believe that we have built up a reputation as a quality and reliable construction service provider in Singapore. We have also received various awards and recognitions from our customers and other market players. For details of our major awards and recognitions, please refer to the paragraph headed "Our certifications and awards" in this section.

In addition, we hold a number of licences and registrations which enable us to carry on our businesses. In particular, we hold a GB1 Licence granted under the Licensing of Builders Scheme, which allows us to undertake general building contracts of any value in Singapore. We also hold the CW01 workhead B1 Grade registration and CW02 workhead B1 Grade registration, which allow us to directly tender for contracts of general building works and civil engineering works for Singapore government agencies of a contract value not exceeding S$40 million. For further details, please refer to the paragraph headed "Our licenses and registrations" in this section.

Our Directors believe that our established presence and proven profile in the construction industry of Singapore as well as the possession of the relevant licenses may give us an advantage in terms of maintaining existing customers and securing new business opportunities, which is crucial to our daily business operations and future business development.

Experienced management team

We have a management team with a wealth of experience in the construction industry. We are led by our executive Directors, Mr. Poon and Mr. Teo, who have over 30 and 20 years of experience in the construction industry, respectively. They are the founders of our Group and have been fundamental to our development since the establishment of our Group.

In addition, among our senior management, Mr. Koh Chew Chiang, our general manager, has over 14 years of experience in the construction industry and has joined us since 2004, whilst Mr. Wong Yong Xian and Ms. Ooi Sock Hoon have gained extensive working experience in finance and administration, respectively. For further information regarding the background and experience of our Directors and senior management, please refer to the section headed "Directors and senior management" in this prospectus.

Our Directors believe that based on the experience of our management team and their industry knowledge, we are able to (i) be aware of the market landscape; (ii) manage our project efficiency and deliver quality and satisfactory services to our customers; and (iii) maintain the relationship with our customers, suppliers and subcontractors, all of which are essential to our success and future development.

Stable relationship with some of our major suppliers and subcontractors

During the Track Record Period, we may subcontract some of our works to other subcontractors after taking into consideration our available labour resources and the cost of performing the works with our own resources. Besides, suppliers of other goods and services which are specific to our construction business and are required on a regular basis to enable us to continue to carry on our business mainly include (i) suppliers of construction materials required for performing our works; and (ii) suppliers of other miscellaneous services.

Our Directors consider that we have developed stable relationships with our major suppliers and subcontractors. In particular, we had over 10 years of business relationship with some of our major suppliers and subcontractors during the Track Record Period. Our Directors believe that our stable relationships with suppliers and subcontractors can provide us with more flexibility in selecting suppliers and subcontractors and allow us to minimise risks of delay or shortage of materials or subcontracting services.

Wide range of construction machines and equipment which enables us to take on various large-scale construction projects

The fleet of over 100 machines and equipment we had as at the Latest Practicable Date allows us to undertake construction projects of different scale. Our machines include hydraulic excavators, compactor rollers, bulldozers, articulated dump trucks, screeners and crushers, which allow us to undertake civil engineering works and building construction works projects with different requirements.

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we invested in new machinery at the cost of approximately S$2.3 million, S$1.1 million, S$1.5 million and nil, respectively. We believe that our investment in machinery has improved our position to undertake construction projects of different scales and complexity.

Our Directors also consider that the possession of our own machinery allows us to devise work plans more flexibly and to apply suitable machinery specifically catered for the needs and requirements of different customers, as well as enables us to expediently deploy them to various locations as required without the need to rely on rental from third parties.

Stringent quality control and high safety standard and environmental impact control

We place emphasis on providing consistently high quality services. We have adopted and implemented a quality control system that complies with international standards. Sing Tec Construction and Sing Tec Development were assessed and certified to have complied with the requirements of ISO 9001 accreditation for our management system.

We have also established an occupational health and safety management system to promote safe working practices among all employees and to mitigate the occurrence of accidents through safety inspections, which has been certified to be in compliance with OHSAS 18001 standards. In addition, we have obtained the bizSAFE Level Star Certification.

Further, we have established an environmental management system to promote environmental awareness and to reduce pollution of the environment resulting from projects undertaken by us, which have been certified to be in compliance with ISO 14001 standards.

Our Directors believe that our stringent quality assurance system and strong commitment to environmental and occupational health and safety management allow us to be better positioned to deliver quality works reliably, timely and within budget, thereby strengthening our position as an established construction contractor in Singapore.

BUSINESS STRATEGIES

Our principal business objectives are to (i) further strengthen our market position in the construction industry in Singapore and (ii) further expand our property investment business in Singapore so as to further diversify our revenue stream.

Further strengthen our market position in the construction industry

We intend to achieve this business objective by expanding our scale of operation through our intended effort in actively seeking opportunities to undertake additional civil engineering works and building construction works projects, from both our existing and potential new customers, on top of our present scale of operation and our current projects on hand.

According to the Ipsos Report, over the next five years, the civil engineering segment of the construction industry in Singapore is anticipated to improve in terms of demand. To support Singapore's growing population, the Singapore government plans various infrastructure projects ahead to meet the future needs of its growing society. Furthermore, road-related civil engineering works such as road maintenance activities, enforcement of transport technology and development of public transport facilities are also expected to progress in line with the expected overall developments of the construction industry, notably with the development of private, public, commercial and industrial buildings which would require proper connectivity and road networks to meet the needs of society. As such, with these expected growth in civil engineering construction activities going forward, the development of the civil engineering works in Singapore is expected to remain optimistic with the total output for the civil engineering sector being forecasted to increase from approximately S$7.7 billion in 2019 to approximately S$9.1 billion by the end of 2023 at a CAGR of approximately 4.1%.

Besides, according to the Ipsos Report, building construction activities are expected to grow beyond 2019. This positive expectation is largely attributed to the continued development for new public housing construction, redevelopment of commercial buildings and industrial projects which are expected to set the pace for growth in the next five years. As such, the output value for building construction activities by certified payments is also forecasted to increase from approximately S$20.8 billion in 2019 to approximately S$23.8 billion by the end of 2023 at a CAGR of approximately 3.5%, based on the reasons mentioned above.

In addition, according to the Ipsos Report, the Singapore government is encouraging economic diversification in areas such as medical sciences and financial services to attract investment into the country. As these industries grow, demand for proper infrastructure, connectivity and housing facilities will increase in tandem, thus creating opportunities for the building construction and civil engineering works in Singapore. Furthermore, the Singapore government 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 over 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 most 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 building and infrastructure projects, mostly from the significant government funding for infrastructure improvement and housing enhancements. As such, opportunities for civil engineering and building construction works segments will remain positive.

Apart from capturing the emerging business opportunity of the construction industry in Singapore in general, we also intend to undertake more, especially larger, public construction projects in particular by upgrading our current registration. During the Track Record Period, among others, we were holding CW02 workhead B1 Grade registration, which allows us to directly tender for contracts of civil engineering works for Singapore government agencies of a contract value not exceeding S$40 million. During the same period, our operating scale has been increasing which can be evidenced by the facts that (i) we were awarded four, four and two projects with contract sum of S$10 million or above for each of FY2015/16, FY2016/17 and FY2017/18, respectively; and (ii) we have successfully obtained a contract with contract sum of approximately S$30.6 million for the five months ended 28 February 2019. Therefore, in view of our increasing scale of business and the positive feedback from evaluations by the relevant government authorities, our Directors are confident that, going forward, we are able to tender for and obtain larger projects, i.e. projects with contract sum of over S$40 million. Accordingly, in line with our past strategy, we intend to apply for an upgrade to CW02 workhead A2 Grade registration. As advised by the Singapore Legal Adviser, we have fulfilled all requirements save for the track record requirement. According to the track record requirement, we are required to complete civil engineering projects in the past three years with the contract value not less than S$65.0 million. For further details, please refer to the section headed "Regulatory Overview – Registration and Retention Requirements" in this prospectus. As at the Latest Practicable Date, we have completed S$38.2 million out of the track record requirement of S$65.0 million and Project 9 and Project 13, with an aggregate contract value of approximately S$37.2 million will be completed in or around December 2019. We act as the main contractor for Project 9 and Project 13. Having considered the work progress in relation to Project 9 and Project 13 and the expected completion dates of such projects and in order to ensure that we have sufficiently met the criteria of the track record requirement and to increase the chance of approval of our application, we target to submit the application in around December 2019 and expect to obtain the upgraded registration by around February 2020. For further details of the registration requirement, please refer to the section headed "Regulatory overview – Licensing regime for builders and contractors in Singapore" in this prospectus. Upon successful application, we are allowed to directly tender for contracts of a contract value not exceeding S$85 million. Besides, since the upgrade of registration requires a substantial track record and an increasing financial capability, our Directors consider that not only will we be able to tender for civil engineering works contracts from Singapore government agencies of a larger scale, such upgrade would also increase our customers' confidence in our capability, financial position and credibility and thus increase our competitiveness in tendering for larger and more contracts in the future.

Our Directors consider that there is considerable demand for our business expansion and are confident that we can achieve a business growth if we are to continue to increase our available resources, having considered the market opportunities as discussed above, and the following:

(i) we have achieved a stable business growth during the Track Record Period. For FY2015/16, we recorded revenue of approximately S$44.7 million, which increased to approximately S$60.3 million for FY2016/17 and to approximately S$84.0 million for FY2017/18. For the five months ended 28 February 2019, our business experienced a significant growth and recorded revenue of approximately S$44.9 million as compared to the five months ended 28 February 2018, in which we recorded revenue of approximately S$23.9 million. The stable business growth during the Track Record Period was mainly because (i) there was an increase in the number of sizable projects with revenue contribution of S$10 million or above. For FY2015/16, we did not have any project with revenue contribution of S$10 million or above, while for FY2016/17 and FY2017/18, we had one and three projects with revenue contribution of S$10 million or above, respectively and (ii) the increase in our work done for our projects. As mentioned, before submitting our tenders and quotations, we have taken into account factors including but not limited to our available resources, our expected workload in the near future, our projects on hand as at the date of submission of tenders and quotations and our tendering strategy. Accordingly, our number of tenders and quotations submitted and the contract value of successful tenders and quotation may be fluctuated from year to year. Alongside with our revenue growth during the Track Record Period as mentioned above, we had maintained a consistent backlog revenue as at 30 September 2016, 30 September 2017, 30 September 2018 and 28 February 2019, which collectively demonstrated a stable and considerable demand for our business growth at any point in time during the Track Record Period;

(ii) further to our business growth during the Track Record Period, our Directors consider that we are experiencing an ongoing business growth as our revenue to be recognised after the Track Record Period, which include (a) revenue to be recognised as at 28 February 2019 amounting to approximately S$67.1 million; and (b) our new projects and variation orders awarded from 1 March 2019 to the Latest Practicable Date amounting to approximately S$50.0 million, will exceed the revenue for FY2017/18, being the financial year with the highest revenue during the Track Record Period;

(iii) on top of our projects in backlog as at the Latest Practicable Date, there were 21 tenders and quotations with a total contract sum of approximately S$261.0 million, the results of which were pending as at the Latest Practicable Date, and we have recorded an average success rate by number of tenders and quotations of approximately 51.1% and an average tender and quotation success rate weighted by contract value of approximately 39.3% for the latest three financial years; and

(iv) as at the Latest Practicable Date, there were 21 contractors holding the CW02 workhead A2 Grade registration and, according to the Ipsos Report, there are normally certain civil engineering works projects that require the CW02 workhead A2 Grade registration available in the market. Our Directors consider that such demand can be demonstrated by the fact that, with reference to the project information published on the GeBIZ system for the period from 1 March 2019 to the Latest Practicable Date, there were five projects which require the CW02 workhead A2 Grade registration that we could tender for if we had possessed such registration. Besides, according to the Ipsos Report, civil engineering construction demand has remained strong in recent years on the back of the implementation of mega infrastructure projects by the public sector which normally require the upper grade of contractor to perform the works. In particular, a total of S$8.2 billion to S$9.9 billion worth of civil engineering projects are anticipated to be awarded in 2019, with support coming from Jurong Regional Line and infrastructure works for Changi Airport Terminal 5. Therefore, our Directors consider that there shall be considerable opportunities in particular for larger public construction projects for us to tender for upon our successful application for the upgrade of our registration.

In addition, due to the fact that (i) we recorded a significant revenue growth of approximately 87.9% from approximately S$23.9 million for the five months ended 28 February 2018 to approximately S$44.9 million for the corresponding period in 2019; (ii) the contract value of projects in backlog yet to be recognised as at the Latest Practicable Date reached approximately S$71.4 million, of which approximately S$59.4 million is to be recognised in FY2019/20 or afterwards; (iii) as at the Latest Practicable Date, there were 21 tenders and quotations, which were still pending results and the aggregate contract value was approximately S$261.0 million. Having considered our average success rate weighted by the contract value of tenders and quotations for the latest three full financial years (i.e. 39.3%), our Directors believe that we can obtain sufficient contracts to substantiate our business performance beyond FY2018/19; (iv) Ipsos forecasts that the construction output value in Singapore will increase from approximately S$28.5 billion in 2019 to approximately S$32.9 billion by the end of 2023 at a CAGR of approximately 3.6%; and (v) we intend to upgrade to CW02 workhead A2 Grade registration in December 2019. If we can successfully upgrade such registration, we may be able to tender for and obtain larger projects, i.e. projects with contract sum between S$40 million and S$85 million and our Directors believe that such upgrade can also enhance customers' recognition of our Group. Therefore, we are confident to achieve business growth beyond FY2018/19. However, having considered the limitation of our current resources, our Directors are of the view that in order to undertake larger and more construction projects, we shall continue to increase our available resources and increase our competitiveness in the following manners:

Strengthening our financial position

To commence a new project, we are generally required to incur significant upfront costs, such as the salary of our direct labours, subcontracting fees and material costs, in the early stage of the project before such costs can be recovered from our customers, which generally would happen after a period of approximately six months. These upfront costs generally amounted to 7% of the total contract sum based on our operation history during the Track Record Period. As such, our Directors consider that, given the upfront costs will tie up our resources, it is of paramount importance to remain financially sound and stable in order to undertake additional sizeable projects.

Therefore, having considered that (i) each of our upcoming construction projects requires upfront costs; (ii) our existing available financial resources will affect our ability to further expand by undertaking additional new projects on top of our present scale; and (iii) our scale of operation is anticipated to grow as illustrated above, we intend to strengthen our available financial resources to satisfy the upfront costs as requested by our customers of our projects in the future and allow us to undertake additional new projects on top of our scale of operation. In particular, we plan to apply a portion of the proceeds from the Share Offer to finance the upfront costs associated with the submitted tenders and quotations, the results of which were pending as at the Latest Practicable Date, with details set out below:

Range of tender or fee quotation	Number of submitted tenders and quotations	Total tender and quotation amount	Average success rate weighted by contract value of tenders and quotations for the latest three full financial years	Estimated ratio of upfront costs	Estimated amount of total upfront costs for tenders and quotations expected to be successful
		S$'000			*S$'000*
S$10 million or above	13	227,042			
S$5 million or below S$10 million	3	25,331			
S$1 million or below S$5 million	3	8,417			
Below S$1 million	2	214			
Total	21	261,004	39.3%	7%	7,180

The amount of estimated upfront cost is estimated by the management with reference to (a) the average success rate weighted by contract value of tenders and quotations for the latest three full financial years; and (b) the ratio of upfront costs (i.e. approximately 7%) of our projects in our operation history during the Track Record Period. Among those 21 submitted tenders and quotations, there were 13 tenders with a total tender amount of approximately S$204.4 million and eight quotations with a total quotation amount of approximately S$56.6 million pending result as at the Latest Practicable Date. In particular, out of the 21 submitted tenders, our Directors consider that we have relatively higher chance to be awarded a tender with the tender amount of approximately S$14.1 million having considered the factors such as (1) we were shortlisted for tender interview; and (2) we have been through several rounds of negotiations with the respective customer. Due to the fact that the remaining submitted tenders and quotations were at the early stage of the tendering process based on our Directors' knowledge, we therefore make reference to our corresponding tender and quotation success rate during the Track Record Period. The following table sets out the details of the tender which we consider having relatively higher chance to be awarded:

Customer	**Type of project**	**Our role**	**Public/ private sector**	**Expected project commencement date**	**Total tender amount** *(S$'000)*	**Estimated amount of upfront costs** *(S$'000)*
Customer J *(Note)*	Civil engineering works	Main contractor	Public	Q4 2019	14,055	984

Note: Customer J is a statutory board under a ministry of the Government of Singapore.

Based on the above illustration, our Directors estimated that approximately S$7.2 million will be required to finance the upfront cost of our tendered projects. Having considered our available resources and bank overdraft facility, we have to apply a portion of the proceeds from the Share Offer (i.e. approximately S$4.2 million) to finance such upfront cost requirements for our expansion. In the event that we could not secure the tendered projects listed above, we will apply the net proceeds to finance the upfront costs of the other new projects awarded to us.

Our pending tenders and quotations as at the Latest Practicable Date has a relatively large aggregate tender and quotation amount. This is because we are more proactive in competing for additional projects to capture the growing opportunities in the civil engineering and building construction industry. Therefore, going forward, we expect that the upfront cost requirements will increase if we are successful with our submitted tenders and quotations based on the above analysis.

During the Track Record Period, we financed upfront costs with our internal resources and debt financing. However, among others, in light of the lack of working capital, we have declined tender invitations with an aggregate estimated contract sum of approximately S$8.6 million and we have adopted a less competitive pricing approach, normally by setting a higher gross profit margin than similar projects, for tenders and quotation with an aggregate estimated contract sum of approximately S$261.0 million as at the Latest Practicable Date. Besides, as at 28 February 2019, our bank overdrafts had reached to approximately S$5.2 million and our finance costs amounted to approximately 14.5% of our profit before taxation for the five months ended 28 February 2019. Therefore, having considered (i) our projects in backlog as at the Latest Practicable Date; (ii) our submitted tenders and quotations that are pending result as at the Latest Practicable Date and our tender and quotation success rate during the Track Record Period; (iii) the emerging business opportunities of the construction industry as well as our intention to upgrade to CW02 workhead A2 Grade registration; and (iv) the further increase in upfront cost requirements as a result of our business growth, our Directors are of the view that we need additional financial resources to finance our upfront cost requirement. While the upfront cost of our tendered projects may be able to be covered by our internal resources and/or additional banking facilities, it is more preferable to use the net proceeds from the Listing to finance such projects as we can preserve our available resources for (i) maintaining a minimum cash balance equivalent to one month of our average monthly operational costs (i.e. approximately S$6.1 million) to meet the liquidity needs from time to time in our daily operations, as we may not be able to receive payments from our customers in full or in time whilst our trade payable turnover days were approximately 30 days during the Track Record Period, details of which are discussed in the section headed "Future plans and use of proceeds – Reasons for the Listing – Satisfying our genuine funding need for the implementation of our future plans"; (ii) reducing our borrowing burden; and (iii) planning for further business development upon the successful implementation of our expansion plan after the Listing, as discussed in the paragraphs below. Further, as illustrated in the section headed "Future plans and use of proceeds – Reasons for Listing – Satisfying our genuine funding need for the implementation of our future plans" in this prospectus, based on our preliminary discussion with several financial institutions in Singapore, we are given to understand that it is unlikely that we can obtain a general working capital loan without providing any security or pledged assets. Therefore, having considered (i) our liquidity position for maintaining the current scale of our business operation; and (ii) our anticipated business growth and the associated increasing upfront cost requirements as illustrated above, our Directors are of the view that additional funding, i.e. the net proceeds from the Listing, is required to satisfy the increasing upfront cost requirement and to implement our expansion plan.

Enhancing our machinery fleet

Our capacity to carry out civil engineering works and building construction works for our customers depends largely on the availability of our machinery. As at the Latest Practicable Date, we have maintained a machinery fleet of over 100 machines including hydraulic excavators, compactor rollers, bulldozers, articulated dump trucks and crushers, for performing different types of civil engineering works and building construction works. Our Directors believe that our investment in machinery has placed us in a position to cater for construction works of different scale and complexity. Therefore, our continued investments in machinery, such as hydraulic excavators, articulated dump trucks and crusher, are necessary in order to increase our capacity as we recorded a high utilisation rate in respect of these machinery. For details of the utilisation rate of our major machinery, please refer to the paragraph headed "Our machinery – Utilisation rate" in this section.

As at the Latest Practicable Date, we have 50 units of hydraulic excavators, two units of articulated dump trucks and two units of crushers. In line with our business growth, our number of machinery had been constantly increasing during the Track Record Period. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we invested in new machinery at the cost of approximately S$2.3 million, S$1.1 million, S$1.5 million and nil, respectively. In particular, we have acquired 14, four, three units of hydraulic excavators for each of FY2015/16, FY2016/17 and FY2017/18, respectively, to (i) replace the 22 units of disposed hydraulic excavators which were damaged or old model or not functioning efficiently during the Track Record Period; and (ii) strengthen our on-site operation and reduce the execution time, as the newly acquired machinery are more advanced in nature. On the other hand, we have acquired two and three units of other machinery (as defined to include bulldozers, articulated dump trucks, crushers, etc.) for each of FY2016/17 and FY2017/18, respectively. For the five months ended 28 February 2019, we did not dispose any machinery as the machinery were in good conditions. However, based on our Directors' experiences and having considered the useful life and the utilisation rate of our machinery, 6 hydraulic excavators will be expected to be disposed due to the potential damage from performing site works or not functioning efficiently for the period from the Latest Practicable Date to 30 September 2021. Therefore, in view of the above, our Directors consider that our Group are required to continue to invest in the new and more advanced machinery and replace the less-advanced machinery.

Nonetheless, during the Track Record Period, we have also increasingly relied on our suppliers to provide machinery rental services for these kinds of machinery to support our business operation, having considered the high utilisation rate of our own machinery, our business growth and the need of having numbers of machines simultaneously to cater for our different construction projects. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we incurred expenses for rental of plant and machinery and trucks of approximately S$0.6 million, S$0.9 million, S$1.3 million and S$0.2 million, respectively. Our Directors considered that such increase in rental expenses was mainly because of our enlarging project scale which involved different aspects of works and our growth of business operation.

Therefore, in line with our past strategy, in order to cope with our future expansion and business development by undertaking additional, especially larger projects simultaneously, we intend to further expand our machinery fleet by using approximately S$2.5 million to acquire 16 additional units of hydraulic excavators (including six units as replacements), two units of articulated dump trucks and a unit of crusher. Our Directors consider that the number of machinery planned to be acquired by us is commercially justifiable based on our operational needs, having considered (i) the number of our projects on hand as at the Latest Practicable Date and the anticipated additional new construction projects on top of our current scale of operation; (ii) the high utilisation rate of our machinery during the Track Record Period; (iii) the increasing trend in our machinery rental expenses during the three years ended 30 September 2018; and (iv) as mentioned above, 6 hydraulic excavators will be expected to be disposed due to the potential damage from performing site works or not functioning efficiently in the coming future.

Besides, we intend to use approximately S$0.2 million to acquire a unit of trailer which is used to haul heavy construction equipment. We did not possess this type of machinery and need to rely on machinery rental services during the Track Record Period. However, having considered our anticipated business growth and our intention to acquire additional machinery as discussed above, our Directors consider that it is of our best interest to use our machinery to transport our construction machinery and equipment.

In line with our past strategy, our Directors believe that it would be in the best interest of us to acquire the machinery because:

(i) our Directors consider that we would be able to achieve higher profitability by performing our works with our machinery and reducing our needs for machinery rental services and the associated costs incurred therefrom, given that a profit markup is generally factored in the machinery rental costs charged by our suppliers. The following table sets forth the comparison between acquiring and renting the machinery proposed to be acquired:

Type of machinery	Number of units to be acquired	Expected useful life	Estimated annual expenses for renting the machinery and motor vehicle from third parties	Estimated annual depreciation expenses, maintenance, insurance and storage costs following the acquisition
			S$'000	*S$'000*
Hydraulic excavators with different operating weights	16	5 years	942	648
Crusher	1	5 years	264	140
Articulated dump trucks	2	5 years	288	199
Trailer	1	5 years	560	405
Trucks and lorries	7	5 years	96	57
			2,150	1,449

Based on the above analysis, during the expected useful life of the machinery, we can achieve a cost-saving of approximately S$0.7 million per year by acquiring the said machinery. Further, based on our Directors' respective industry experience, it is considered that the machinery can generally be used after the expected useful life if they are maintained under good condition. Therefore, in the medium and long term when the machinery are fully depreciated, assuming they are maintained under good condition, the cost-saving will not need to be offset by the depreciation expenses and will substantially increase; and

(ii) having our own machinery allows us to arrange our working schedule freely notwithstanding the availability of external machinery rental services, so as to avoid some of the unexpected variations in the future, such as shortage of machinery rental services in a specific time or fluctuations in rental cost and accordingly by having our own machinery, we can provide timely services without incurring additional costs.

In addition, ancillary to our construction services, we arrange transportations for our site workers and construction materials to and from our construction sites during their deployment with the use of our trucks and lorries. As at the Latest Practicable Date, we have 27 units of trucks and lorries. In line with our business growth, for each of FY2015/16, FY2016/17 and FY2017/18, we invested in new motor vehicles at the cost of approximately S$1.2 million, S$0.9 million and S$1.2 million, respectively. In particular, we have acquired three, two and three units of trucks and lorries for each of FY2015/16, FY2016/17 and FY2017/18, respectively. For the five months ended 28 February 2019, although we only recorded a cost of approximately S$0.1 million for the renewal of licenses for the motor vehicles, we have been sourcing quotations for motor vehicles from the suppliers and intend to acquire additional motor vehicles in the second half of FY2018/19, having considered to maintain sufficient operating fund for tendering and undertaking projects for the first half of FY2018/19. On top of the addition of our trucks and lorries, we have also increasingly engaged suppliers for transportation of construction materials (including excavated materials and construction wastes resulting from our site works) which could be evidenced by the increase of our transportation expenses which increased from approximately S$0.2 million for FY2015/16 to S$0.7 million for FY2016/17 and further to S$4.5 million for FY2017/18. For the five months ended 28 February 2019, our transportation expenses further increased to approximately S$2.3 million as compared to approximately S$0.4 million for the five months ended 28 February 2018. Our Directors considered that such increase was due to our enlarging project scale which involved different aspects of works and our growth of business operation.

Therefore, going forward, in light of the planned expansion of our scale of operation, our Directors expect that the needs for arranging transportations for our site workers and construction materials will further increase accordingly. In particular, our Directors consider that it will be practically inconvenient and burdensome for our staff to plan for the route and schedule of our trucks and lorries in transporting our site workers and construction materials to respective work sites on time, especially when our construction projects was in different work sites in scattered locations. Our Directors believe that having a larger fleet of trucks and lorries will enable us to achieve greater flexibility in our route planning and minimise the risk of delay in transporting our workers to their work sites according to schedule. Therefore, in line with our past strategy, in order to cope with the expected increase in transportation needs, we intend to use approximately S$1.7 million to acquire seven additional trucks and lorries. Our Directors consider that the number of trucks and lorries planned to be acquired by us is commercially justifiable based on our operational needs, having considered the number of our projects on hand as at the Latest Practicable Date and the anticipated additional new construction projects on top of our current scale of operation.

During the Track Record Period, we acquired a number of machines under finance lease arrangement which are generally of two to seven years and the effective interest rate ranged from 2.4% to 6.5% per annum. Our Directors considered the viability of acquiring the aforesaid additional machinery through finance lease and had decided that it would be in the best interest of our Group to acquire by using a portion of the net proceeds from the Share Offer because:

(i) as at 28 February 2019, our bank borrowing, bank overdraft and obligation under finance lease amounted to approximately S$24.3 million and our gearing ratio was approximately 86.0%, and it is necessary for us to closely monitor our gearing in order to avoid putting ourselves at liquidity risk;

(ii) for the five months ended 28 February 2019, our finance costs amounted to approximately 14.5% of our profit before taxation and further increase in our interest expenses may adversely affect our financial performance;

(iii) certain finance lease require guarantee to be provided by our Controlling Shareholders and the continuous reliance on our Controlling Shareholders for provision of personal guarantee and other form of financial assistance would be a hindrance to us in achieving financial independence;

(iv) as mentioned above, during the Track Record Period, we acquired a number of machines under finance lease arrangement in order to support our business operation. However, based on our preliminary discussion with two financial institutions which we have entered into finance lease arrangements with during the Track Record Period, we were given to understand that, having considered the acquisition cost of the machinery and our high gearing ratio, the financial institutions were only willing to provide us a finance lease line of S$1.0 million which is lower than our planned acquisition of machinery of approximately S$6.2 million. In addition, if our gearing ratio is further increased and our application for debt financing is rejected due to our poor liquidity position or we may only be able to obtain a finance lease under unfavourable terms, our ordinary course of business will be adversely affected;

(v) since the repayment of finance lease will be financed by our cash generated from operations, if the planned acquisition of machinery is financed by finance lease, the acquisition will be largely subject to uncertainties in relation to the timing of generating sufficient cash from our operation as we shall first ensure that there will be enough funds for the repayment of finance leases and the process of our expansion plan may thus be affected. In particular, for each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our repayment obligation including that of bank borrowing and finance leases amounted to approximately S$3.9 million, S$3.2 million, S$3.0 million and S$1.3 million, respectively; and

(vi) as illustrated below, each of our business objectives in our expansion plan are complementary to each other and represent an integral initiative to strengthen our service capacity so as to capture the forecasted growth in demand for civil engineering and building construction works and thus the success of our expansion depends on whether these objectives could be executed simultaneously in a coordinated and scheduled manner. However, acquiring assets through finance lease while carrying out the other objectives in our expansion plan through equity financing may result in a timing mismatch in implementation. For example, in the event that we have entered into finance lease arrangement of acquiring additional machinery and the listing application is delayed, we might incur enormous storage cost for these additional machinery, as net proceeds from the Listing are not in place for us to strengthen our financial position and strengthen our manpower resources to undertake additional projects on top of our current scale of operations and additional income cannot be generated. Similarly, in the event that we have been successfully listed but the finance lease arrangement cannot be secured in time, our business expansion will also be affected. Therefore, to tackle the timing mismatch of different financing methods, our Directors are of the view that it is more preferable to implement our expansion plan by using a single financing method to finance the whole expansion plan to achieve better coordination and that using equity financing is more appropriate for our expansion plan having considered the amount required for the full implementation of our business strategies.

Further, as illustrated in the section headed "Future plans and use of proceeds – Reasons for Listing – Satisfying our genuine funding need for the implementation of our future plans" in this prospectus, based on our preliminary discussion with several financial institutions in Singapore, we are given to understand that it is unlikely that we can obtain a general working capital loan without providing any security or pledged assets. In addition, having considered the above factors such as our gearing ratio, the proportion of our finance costs to profit before taxation and our repayment obligations, our Directors are of the view that it would be difficult for us to obtain finance lease based on terms acceptable to us or at a reasonable cost and thus finance leases for the above acquisition of machinery are not preferred.

Strengthening our workforce

Our Directors consider that our capacity to undertake and execute projects in a timely and satisfactory manner largely depends on the capacity of our workforce, especially our project management team, safety staff and site workers, who are responsible for overseeing the overall progress of the project and the execution of the project, respectively. As at the Latest Practicable Date, we have 34 project management staff and 173 direct workers (including eight safety staff). In line with our business growth, our number of project management staff, safety staff and direct workers had been constantly increasing during the Track Record Period and up to the Latest Practicable Date. As at 30 September 2016, we had 28 project management staff which increased to 32 as at 30 September 2018 and 34 as at the Latest Practicable Date. On the other hand, as at 30 September 2016, we had 136 direct workers (including five safety staff) which increased to 142 (including six safety staff) as at 30 September 2018 and 173 (including eight safety staff) as at the Latest Practicable Date. Taking into account factors such as (i) based on the best estimation of our management, our current workforce has been fully deployed, as evidenced by the fact that, we have engaged subcontractors during the Track Record Period and we have submitted tenders and quotations which our Directors consider as less competitive during the Track Record Period having considered, among others, the limitation of our manpower capacity; (ii) the number of our projects are estimated to be more in the future than that undertaken by us during the Track Record Period and thus we would have to deploy a relatively large number of workers; and (iii) our Directors believe that, to tender and compete for new projects, the ability to provide quality services is one of the keys to success, our Directors consider that sufficient manpower to cater to the operational needs is necessary if we would like to undertake more sizeable projects simultaneously. Therefore, in line with our past strategy, in order to cope with our future expansion and business development, we intend to expand our project management team and pool of site workers, by recruiting four project management team members and 43 site workers (including three safety staff). In particular, in view of the number of our projects on hand as at the Latest Practicable Date and the anticipated additional new construction projects on top of our current scale of operation as illustrated above, our Directors consider that the scale of our manpower expansion, which represents an increase of approximately 11.8% and 24.9% of our existing project management team and pool of site workers, respectively, is commercially justifiable.

In line with our past strategy, we normally carry out construction works with our own labour resources and we believe that it would be in the best interest of us to employ our own project management team members and direct workers because:

(i) our Directors consider that we would be able to achieve higher profitability by performing our works with our own manpower and reducing our needs for subcontracting services and the associated costs incurred therefrom, given that a profit markup is generally factored in the subcontracting fees charged by our subcontractors. For illustrative purpose, with reference to three civil engineering projects with contract sum of approximately S$0.9 million to S$30.6 million, based on the difference between the subcontracting costs with reference to the quotations obtained from our subcontractors and the aggregate salaries of the corresponding own workers in relation to the relevant construction works, our Directors estimated that we may achieve cost-saving if we carry out the construction works with our own labour resources which will result in an increase of our gross profit margin on average by approximately 3 percentage points. Our Director therefore consider that we can also offer more competitive pricing to our customers as we could have better control on our operating costs, thereby strengthening our position of being awarded new contracts;

(ii) our project management team plays an essential role in our project performance and therefore we place emphasis on ensuring that our project management teams are adequately staffed with personnel with appropriate skills and experience to closely monitor our projects; and

(iii) our ability to engage subcontracting services depends largely on the schedule and availability of our subcontractors. As illustrated above, the overall market demand of the construction industry is expected to increase. Our Directors consider that, if a number of construction projects are substantially implemented within the same time frame, there is no guarantee that we would be able to source quality subcontracting services from our subcontractors which can meet our work schedule under an acceptable costs and terms. Therefore, by maintaining a larger pool of own workers, our Group could minimise the potential risk of disruption caused by the possible unavailability of subcontracting services at commercially acceptable terms or at all.

In addition, in order to align with the expected growth of our scale of operation as well as the expected development of our information technology capability, we intend to recruit three and two additional staff members for our safety and administration and finance departments, respectively.

Developing a production area for steel bar fabrication for our own usage

During the Track Record Period, steel bars have been one of the materials that we used in our construction works and steel bars of different specifications may be required for different projects. However, we did not have the necessary machinery and workers to prepare steel bars according to different specifications for our own usage. Therefore, during the Track Record Period, we only relied on our suppliers to provide services of steel bar fabrication for us and we have incurred an average annual cost of approximately S$0.6 million for engaging suppliers to fabricate more than 4,000 metric tons of steel bar.

Our Directors have considered the viability of continuing to engage subcontractors for steel bar fabrication instead of establishing our own production area and had decided that it would be in the best interest of us to prepare steel bars on our own because:

(i) our Directors consider that we would be able to achieve higher profitability by fabricating steel bars for our own usage for construction works, given that a profit markup is generally factored in the subcontracting costs charged by our subcontractors. We can also offer more competitive pricing to our customers as we could have better control on our operating costs, thereby strengthening our position of being awarded new contracts;

(ii) during the Track Record Period, we have encountered difficulty in engaging subcontractors to provide us the necessary services on time. Therefore, it is prudent for us to prepare our own steel bars so as to mitigate the risk of lack of supply of the services or an abrupt increase in costs of fabricating steel bars charged by our subcontractors;

(iii) the fabrication process, which involves only bending and cutting of steel bar, is considered by our Directors not to be so sophisticated in nature. Besides, some of our workers have possessed the certificate in steel reinforcement work and our Directors consider that we have also acquired the required technical know-how through our years of experience in performing construction works and have become familiar with the requirements and specifications by our customers. Based on the aforesaid, our Directors believe that, if we possess the required machinery and recruit sufficient personnel, we are able to establish our production area and prepare steel bars on our own;

(iv) as at the Latest Practicable Date, our headquarters is located at our owned property and is currently used for our office and storage purpose. It has a gross floor area of 34,106.60 sq. ft. and there is sufficient space for housing the additional machinery and equipment required for developing a production area for steel bar fabrication; and

(v) as advised by the Singapore Legal Adviser, we have possessed a factory notification for, among others, metal fabrication works and we are not required to obtain any other license, permit, certification or approval to develop a production area for steel bar fabrication.

Therefore, we intend to develop our own production area for steel bar fabrication in our headquarters by acquiring production machinery, such as punching machines, air compressors, bending machine, cutting machines, welding machines, storage racks and some programming accessories, and recruiting production workers. After the installation of the required machinery and the recruitment of the relevant personnel, it is estimated that we can prepare steel bars on our own and reduce the need to engage subcontractors for steel bar fabrication and the overall net cost saving will be more than 40% as compared to the historical subcontracting charges for similar services of steel bar fabrication. With such substantial cost saving, our Directors believe that we can offer more competitive pricing to our customers and thus are able to be awarded and undertake more private construction projects.

Investing in BIM and ERP systems to enhance our information technology capability and project implementation efficiency

Having considered our expansion plan and the associated increasing complexity in managing our business operation, we intend to upgrade our information technology system to enhance our project management efficiency. In particular, we intend to introduce the

BIM software together with certain ancillary supporting hardware devices to enhance our efficiency, capability and technical ability in project management. The use of the BIM software enhances accuracy and precision in technical calculations and drawings and provides a clear concept of design plans as it generates three-dimensional sketches to assist workers in understanding the site works. As a result, our Directors believe that the use of the BIM software will (i) improve the productivity and efficiency of our engineer in the preparation of drawings and plans; (ii) facilitate quantity surveyors in calculating the quantity of materials to be used in a project; and (iii) assist our project managers in identifying and tackling potential problems in the site works at an early stage of project implementation.

In respect of enhancing our capability and efficiency of project management and implementation, we also intend to introduce an ERP system which streamlines the process of materials purchasing. Our Directors believe that the such ERP system will enhance our operation in the following aspects: (i) facilitates the ordering process by allowing our project management team to send purchase requests online via web application which is accessible by mobile device; (ii) facilitates the approval process of purchase orders by allowing web-based payment approval by our project managers and/or executive Directors; (iii) facilitates the processing of purchase orders by generating purchase orders automatically from purchase requests; (iv) reduces errors and duplication of purchase orders by storing all purchase requests in a central database; and (v) facilitates the management of purchase orders by matching ordered materials to the relevant project and allowing our procurement team to retrieve and trace any purchase orders placed on a real-time basis. As at the Latest Practicable Date, our procurement team has manually input details of purchase orders for materials placed by our project management team. Our Directors believe that the introduction of such ERP system will (i) enable data input into our system on a real-time basis; and (ii) minimise the risks of error associated with performing data input manually, which will therefore facilitate our procurement process as well as project implementation.

Further expand our property investment business

According to the Ipsos Report, as a regional financial and business hub, Singapore attracts many local and international firms to invest in industrial and commercial real estate within Singapore. The demand for property in Singapore is anticipated to be fuelled by its growing population. In addition, having motivated by the solid economic fundamentals, political stability and transparent business environment in Singapore, foreign investors actively invest in properties in Singapore as a currency hedge against currency depreciation, notably the high net worth individuals such as Mainland Chinese citizens. However, the Singapore government has implemented property cooling measures to control the property prices, in particular the residential property prices. In light of the above, save for any cooling measures implemented by the Singapore government, it is estimated that an upward trend in the real estate value should be observed. Besides, according to the Ipsos Report, the value of industrial and commercial buildings will not be materially affected by the cooling measures implemented by the Singapore government as such measures mainly focus on residential buildings.

In line with our past strategy, we acquired properties with good capital appreciation potential and rental value for investment as and when our management considered appropriate, in order to establish an alternative recurring revenue stream. Therefore, taking into account factors such as (i) the potential rental value for the investment properties we intend to acquire; (ii) as at the Latest Practicable Date, all of our eight investment properties were rented out; and (iii) our intention to further establish the recurring revenue stream in addition to our construction works in order to reduce risk of any potential change in the construction industry, we intend to expand our property investment business by acquiring more investment properties. In particular, our Directors are of the view that it would be of our best interest to receive, at any point in time, a recurring income that are in roughly the same amount as or in excess of the cost of our administrative and finance staff, which is recurring and relatively fixed regardless of our business performance but, at the same time, essential to our business operation. Based on the monthly rent of our eight investment properties and the two properties rented to Mr. Poon and Mr. Teo as at the Latest Practicable Date, we are able to generate a gross profit of approximately S$0.8 million each year from leasing such properties. On the other hand, for FY2017/18, the annual basic salaries and contributions to CPF of our administration and finance staff (excluding directors' emoluments) was approximately S$0.8 million. Therefore, in view of our expansion plan as mentioned above which may lead to an increasing administrative staff cost, our Directors believe that, if we are able to acquire additional investment properties as planned, we will be able to generate sufficient recurring gross profit to fully cover the increasing administrative staff costs in the future. Our Directors further consider that it is the appropriate timing for us to expand our property investment business as we will be able to acquire the investment properties at a good price and thus can generate reasonable return, having considered that the real estate value in Singapore recorded a negative CAGR of approximately 1.4%, decreasing from approximately S$51.0 billion in 2013 to an estimated of approximately S$47.5 billion in 2018 and as supported by the Ipsos Report, it is estimated that an upward trend in the real estate value in Singapore should be observed.

Our Directors confirm that, as at the Latest Practicable Date, no targeted premises had been identified and no formal acquisition agreement was being entered into. Nonetheless, based on (i) our experience in property investment in Singapore; and (ii) the prevailing market information with regards to the potential costs and corresponding capital appreciation potential and/or rental price, we intend to acquire two additional industrial units in Singapore, preferably on the following criteria: (i) having a gross floor area of approximately 3,000 sq. ft. to 4,000 sq. ft.; (ii) being in the Jurong East area which is an industrial area; and (iii) being within the range of our estimated consideration of between S$1.1 million and S$1.6 million, which is determined with reference to the current selling price for similar type of properties as informed by property agents in Singapore. Based on the information provided by property agent, our Directors note that there are properties available for sale in the market in Singapore which fulfil the aforesaid criteria.

With reference to the prevailing market information obtained from property agents, it is estimated that the aggregate annual rental income of these properties will be approximately S$0.2 million in aggregate. Comparing to the estimated acquisition cost of these investment properties which also include the stamp duty required and the renovation cost and amounts to approximately S$2.8 million, it is estimated that the potential return of renting out these investment properties will be of approximately 6% per year initially. Our Directors consider such potential return is comparable to our experience in leasing our industrial properties as at the Latest Practicable Date, which generates a relatively higher return rate of approximately 5.5% than that of residential properties (approximately 2.3%). As a result, our Directors consider that it is commercially attractive for us to retain and lease out the aforesaid properties for generating recurring rental income. If market conditions are favourable to us in the future, we may also consider the disposal of these properties to realise the capital appreciation when our management consider appropriate taking into account the future market information.

Our Directors considered the viability of acquiring the aforesaid investment properties through mortgages and had decided that it would be in the best interest of our Group to acquire by using part of the net proceeds from the Share Offer as our Directors consider that (i) as at 28 February 2019, our bank borrowing, bank overdraft and obligation under finance lease amounted to approximately S$24.3 million and our gearing ratio was approximately 86.0%, and it is necessary for us to closely monitor our gearing in order to avoid putting ourselves at liquidity risk; (ii) for the five months ended 28 February 2019, our finance costs amounted to approximately 14.5% of our profit before taxation and it is in our best interest not to incur additional interest expenses which may adversely affect our financial performance; (iii) mortgages would normally require guarantee to be provided by our Controlling Shareholders and the continuous reliance on our Controlling Shareholders for provision of personal guarantee and other form of financial assistance would be a hindrance to us in achieving financial independence; (iv) with our intention to acquire additional investment properties, our Directors have attempted to enquire with two financial institutions in Singapore for mortgage loans, and based on our preliminary discussion with the financial institutions, we are given to understand that it is unlikely that we can obtain an additional mortgage loan facility, without the provision of personal guarantee of our Controlling Shareholders or under the current terms of our existing mortgage loan facility due to our current debt position; and (v) since the repayment of mortgage will be financed by cash generated from operations, if the planned acquisition of investment properties is financed by mortgage, our ability to finance upfront costs for construction projects (as illustrated above) may be hindered or we may not be able to undertake new projects as the cash generated from operation have to be applied for repayment of mortgage first. This is evidenced by the fact that for each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our repayment obligation including that of bank borrowing and finance leases amounted to approximately S$3.9 million, S$3.2 million, S$3.0 million and S$1.3 million, respectively, and in any event that there is a timing mismatch between our cash inflow from operating activities and our payment to the bank and we do not have available cash at the relevant period, an event of default may occur and we will be subject to, among others, termination of the relevant facilities and immediate repayment or return of the properties or machinery. Therefore, our Directors are of the view that it would be difficult for us to obtain mortgages at a reasonable cost and it will not be in the best interest of our Group to further increase our repayment obligation by using mortgage financing to acquire additional investment properties.

Implementation of business strategies

Under our expansion plan, we currently intend to (i) strengthen our financial position; (ii) enhance our machinery fleet; (iii) strengthen our manpower; (iv) develop a production area for steel bar fabrication for our own usage; (v) invest in BIM and ERP systems; and (vi) acquire more investment properties.

In relation to the abovementioned strategies (i) to (vi), our Directors consider that each of the aforesaid strategies in our expansion plan are complementary to each other and represent an integral initiative to strengthen our service capacity so as to capture the forecasted growth in demand for civil engineering and building construction works. In particular, the success of our expansion depends on whether these objectives could be executed simultaneously in a coordinated and scheduled manner. In addition, our Directors consider it is equally important for us to capture the opportunities in property investment to further expand our portfolio of investment properties and further diversify our revenue stream. Please refer to the section headed "Risk factors – Our business strategy may not be successful or achieved within the expected time frame or estimated budget" in this prospectus for the associated risks.

As the full implementation of our expansion plan would require a total sum of more than S$17.4 million, our Directors consider that we could not finance our expansion plan solely by our internal resources without adversely affecting our financial position and liquidity. Therefore, our Directors consider that it is necessary for our Group to raise external financing to ensure that the various objectives under our expansion plan can be carried out simultaneously. Our Directors therefore believe that the Listing in Hong Kong will facilitate us to implement our future plans as well as realise our business strategies. For further details, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

OUR BUSINESS MODEL

Types of services provided

We engage in construction services and property investment business in Singapore. The following table sets out the breakdown of our revenue during the Track Record Period by reference to the type of services:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
							(unaudited)			
Construction services										
Civil engineering works	29,672	66.3	42,076	69.7	70,229	83.6	23,033	96.3	36,593	81.5
Building construction works	13,986	31.3	17,613	29.2	12,494	14.9	451	1.9	7,600	16.9
	43,658	97.6	59,689	98.9	82,723	98.5	23,484	98.2	44,193	98.4
Other ancillary services	598	1.3	181	0.3	735	0.9	184	0.8	526	1.2
	44,256	98.9	59,870	99.2	83,458	99.4	23,668	99.0	44,719	99.6
Property investment	484	1.1	478	0.8	505	0.6	243	1.0	194	0.4
Total	44,740	100.0	60,348	100.0	83,963	100.0	23,911	100.0	44,913	100.0

CONSTRUCTION SERVICES

Civil engineering works

During the Track Record Period, we undertook project-based civil engineering works from customers in both the public and private sectors which involve the design and/or construction of infrastructures, roads, tunnels and some ancillary facilities.

We perform a wide range of civil engineering works which include road works, earthworks, drainage works, ERSS works and soil improvement works.

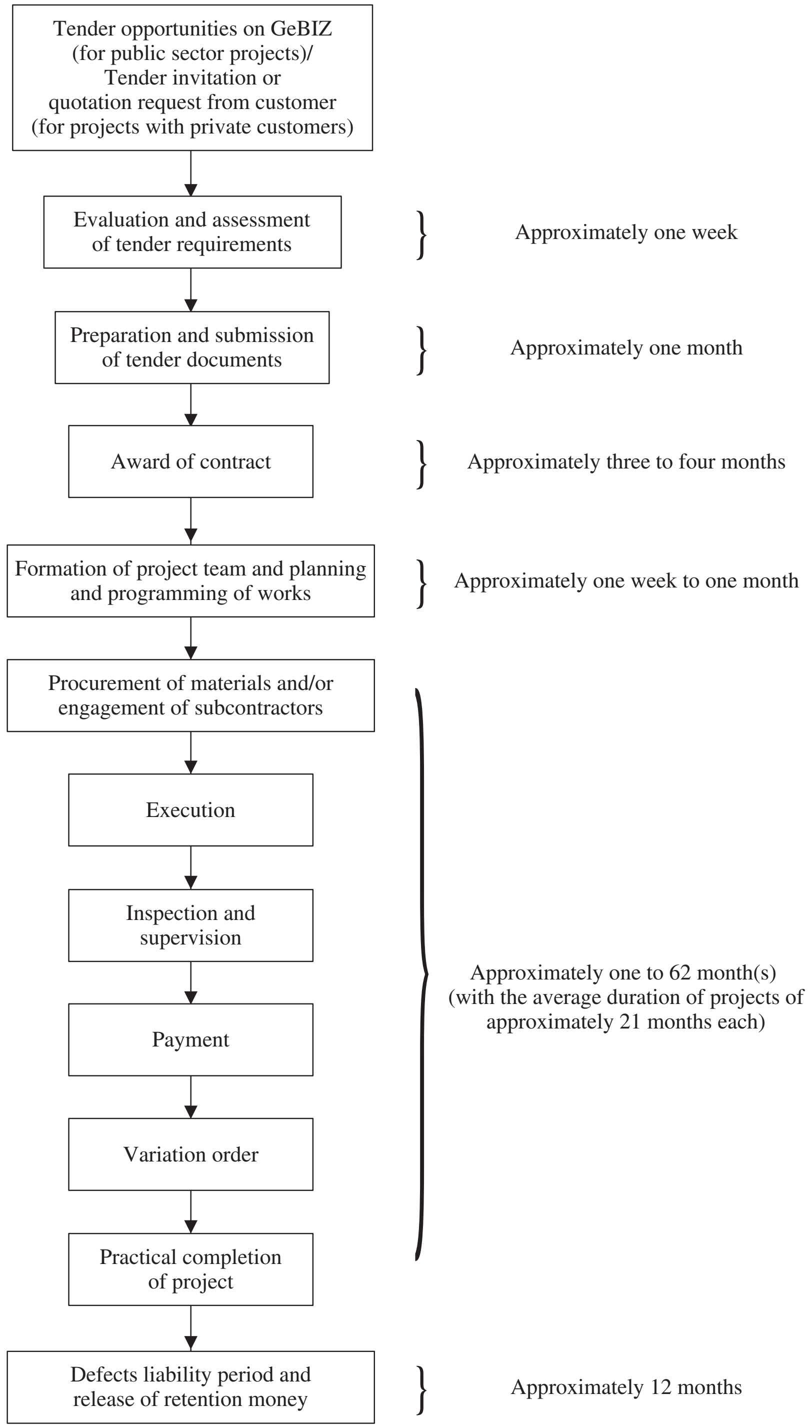
Building construction works

We undertake project-based building construction works from customers in both the public and private sectors mainly in relation to industrial buildings. During the Track Record Period, we performed a wide range of building construction works which include substructure works, piling works, addition and alteration works and electrical and mechanical works.

Other ancillary services

During the Track Record Period, we also provide other ancillary services in relation to construction works, which include logistics and transportation services of construction materials for our customers. Upon the request of our customers and suppliers, we assisted our customers to handle, deliver and/or dispose of construction materials, such as soil and stone, left in the construction sites.

Operation flow



Details of key operational procedures as illustrated above are set out below:

Tender opportunities on GeBIZ/Tender invitation or quotation request from customer

During the Track Record Period, we secured new businesses mainly through (i) tender opportunities published on the GeBIZ system (the Singapore government's one-stop e-procurement portal) or (ii) direct invitation for tender or quotation request by customers. For further information, please refer to the paragraph headed "Sales and marketing" in this section.

In some of our projects, as part of the tendering process, before the invitation for tender, some of our customers may send us an invitation for expression of interest with general information of the potential project and require us to express our interest for tendering. If we express our interest for tendering, our potential customers will provide us the invitation for tender detailing the information of the project.

Evaluation and assessment of tender or quotation requirements and preparation and submission of tender or fee quotation

In general, we review and evaluate the tender documents and/or information available to us to assess the scope, our capability, the expected complexity of the project and feasibility of the project to decide whether to proceed to prepare tender proposals or fee quotation.

If we decide to pursue a potential project after our assessment, we will commence preliminary work for the preparation of tender documents or fee quotation. We then determine the tender or quotation price primarily based on cost estimation and a profit margin. For our pricing strategy, please refer to the paragraph headed "Construction services – Pricing strategy" in this section. In addition, subject to site conditions, we may conduct site visit at which the project is to be undertaken in order to obtain a better understanding of the site and the complexity of the works to be involved. We may also obtain quotations from suppliers for costs of construction materials and from subcontractors for the works to be subcontracted.

For tender submission, we will generally prepare a relatively comprehensive set of documents including technical specifications, bill of quantities and the construction timeframe. For fee quotation, we will provide a quotation which includes the unit rates and basic contract terms only.

Award of contract

After finalising our tender proposal or fee quotation, we will submit the tender or fee quotation to our potential customer. We may be required to attend interviews or make further submissions to answer queries or clarify our tender submission, and to negotiate and finalise the terms of the contract. If our tender bid or quotation is successful, our customers may confirm our engagement by way of issuing a letter of acceptance to us.

The following table sets out the statistics of our tenders and quotations during the Track Record Period and up to the Latest Practicable Date:

	FY2015/16	**FY2016/17**	**FY2017/18**	**For the five months ended 28 February 2019**	**From 1 March 2019 to the Latest Practicable Date**
Number of tenders and quotations submitted	68	46	31	40	32
Number of successful tenders and quotations	41	19	16	18	10
Success rate by number of tenders and quotations *(Note 1)*	60.3%	41.3%	51.6%	48.6%	71.4%
Contract value of tenders and quotations submitted, excluding the ones that were pending result *(Note 2) (S'000)*	255,744	318,448	98,104	305,763	54,427
Contract value of successful tenders and quotations *(S'000)*	95,335	73,596	56,517	53,952	33,839
Success rate weighted by contract value of tenders and quotations *(Note 3)*	37.3%	23.1%	57.6%	17.6%	62.6%
Average contract value of tenders and quotations submitted *(S'000)*	3,761	6,923	3,165	8,264	3,888
Average contract value of successful tenders and quotations *(S'000)*	2,325	3,873	3,532	2,997	3,384

Notes:

1. Success rate by number of tenders and quotations for a financial year/period was calculated based on the number of successful tenders and quotations (whether awarded in the same financial year/period or subsequently) in respect of the tenders and quotations submitted during that financial year/period. The calculation has excluded the tenders and quotations submitted but pending results as at the Latest Practicable Date.

2. Out of the tenders and quotations submitted during the Track Record Period and up to the Latest Practicable Date, three and 18 tenders or quotations submitted of the five months ended 28 February 2019 and the period from 1 March 2019 to the Latest Practicable Date, with the aggregate tender and quotation amount of approximately S$9.9 million and S$251.1 million, respectively, have not expired and were pending result as at the Latest Practicable Date.

3. Success rate weighted by contract value for a financial year/period was calculated based on the contract value of successful tenders and quotations (whether awarded in the same financial year/period or subsequently) divided by the total contract value of the tenders and quotations submitted (but excluding the ones that were pending result) during that financial year/period.

We may from time to time respond to our customers' invitations by submitting tenders or quotations after taking into account our tendering strategy instead of turning them down. This is mainly because our Directors are of the view that submitting the tenders or quotations would allow us to maintain our market presence and keep abreast of up-to-date market information, the requirements of our customers as well as the pricing level of our competitors, which can be served as references in our future tendering exercise in similar projects. As a result, we may experience fluctuations in our overall tendering performance from period to period.

For example, during the Track Record Period, we experienced some fluctuations in our tendering performance and, in particular, a decrease in the contract value of our successful tenders and quotations. For FY2015/16, our successful tenders and quotations recorded a contract value of approximately S$95.3 million, which decreased to approximately S$73.6 million for FY2016/17, and further to approximately S$56.5 million for FY2017/18. Our Directors consider that the decrease was mainly because a significant amount of our internal resources was allocated to our increasing workload, which can be evidenced by our growth in revenue from approximately S$44.7 million for FY2015/16 to S$60.3 million for FY2016/17 and further increased to approximately S$84.0 million for FY2017/18. As a result, our resources might not be readily available for capturing additional opportunities. In addition, as mentioned, before submitting our tenders and quotations, we have taken into account factors including but not limited to our available resources, our expected workload in the near future, our projects on hand as at the date of submission of tenders and quotations and our tendering strategy. Accordingly, our number of tenders and quotations submitted and the contract value of successful tenders and quotation may be fluctuated from year to year. Alongside with our revenue growth as mentioned above, we had maintained a consistent backlog revenue as at 30 September 2016, 30 September 2017 and 30 September 2018, which provided a stable demand for our business growth during the Track Record Period.

Going forward, in view that most of our major projects (such as Project 6, Project 9 and Project 10) are expected to be substantially completed in FY2018/19, our management decided to sustain our business growth by actively submitting tenders and quotations. As a result, for the five months ended 28 February 2019, we had submitted tenders and quotations with a total contract value of approximately S$315.6 million and, as at the Latest Practicable Date, were awarded contracts with an aggregate contract value of approximately S$54.0 million and together with the aggregate awarded contract value of the tenders and quotations submitted after 1 March 2019 and up to the Latest Practicable Date, the contract value awarded in FY2018/19 will exceed the total contract value of contracts awarded in FY2017/18.

Therefore, in general, having considered the above as well as our tendering strategy, our business growth during the Track Record Period and the revenue yet to be recognised for our projects in backlog as at 30 September 2016, 30 September 2017, 30 September 2018, 28 February 2019 and the Latest Practicable Date, our Directors consider that our overall tendering performance during the Track Record Period and up to the Latest Practicable Date has been satisfactory.

Formation of project team and planning and programming of works

A specific project management team would be formed, the size of which depends on the scale and complexity of the works undertaken. Our project management team generally includes the following core members: project manager, quantity surveyor, engineer and foreman. Our project management team is responsible for overseeing the project execution, identifying on-site issues, seeking possible solutions and reporting working progress on a regular basis.

We then finalise the project budget and schedule for carrying out the entire project which has also detailed materials and subcontractors involved in the project. Our project management team will follow the budget and schedule throughout the project, in order to ensure the project to be executed effectively and to mitigate the risk of any cost overrun.

Procurement of materials and/or engagement of subcontractors

Depending on the availability of our manpower and if considered necessary or appropriate, we may subcontract our works to subcontractors. Besides, subject to our agreements with our subcontractors, construction materials may be procured by us on our own cost or by our subcontractors, on a case-by-case bases. After our cost plan is finalised, based on the cost plan and the preliminary quotations we obtained from suppliers and subcontractors, we will finalise our purchase order with suppliers and engagement with subcontractors. To ensure the quality of materials or services, we have adopted procedures for selecting suitable suppliers and subcontractors for our works. For further details, please refer to the paragraphs headed "Our suppliers" and "Our subcontractors" in this section.

Execution

We are required to carry out construction works according to the designs and work plans as set out in the tender documents as well as the customers' requirements. We follow up with the representatives of subcontractors regularly to review the progress and quality of the project and to resolve any problems encountered. Our executive Directors and senior management will closely monitor our projects by reviewing the weekly report prepared by our project management team or, if necessary, having meeting with our customers, subcontractors and suppliers to ensure we have complied with all the statutory requirements and the delivery of work done will be in accordance with the required timeframe and our customers' requirements in order to mitigate the risk of delay in completing our projects.

Inspection and supervision

We carry out in-house quality inspections and supervision during project execution in accordance with our in-house quality management systems which are certified to be in conformity with the requirements of the ISO 9001 standards in order to ensure compliance with our customers' specifications and requirements. For further information regarding our quality management systems, please refer to the paragraph headed "Quality control" below in this section.

In general, our customers have appointed personnel to supervise and monitor the project progress and the quality of our works. The works undertaken by us which have been substantially completed to the satisfaction of the customer would be certified by a third-party consulting company nominated by our customers.

Payment

Based on the progress of work completed, we would submit to our customers an interim payment application on a monthly basis detailing the amount and the value of our work done. Upon receiving our payment application, our customers will appoint an authorised person or an external consultant to examine our portion of work completed and issue a payment certificate certifying the work progress after the examination. We may issue invoice based on such payment certificate if necessary. Our customers would then make payment to us, net of agreed retention money thereafter. Similarly, we normally pay our subcontractors on a monthly basis with reference to the certified value of works done by the subcontractors. On some occasions, subject to the circumstance of the projects and our negotiation with the relevant subcontractors, we may make advance payment to our subcontractors at the initial stage of our projects to facilitate their execution of projects.

Variation order

Depending on the terms and conditions of contracts, our customers may give instructions to vary the works. Such variation could be addition, modification or cancellation of certain contract works. The value of the variation works is generally priced in accordance with the conditions of contract of the relevant project, and the total contract sum of the relevant project is adjusted accordingly. As such, the amount of revenue that we may derive from a project may be higher or lower than the original contract sum.

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our variation orders amounted to net increase of approximately S$1.8 million, net decrease of approximately S$3.3 million, net decrease of approximately S$2.1 million and net increase of approximately S$84,000, respectively.

Practical completion of project

Upon substantial completion of our projects, the third party consulting companies nominated by our customers will issue a certificate to confirm the practical completion of our works under the contract without apparent defects. After the issuance of certificate of practical completion, our customers would normally release half of the retention money to us.

Defects liability period and release of retention money

The issuance of certificate of practical completion marks the commencement of the defects liability period, which is generally 12 months, during that period we are responsible for the rectification work on construction defects subsequently identified by our customers, if any.

At the end of the defects liability period, our customer would issue certificates of maintenance to confirm that our obligations of rectification have been completed. Upon the issuance of certificate of maintenance, our customers usually release the remaining retention money to us.

Pricing strategy

We need to estimate the total costs involved in a project in order to determine our tender price or quotation and there is no assurance that the actual amount of costs would not exceed our estimation during the performance of our projects. As such, in order to minimise the risk of inaccurate cost estimation and cost overruns, our executive Directors are responsible to oversee the pricing of our services. For details of the background and experience of our executive Directors, please refer to the section headed "Directors and senior management" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, we did not experience any loss-making projects as a result of material inaccurate estimation or cost overruns.

We determine our tender or quotation price on a case-by-case basis by adopting a cost-plus pricing model. To estimate our costs of undertaking a project, we consider factors including (i) the nature, scope and complexity of the work involved; (ii) the project schedule; (iii) the availability of our manpower and resources; and (iv) the estimated materials and subcontracting costs.

After estimating our project costs, our executive Directors will proceed to determine the profit margin in addition to the estimated project costs, taking into account factors including (i) our relationship with the customer; (ii) potential competition; (iii) trend of the price of subcontractor and materials; (iv) any potential risk; and (v) general market condition. For a discussion of the fluctuation in our gross profit margin during the Track Record Period, please refer to the section headed "Financial information – Period-to-period comparison of results of operations" in this prospectus.

Seasonality

Our Directors are of the view that there is no obvious seasonality factor that would adversely affect our business operation.

PROPERTY INVESTMENT

With an intention to establish an alternative recurring revenue stream, since 2009, we have started to acquire properties with good capital appreciation potential and rental value for investment as and when our management considered appropriate.

As at the Latest Practicable Date, we have 11 owned properties. Among those 11 properties, we have eight investment properties, which were rented out to satisfy our customers' daily needs for residential and industrial purposes as at the Latest Practicable Date. Our investment properties comprised of industrial units, condominium units and a canteen unit. For the remaining three properties, while one property is currently used as our headquarters, the remaining two properties are currently rented to Mr. Poon and Mr. Teo, respectively, with a monthly rent for their residential purpose. For further details, please refer to the paragraph headed "Our properties – Owned property" in this section.

The following table sets forth the details of our investment properties and their respective leases in our investment property portfolio as at the Latest Practicable Date:

Address	Description	Use	Gross floor area *sq.ft*	Year of acquisition	Acquisition cost attributable to our Group *S$*	Interests attributable to our Group *%*	Market value attributable to our Group as at 31 May 2019 *S$*	Material terms of financing arrangement *(Note 1)*	Tenant	Monthly rent attributable to our Group *S$*	Tenure
21 Toh Guan Road, East #01–10, Singapore 608609	A 2-storey ground floor industrial unit	Industrial	3,649.00	2010	968,000	100	1,500,000	10-year commercial property loan of S$774,400 *(Note 2)*	Independent third party	6,800	one year commencing on 1 May 2019
21 Toh Guan Road, East #01–11, Singapore 608609	A 2-storey ground floor industrial unit	Industrial	3,649.00	2015	1,620,000	100	1,500,000	15-year commercial property loan of S$1,296,000 *(Note 2)*	Independent third party	6,000	one year commencing on 1 March 2019
45 Hillview, Avenue #01–05, Singapore 669613	A condominium unit with outdoor private enclosed space	Residential	1,776.06	2010	1,300,000	100	1,800,000	20-year residential property loan of S$1,040,000 *(Note 2)*	Independent third party	3,400	two years commencing on 1 March 2019
45 Hillview, Avenue #01–06, Singapore 669613	A condominium unit with outdoor private enclosed space	Residential	1,765.30	2010	1,300,000	100	1,790,000	20-year residential property loan of S$1,040,000 *(Note 2)*	Independent third party	3,500	two years commencing on 1 September 2018
11 Kang Choo Bin, Road #01–01, Singapore 548315	A condominium unit with outdoor private enclosed space	Residential	1,173.28	2011	1,246,000	100	1,200,000	15-year residential property loan of S$873,000 *(Note 2)*	Independent third party	2,300	one year commencing on 15 December 2018
11 Kang Choo Bin, Road #01–03, Singapore 548315	A condominium unit with outdoor private enclosed space	Residential	1,442.38	2011	1,507,000	100	1,430,000	15-year residential property loan of S$1,055,000 *(Note 2)*	Independent third party	2,600	one year commencing on 15 November 2018
7 Soon Lee Street, #01–13, Singapore 627608	An industrial unit	Industrial	6,759.80	2013	1,950,000	50 (with Chartered Employment Agency Pte Ltd)	2,090,000	15-year commercial property loan of S$1,560,000	Independent third party	7,500	two years commencing on 1 February 2019
114 Lavender Street, #01–68 CT Hub 2, Singapore 338729	A canteen unit	Industrial	7,470.22	2013	4,800,000	50 (with Poh Wah Group Pte Ltd)	4,920,000	20-year commercial property loan of S$3,840,000	Independent third party	20,000	two years commencing on 1 August 2018

Notes:

1. The acquisitions of the properties shown above were financed partly by our internal financial resources and partly by mortgage loans, with material terms as shown above. Among others, (i) failing to repay any interest and/or principal on the due date pursuant to the financing arrangement; or (ii) failure to fulfil the obligation as stipulated constitutes an event of default. The banks are entitled to (i) terminate the financing arrangement and demand immediate repayment; (ii) call in personal guarantee by our Controlling Shareholders; or (iii) request us to pay a default interest as a result of an event of default.

2. In respect of the mortgages, the Group is required to place a fixed deposit of not less than S$250,000 with the bank.

Our Directors will, from time to time, review (i) the prevailing property market condition in Singapore; and (ii) the return from investing a property. As and when our Directors consider appropriate for us to invest in an additional investment property, our Directors will take into consideration factors such as the size, physical condition, facilities, location and price and potential return of the property. If our Directors locate a premises available for sale in the market which fulfil our criteria, we will perform a legal due diligence on the title of the premises during the acquisition of the property. If there is no negative result noted, we will proceed with the acquisition and we may also provide some value-adding refurbishment to the property. We will retain and lease out the property for generating recurring rental income. If market conditions are favourable to us, we may consider to sell the property to realise the capital appreciation, taking into accounts factors such as the prevailing market rate of the corresponding properties.

During the Track Record Period, our revenue in relation to our property investment business was derived from rental of our investment properties. The rental price of our investment properties vary by the type of investment properties, taking into account several factors, including the market demand of the properties located, prevailing local market prices, the cost of properties purchased. Therefore, we may adjust the rental price from period to period according to local market demand and our development plans.

We enter into lease agreements with individual tenants with terms that range from one to five years. In a typical lease agreement, we generally require the tenant to provide a security deposit that amounts to one to two months' rent. we may terminate the lease agreement with a tenant under circumstances including, among other things, the tenant has defaulted the rental payment for more than seven days.

One of our principal business objectives is to further expand our property investment business in Singapore so as to further diversify our revenue stream. In line with our past strategy, we acquired properties with good capital appreciation potential and rental value for investment as and when our management considered appropriate, in order to establish an alternative recurring revenue stream. Taking into account factors such as (i) the potential rental value for the investment properties we intend to acquire; (ii) as at the Latest Practicable Date, all of our eight investment properties were rented out; and (iii) our intention to further establish the recurring revenue stream in addition to our construction works in order to reduce risk of any potential change in the construction industry, we intend to expand our property investment business by acquiring more investment properties. Moreover, our Directors are of the view that it would be in our best interest to receive, at any point in time, a recurring income that are in roughly the same amount as or in excess of the cost of our administrative and finance staff, which is recurring and relatively fixed regardless of our business performance but, at the same time, essential to our business operation. In view of our expansion plan as mentioned in the paragraph headed "Business strategies" in this section which may lead to an increasing administrative staff cost, our Directors believe that, if we are able to acquire additional investment properties as planned, we will be able to generate sufficient recurring gross profit to fully cover the increasing administrative staff costs in the future. Our Directors further consider that it is the appropriate timing for us to expand our property investment business as we will be able to acquire the investment properties at a good price and thus can generate reasonable return, having considered that the real estate value in Singapore recorded a negative CAGR of approximately 1.4%, decreasing from approximately S$51.0 billion in 2013 to an estimated of approximately S$47.5 billion in 2018 and as supported by the Ipsos Report, it is estimated that an upward trend in the real estate value in Singapore should be observed.

OUR CONSTRUCTION PROJECTS

Our construction projects undertaken during the Track Record Period

For each of the FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, there were, respectively, 67, 57, 63 and 54 construction projects (including civil engineering works and building construction works) with revenue contribution to us.

During the Track Record Period, we had increasingly acted as a main contractor in our construction projects. The following table sets out the breakdown of our revenue in relation to our construction services (except for other ancillary services) during the Track Record Period by reference to our role in the project:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Main contractor	5,924	13.6	35,899	60.1	64,166	77.6	17,057	72.6	32,760	74.1
Subcontractor	37,734	86.4	23,790	39.9	18,557	22.4	6,427	27.4	11,433	25.9
Total	43,658	100.0	59,689	100.0	82,723	100.0	23,484	100.0	44,193	100.0

During the Track Record Period, we had increasingly undertaken public sector projects, of which the ultimate project employers is Singapore government agencies. The following table sets out the breakdown of our revenue in relation to our construction services (except for other ancillary services) during the Track Record Period by reference to the nature of projects:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*$'000* (unaudited)	*%*	*$'000*	*%*
Public sector projects	168	0.4	19,588	32.8	51,810	62.6	16,740	71.3	25,269	57.2
Private sector projects	43,490	99.6	40,101	67.2	30,913	37.4	6,744	28.7	18,924	42.8
Total	43,658	100.0	59,689	100.0	82,723	100.0	23,484	100.0	44,193	100.0

During the Track Record Period, we had increasingly undertaken projects with larger revenue recognised for a financial year. The following table sets out the breakdown of such projects based on their respective revenue recognised during the Track Record Period:

	FY2015/16	**FY2016/17**	**FY2017/18**	**For the five months ended 28 February 2019**
	No. of projects	*No. of projects (Note 1)*	*No. of projects (Note 2)*	*No. of projects (Note 3)*
Revenue recognised				
S$10 million or above	–	1	3	–
S$5 million or below S$10 million	2	3	2	4
S$1 million to below S$5 million	10	8	11	7
Below S$1 million	55	45	47	43
	67	57	63	54

Notes:

1. Out of the 57 projects which contributed revenue to the FY2016/17, 36 projects also contributed revenue to the FY2015/16.

2. Out of the 63 projects which contributed revenue to the FY2017/18, 28 projects and 44 projects also contributed revenue to the FY2015/16 and FY2016/17, respectively.

3. Out of the 54 projects which contributed revenue to the five months ended 28 February 2019, 17, 24 and 40 projects also contributed revenue to the FY2015/16, FY2016/17 and FY2017/18, respectively.

Our major projects

The following tables set out the nature of our five largest construction projects for each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019 in terms of revenue contribution:

For FY2015/16

Rank	Project code	Customer	Type of projects	Our role	Public/ private sector	Location	Scope of works	Project period *(Note 1)*	Total contract sum *(Note 2)*	Revenue recognised for the year	% of the total revenue from construction projects	Gross profit margin for the year
									S$'000	*S$'000*	*%*	*%*
1	Project 1	Customer B *(Note 3)*	Civil engineering works	Subcontractor	Private	Tanah Merah	(a) road construction and modification works (b) drainage construction works (c) earthworks	September 2015 to December 2016	10,345	8,229	18.8	25.5
2	Project 2	Customer D *(Note 3)*	Building construction works	Subcontractor	Private	Tuas South	addition and alteration works of a single-storey assembly shop	November 2015 to October 2016	7,000	5,746	13.2	15.6
3	Project 3	Customer A *(Note 3)*	Building construction works	Main contractor	Private	Tuas South Boulevard	building of two blocks of three-storey multi-purpose buildings and a block of single-storey guard house	May 2016 to December 2017	20,226	3,786	8.7	16.4
4	Project 4	Customer C *(Note 3)*	Civil engineering works	Subcontractor	Private	Changi	road construction works	March 2016 to March 2018	11,000	3,504	8.0	15.1
5	Project 5	Customer K	Civil engineering works	Subcontractor	Private	Tampines	(a) road construction works (b) drainage works (c) road and drainage diversion works	November 2012 to December 2016	3,196	2,372	5.4	9.5

For FY2016/17

Rank	Project code	Customer	Type of projects	Our role	Public/ private sector	Location	Scope of works	Project period *(Note 1)*	Total contract sum *(Note 2)* *S$'000*	Revenue recognised for the year *S$'000*	% of the total revenue from construction projects *%*	Gross profit margin for the year *%*
1	Project 3	Customer A *(Note 3)*	Building construction works	Main contractor	Private	Tuas South Boulevard	building of two blocks of three-storey multi-purpose buildings and a block of single-storey guard house	May 2016 to December 2017	20,226	15,886	26.6	17.5
2	Project 6	Customer F *(Note 3)*	Civil engineering works	Main contractor	Public	Canberra/ Yishun	road construction works	February 2017 to March 2019	18,600	8,369	14.0	16.8
3	Project 4	Customer C *(Note 3)*	Civil engineering works	Subcontractor	Private	Changi	road construction works	March 2016 to March 2018	11,000	6,926	11.6	16.1
4	Project 7	Customer G *(Note 3)*	Civil engineering works	Main contractor	Public	Punggol & Tuas	restoration and repair works of terminals	March 2017 to April 2019	11,930	6,352	10.6	6.7
5	Project 8	Customer H *(Note 3)*	Civil engineering works	Subcontractor	Private	Seletar	(a) drainage works (b) earthworks	June 2015 to March 2018	4,974	3,550	5.9	5.8

For FY2017/18

Rank	Project code	Customer	Type of projects	Our role	Public/ private sector	Location	Scope of works	Project period *(Note 1)*	Total contract sum *(Note 2)* *S$'000*	Revenue recognised for the year *S$'000*	% of the total revenue from construction projects *%*	Gross profit margin for the year *%*
1	Project 9	Customer F *(Note 3)*	Civil engineering works	Main contractor	Public	Tampines	road construction and related works	January 2018 to December 2019	23,900	13,469	16.3	17.7
2	Project 10	Customer F *(Note 3)*	Civil engineering works	Main contractor	Public	Ang Mo Kio	construction of electrical substations and switch rooms	February 2017 to July 2019	22,555	11,974	14.5	1.8
3	Project 11	Customer A *(Note 3)*	Building construction works	Main contractor	Private	Tuas South Boulevard	building of three blocks of single-storey mobile shed and a block of single-storey workshop	May 2018 to July 2019	18,680	11,441	13.8	12.3
4	Project 6	Customer F *(Note 3)*	Civil engineering works	Main contractor	Public	Canberra/ Yishun	road construction works	February 2017 to March 2019	18,600	8,394	10.1	17.4
5	Project 12	Customer F *(Note 3)*	Civil engineering works	Main contractor	Public	Various locations in Singapore	surfacing works for various carparks	November 2016 to November 2019	13,177	6,049	7.3	5.4

For the five months ended 28 February 2019

Rank	Project code	Customer	Type of projects	Our role	Public/ private sector	Location	Scope of works	Project period *(Note 1)*	Total contract sum *(Note 2)* *S$'000*	Revenue recognised for the period *S$'000*	% of the total revenue from construction projects *%*	Gross profit margin for the period *%*
1	Project 11	Customer A *(Note 3)*	Building construction works	Main-Contractor	Private	Tuas South Boulevard	building of three blocks of single-storey mobile shed and a block of single-storey workshop	May 2018 to July 2019	18,680	7,228	16.4	3.4
2	Project 9	Customer F *(Note 3)*	Civil engineering works	Main-Contractor	Public	Tampines	road construction and related works	January 2018 to December 2019	23,900	6,946	15.7	17.2
3	Project 13	Customer F *(Note 3)*	Civil engineering works	Main-Contractor	Public	Punggol and Sengkang	(a) earthworks (b) road construction (c) sewer trunk construction	May 2018 to November 2019	13,300	6,029	13.6	27.9
4	Project 10	Customer F *(Note 3)*	Civil engineering works	Main-Contractor	Public	Ang Mo Kio	construction of electrical substations and switch rooms	February 2017 to July 2019	22,555	5,802	13.1	1.9
5	Project 15	Customer I *(Note 3)*	Civil engineering works	Sub-contractor	Private	North-east & South-west sector of Singapore	Traffic diversion works & drainage works	April 2018 to June 2019	8,288	4,499	10.2	29.9

Notes:

1. The project period represents the duration of our works with reference to the commencement date of the relevant project set out in the letter of intent/award or architect instruction issued by our customer or its authorised persons; and the completion date of the relevant project set out in the certificate of practical completion issued by our customer or its authorised persons, or the future completion date based on our management's best estimates according to the expected completion dates specified in the relevant contracts (if any), the extension period granted by customers (if any), and the actual work schedule up to the Latest Practicable Date.

2. The total contract sum represents the original estimated contract sum stated in the contract, or, where applicable, the adjusted contract sum taking into account the actual amount of orders under the contract, subsequent adjustments due to variation orders (see the paragraph headed "Our business model – Operation flow – Variation order" above in this section) and other updated information provided by the relevant customer.

3. This is one of our major customers during the Track Record Period. For further details, please refer to the paragraph headed "Our customers – Our major customers" in this section.

Backlog

As at 30 September 2016, 30 September 2017, 30 September 2018 and 28 February 2019 and the Latest Practicable Date, we had a total of 57, 57, 41, 46 and 53 projects in our backlog (including projects that we have commenced as well as projects that have been awarded to us but not yet commenced), with revenue derived or expected to be derived from such projects as follows:

	As at 30 September 2016	As at 30 September 2017 *(Note 1)*	As at 30 September 2018 *(Note 2)*	As at 28 February 2019 *(Note 3)*	As at the Latest Practicable Date *(Note 4)*
Number of projects in our backlog	57	57	41	46	53
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Total contract sum in respect of the projects	150,468	200,135	178,595	210,208	195,138
Revenue recognised on or before the date indicated	(78,502)	(126,988)	(105,464)	(143,093)	(123,751)
Revenue yet to be recognised as at the date indicated	71,966	73,147	73,131	67,116	71,387

Notes:

1. Out of the 57 projects in our backlog as at 30 September 2017, 19 projects commenced in FY2015/16. The total contract sum of such project was approximately S$84.7 million.

2. Out of the 41 projects in our backlog as at 30 September 2018, 7 projects commenced in FY2015/16 and 13 projects commenced in FY2016/17. The total contract sum of such project was approximately S$29.8 million and S$57.0 million, respectively.

3. Out of the 46 projects in our backlog as at 28 February 2019, four projects commenced in FY2015/16, 13 projects commenced in FY2016/17 and 15 projects commenced in FY2017/18. The total contract sum of such project was approximately S$26.6 million, S$57.9 million and S$85.3 million, respectively.

4. Out of the 53 projects in our backlog as at the Latest Practicable Date, two projects commenced in FY2015/16, 12 projects commenced in FY2016/17, 12 projects commenced in FY2017/18 and 9 projects commenced in the five months ended 28 February 2019. The total contract sum of such project was approximately S$7.7 million, S$46.0 million, S$52.4 million and S$36.6 million, respectively.

The following table sets out the movement in the value of backlog of our projects during the Track Record Period and up to the Latest Practicable Date:

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2019	From 1 March 2019 to the Latest Practicable Date
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Opening value of backlog	30,647	71,966	73,147	73,131	67,116
Initial contract sum of newly awarded projects *(Note 1)*	83,176	64,159	84,815	38,094	50,001
Total value of variation orders awarded *(Note 2)*	1,801	(3,289)	(2,108)	84	(5)
Revenue recognised	(43,658)	(59,689)	(82,723)	(44,193)	(45,725)
Ending value of backlog *(Note 3)*	71,966	73,147	73,131	67,116	71,387

Notes:

1. Total value of new projects awarded means the initial contract sum of new projects awarded by our customers in the relevant financial year/period indicated. The table below sets forth the reconciliation for the initial contract sum of newly awarded projects for a financial year/period (as set out in the table above) to the contract value of successful tender and quotation submitted during the same financial year/period (as set out in the table under the paragraph headed "Construction services – Operation flow – Award of contract" in this section):

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2019	From 1 March 2019 to the Latest Practicable Date
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Contract value of successful tenders and quotations	95,335	73,596	56,517	53,952	33,839
Add: Contract value of tender submitted in the previous financial year/period but awarded in the current financial year/period	7,006	19,165	28,602	304	16,162
Less: Contract value of tender submitted in the current financial year/period but awarded in the next financial year/period	(19,165)	(28,602)	(304)	(16,162)	–
Initial contract sum of newly awarded projects	83,176	64,159	84,815	38,094	50,001

2. Total value of variation orders awarded means the net value of variation orders issued by our customers for addition, modification and cancellation of certain contract works in the relevant financial year/period indicated. The net decrease of value of variation orders was mainly due to the cancellation of contract works decided by our customers resulting from the change of the original design and/or the scope of works. Our Directors confirmed that we did not experience any loss-making projects as a result of cancellation of variation orders during the Track Record Period.

3. Ending value of backlog means the portion of the total estimated revenue yet to be recognised with respect to our projects which had not been completed as at the end of the relevant year/period indicated.

Our projects in backlog as at the Latest Practicable Date

As at the Latest Practicable Date, we had 53 projects in our backlog. The following table sets out the details of our projects in backlog as at the Latest Practicable Date with total contract sum exceeding S$10 million, in descending order by total contract sum:

Project Code	Customer	Type of projects	Our role	Expected project period	Total Contract sum	Revenue derived from the project			Revenue derived from the project for the five months ended 28 February 2019	Revenue derived from the project for the period from 1 March 2019 to the Latest Practicable Date	Expected revenue to be recognised from the project for the period after the Latest Practicable Date and up to 30 September 2019	Expected revenue to be recognised from the project for the period from 1 October 2019 to 30 September 2020	Expected revenue to be recognised from the project for period after 30 September 2020
						FY2015/16	FY2016/17	FY2017/18					
					S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
				(Note 1)	*(Note 2)*						*(Note 3)*	*(Note 3)*	*(Note 3)*
Project 14	Customer E *(Note 5)*	Civil engineering works	Subcontractor	May 2019 to November 2026	30,592	–	–	–	5	1,066	468	4,007	25,046
Project 9 *(Note 4)*	Customer F *(Note 5)*	Civil engineering works	Main contractor	January 2018 to December 2019	23,900	–	–	13,469	6,946	3,246	76	163	–
Project 10 *(Note 4)*	Customer F *(Note 5)*	Civil engineering works	Main contractor	February 2017 to August 2019	22,555	–	187	11,974	5,802	3,915	677	–	–
Project 16	Customer F *(Note 5)*	Civil engineering works	Main contractor	July 2019 to June 2021	17,577	–	–	–	–	–	1,052	9,014	7,511
Project 13	Customer F *(Note 5)*	Civil engineering works	Main contractor	May 2018 to November 2019	13,300	–	–	2,385	6,029	4,553	137	196	–
Project 12 *(Note 4)*	Customer F *(Note 5)*	Civil engineering works	Main contractor	November 2016 to November 2019	13,177	–	2,489	6,049	1,322	3,054	108	155	–
Sub-total of projects in backlog with total contract sum exceeding S$10 million										15,834	2,518	13,535	32,557
Sub-total of the remaining projects in backlog										28,251	9,476	11,513	1,788
Total										44,085	11,994	25,048	34,345

Notes:

1. The expected project period represents the duration of our works with reference to the commencement date of the relevant project set out in the letter of intent/award or architect instruction issued by our customer or its authorised persons; and the future completion date based on our management's best estimates according to the expected completion dates specified in the relevant contracts (if any), the extension period granted by customers (if any), and the actual work schedule up to the Latest Practicable Date.

2. The total contract sum represents the original estimated contract sum stated in the contract, or, where applicable, the adjusted contract sum taking into account the actual amount of orders under the contract, subsequent adjustments due to variation orders (see the paragraph headed "Our business model – Operation flow – Variation order" above in this section) and other updated information provided by the relevant customer.

3. It represents our best estimation based on factors including the estimated completion date specified in the relevant contracts, variation orders received and work progress as at the Latest Practicable Date.

4. As referred to the paragraph headed "Our construction projects – Our major projects" in this section.

5. This is one of our major customers during the Track Record Period. For further details, please refer to the paragraph headed "Our customers – Our major customers" in this section.

OUR LICENSES AND REGISTRATIONS

We hold a number of licences and registrations which enable us to carry on our businesses. In particular, we hold a GB1 Licence granted under the Licensing of Builders Scheme, which allows us to undertake general building contracts of any value in Singapore. We also hold the CW01 workhead B1 Grade registration and CW02 workhead B1 Grade registration, which allow us to directly tender for contracts of general building works and civil engineering works for Singapore government agencies of a contract value not exceeding S$40 million. For further details of our licences and registrations, please refer to the section headed "Regulatory overview – Licensing regime for contractors in Singapore" in this prospectus.

Our executive Directors are of the view that our existing registrations are adequate for our business needs. Our Directors confirm that our Group has obtained all necessary licences and registrations which are required to carry on our business activities in Singapore as at the Latest Practicable Date. In order to further expand our market share and undertake additional and larger contracts, we intend to apply for an upgrade to CW02 workhead A2 Grade registration. For further details, please refer to the paragraph headed "Business strategies" in this section.

Our ability to maintain our registrations under the Contractors Registration System (i.e. CW01 and CW02 workhead registration) and our GB1 Licence under the Licensing of Builders Scheme is crucial to our business operation. For further details, please refer to the section headed "Risk factors – Our business has to be operated with various registrations, certificates and licences and the loss of or failure to obtain and/or renew any or all of these registrations, certifications and/or licences could materially and adversely affect our business" in this prospectus.

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. In particular, while Mr. Koh Chew Chiang, our general manager, is the approved person and technical controller for the GB1 Licence and the SB Licence of Sing Tec Development, Mr. Ong Shen Zhong Jason, our assistant project manager, and Ms. Adeline Yew, our senior quantity surveyor, are the approved person and technical controller, respectively, for the GB1 Licence of Sing Tec Construction. For details, please refer to the section headed "Regulatory overview – Licensing regime for contractors in Singapore" in this prospectus.

OUR CERTIFICATIONS AND AWARDS

The following table sets out our major certifications as at the Latest Practicable Date:

Nature	Certification	Awarding organisation	Obtained by	Date of first grant	Date of next renewal
Quality Management System Accreditation	ISO 9001:2015	AJA Registrars Pte Ltd	Sing Tec Construction	15 December 2016	2 December 2019
			Sing Tec Development	15 November 2007	12 November 2019
Environmental Management System Accreditation	ISO 14001:2015	AJA Registrars Ltd	Sing Tec Construction	15 December 2016	2 December 2019
			Sing Tec Development	8 November 2016	8 December 2019
Occupational Health and Safety Management System Accreditation	OHSAS 18001:2007	AJA Registrars Pte Ltd	Sing Tec Construction	25 September 2009	11 March 2021
			Sing Tec Development	13 November 2007	29 May 2021
bizSAFE	bizSAFE Level Star	Workplace Safety and Health Council of Singapore	Sing Tec Construction	9 April 2012	11 March 2021
			Sing Tec Development	15 February 2009	29 May 2021
BCA Green and Gracious Builder Award	Certified	BCA	Sing Tec Development	16 April 2015	15 April 2021

The following table sets out our major awards from our customers since our establishment and up to the Latest Practicable Date:

Holder	Award	Year of grant
Sing Tec Construction	Appreciation for contribution to achieving 500,000 safe man-hours without lost time injury awarded by a company engaging in civil engineering services.	2006
Sing Tec Construction	Appreciation of the efforts and contribution towards the project successful environmental, health and safety achievement of 4 million man-hours without lost time incident awarded by a company engaging in civil engineering and construction services.	2006
Sing Tec Construction	Appreciation for contribution to safety and health award recognition for projects (SHARP) Award 2008 and 2 million safe man-hours awarded by a company engaging in civil engineering services.	2008
Sing Tec Development	Appreciation for contribution to achieving a milestone of 1 million safe man-hours without lost time injury awarded by a company engaging in civil engineering services.	2011
Sing Tec Development	Safety, health and environmental campaign, valued business partner awarded by a company engaging in civil engineering and construction services.	2013
Sing Tec Development	Safety performance award awarded by a company engaging in waste management services.	2016

OUR CUSTOMERS

Characteristics of our customers

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we had 67, 68, 94 and 72 customers with revenue contribution to us, respectively. For our construction services, our customers comprise mainly (i) Singapore government agencies; (ii) property developers and (iii) construction contractors, while for our property investment business, our customers are generally private companies and individuals, respectively. The following table sets out the breakdown of our revenue during the Track Record Period by reference to the type of our customers:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Construction services										
Singapore government agencies	168	0.4	19,588	32.5	51,810	61.7	16,740	70.0	25,269	56.3
Property developers	6,633	14.8	16,475	27.3	12,356	14.7	317	1.3	7,491	16.7
Construction contractors	37,455	83.7	23,807	39.4	19,292	23.0	6,611	27.7	11,959	26.6
	44,256	98.9	59,870	99.2	83,458	99.4	23,668	99.0	44,719	99.6
Property investment										
Private companies	359	0.8	356	0.6	367	0.4	195	0.8	145	0.3
Individuals	125	0.3	122	0.2	138	0.2	48	0.2	49	0.1
	484	1.1	478	0.8	505	0.6	243	1.0	194	0.4
Total	44,740	100.0	60,348	100.0	83,963	100.0	23,911	100.0	44,913	100.0

During the Track Record Period, all of our customers were located or registered in Singapore and all of our revenue were denominated in Singapore dollar.

Principal terms of engagement

During the Track Record Period, for our construction services and other ancillary services, our customers generally engaged us for a specific project and did not enter into long-term agreements with us. In general, contracts entered into between us and our customers contain terms and conditions relating to the contract price or the unit price, contract period, the scope of work and the payment terms. Our contracts may also contain the following terms:

Contract sum

For majority of our projects, the contract sum is a fixed lump sum price. For other projects, our tenders or quotations may contain a schedule of rate which sets out the fee in relation to each work task to be carried out, subject to re-measurement.

Variation order

Subject to the terms and conditions of contracts, our customers may give instructions to vary the works. Such variation orders could be addition, modification or cancellation of works. The price of the variation works is generally set in accordance with the pre-agreed fee rate for variation works stated in agreed contract of the relevant project, and the total contract sum of the relevant project will be adjusted accordingly. As such, the amount of revenue that we may derive from a project may be higher or lower than the original contract sum.

Retention money

When undertaking contract works, some of our customers may, depending on the contract terms, hold up a certain percentage of each payment made to us as retention money. Retention money is normally 5% to 10% of each interim payment and in aggregate subject to a maximum limit of 5% of the total contract sum. Normally, half of the retention money is released upon the completion of the projects and the remaining half is released upon expiry of the defects liability period.

Performance bond

In projects which we act as the main contractor, we may be required to provide performance bonds issued by banks or insurance companies in the amount of certain percentage, normally 5%, of the contract sum or in a fixed sum in favour of our customers. Such arrangement serves to secure our due and timely performance of work and compliance with the contract. If we fail to perform according to the requirements in the contract, our customers would be entitled to compensation.

When arranging for the issuance of performance bonds in favour of our customer, we are normally required to place a pledged deposit with the bank or to pay an insurance premium to the insurance company.

We would take out performance bonds only if it is required by our customers in accordance with the contract terms. As at 30 September 2016, 30 September 2017 and 30 September 2018 and 28 February 2019, performance bonds of approximately S$3.1 million, S$6.6 million, S$7.5 million and S$7.6 million, respectively, were given by a bank and insurance companies.

During the Track Record Period and up to the Latest Practicable Date, no performance bonds had been called by our customers by reason of non-performance of any of the contracts undertaken by us.

Liquidated damages

Some of our contracts include a liquidated damages clause to protect our customers against any late completion of works. We may be liable to pay liquidated damages to our customers if we are unable to meet the time schedules stipulated in the contracts and/or extended time line granted by the customers. Liquidated damages are typically calculated on the basis of a fixed sum per day and/or according to certain damages calculating mechanism as stipulated under the contract on a daily basis.

During the Track Record Period and up to the Latest Practicable Date, no liquidated damages had been claimed by our customers against us.

Defects liability period

Some of our customers may require a defects liability period which is usually 12 months after our completion of the contract works.

During the defects liability period, if any defects are identified, we will be required to either make good the defects or be responsible for the rectification cost or damages suffered by our customers.

For our property investment business, we and our customers generally enter into a rental agreement which contain terms and conditions relating to the location, rental period, monthly rental price and rights and responsibilities of the landlords and tenants.

Our major customers

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our largest customers accounted for approximately 19.5%, 31.5%, 55.7% and 49.1% of our total revenue, respectively, while our five largest customers in aggregate accounted for approximately 75.2%, 85.4%, 89.2% and 92.7% of our total revenue, respectively.

The following tables set out the breakdown of our revenue by our five largest customers during the Track Record Period and their respective backgrounds:

For FY2015/16

Rank	Customer	Service provided by us	Year(s) of business relationship	Typical credit terms and payment method	Amount of revenue	% of the total revenue
					S$' 000	*%*
1	Customer A *(Note 1)*	Civil engineering works and building construction works	13 years	35 days; Cheque	8,735	19.5
2	Customer B *(Note 2)*	Civil engineering works	4 years	35 days; Cheque	8,229	18.4
3	Customer C *(Note 3)*	Civil engineering works	4 years	35 days; Cheque	7,468	16.7
4	Customer D *(Note 4)*	Building construction works	4 years	35 days; Cheque	5,746	12.8
5	Customer E *(Note 5)*	Civil engineering works and building construction works	7 years	35 days; Cheque	3,485	7.8
				Our five largest customers combined :	33,663	75.2
				Other customers combined :	11,077	24.8
				Total customers revenue :	44,740	100.0

For FY2016/17

Rank	Customer	Service provided by us	Year(s) of business relationship	Typical credit terms and payment method	Amount of revenue	% of the total revenue
					S$' 000	*%*
1	Customer A	Civil engineering works and building construction works	13 years	35 days; Cheque	19,009	31.5
2	Customer F *(Note 6)*	Civil engineering works and building construction works	12 years	35 days; Bank transfer	13,236	21.9
3	Customer C	Civil engineering works	4 years	35 days; Cheque	9,397	15.6
4	Customer G *(Note 7)*	Civil engineering works	2 years	30 days; Bank transfer	6,352	10.5
5	Customer H *(Note 8)*	Civil engineering works	7 years	35 days; Cheque	3,550	5.9
			Our five largest customers combined :		51,544	85.4
			Other customers combined :		8,804	14.6
			Total customers revenue :		60,348	100.0

For FY2017/18

Rank	Customer	Service provided by us	Year(s) of business relationship	Typical credit terms and payment method	Amount of revenue *S$' 000*	% of the total revenue *%*
1	Customer F	Civil engineering works and building construction works	12 years	35 days; Bank transfer	46,777	55.7
2	Customer A	Civil engineering works and building construction works	13 years	35 days; Cheque	15,306	18.2
3	Customer I *(Note 9)*	Civil engineering works	Less than 1 year	30 days; Bank transfer	6,136	7.4
4	Customer G	Civil engineering works	2 years	30 days; Bank transfer	4,131	4.9
5	Sinohydro-Sembcorp Joint Venture *(Note 10)*	Civil engineering works	4 years	30 days; Cheque	2,512	3.0
				Our five largest customers combined :	74,862	89.2
				Other customers combined :	9,101	10.8
				Total customers revenue :	83,963	100.0

For the five months ended 28 February 2019

Rank	Customer	Service provided by us	Year(s) of business relationship	Typical credit terms and payment method	Amount of revenue	% of the total revenue
					S$' 000	*%*
1	Customer F	Civil engineering works and building construction works	12 years	35 days; Bank transfer	22,033	49.1
2	Customer A	Civil engineering works and building construction works	13 years	35 days; Cheque	7,990	17.8
3	Customer I	Civil engineering works	Less than 1 year	30 days; Bank transfer	7,793	17.3
4	Sinohydro-Sembcorp Joint Venture	Civil engineering works	4 years	30 days; Cheque	2,631	5.8
5	Customer G	Civil engineering works	2 years	30 days; Bank transfer	1,197	2.7
				Our five largest customers combined:	41,644	92.7
				Other customers combined:	3,269	7.3
				Total customers revenue:	44,913	100.0

Notes:

1. Customer A is a group of subsidiaries owned by a company listed on the Singapore stock exchange, the principal activities of which include utilities, marine and urban development businesses and the market capitalisation of which amounted to approximately S$4.0 billion as at the Latest Practicable Date.

2. Customer B is a private company in Singapore which engages in civil and structural engineering and building construction services with a total paid up capital of S$2 million as at the Latest Practicable Date.

3. Customer C is a joint venture formed by a Singapore registered branch of a company listed on the Tokyo and Nagoya stock exchanges with a market capitalisation of approximately JPY148.7 billion as at the Latest Practicable Date, and a subsidiary of a company listed on the Australian securities exchange and Singapore stock exchange with a market capitalisation of approximately S$8.7 million as at the Latest Practicable Date, the principal activities of the joint venture include marine and civil engineering construction services. Customer C is also our Supplier D.

4. Customer D is a private company limited by shares incorporated in Singapore, which is owned by Sing Tec Development and an independent third party who is also our customer during the Track Record Period. The principal activities of Customer D include general contractors services and the total paid capital is S$2 million as at the Latest Practicable Date.

5. Customer E is a branch of foreign company registered in Singapore. The company is listed on the Korea Stock Exchange, the principal activities of which includes engineering and construction services and the market capitalisation of which amounted to approximately KRW399.6 billion as at the Latest Practicable Date.

6. Customer F is a statutory board of the Singapore government responsible for public housing.

7. Customer G is a statutory board of the Singapore government to develop and regulate Singapore's building and construction industry.

8. Customer H is a private company in Singapore, the principal activities of which includes general building installation services and the total paid capital of which is S$4.5 million as at the Latest Practicable Date. Customer H is also our Supplier F.

9. Customer I is a subsidiary owned by a company listed on the Stock Exchange, the principal activities of which include road works services and construction ancillary services and the market capitalisation of which amounted to approximately HK$146 million as at the Latest Practicable Date. Customer I is also our Supplier J.

10. Sinohydro-Sembcorp Joint Venture is a joint venture formed by Customer A and a Singapore registered branch of a subsidiary of a company listed on Shanghai Stock Exchange with a market capitalisation of approximately RMB72.7 billion as at the Latest Practicable Date. The principal activities of the joint venture include underground construction.

Except for Customer D disclosed above and discussed in the section headed "History, development and Reorganisation – Corporate history" in this prospectus, none of our Directors, their close associates, or any Shareholders who owned more than 5% of the number of issued shares of our Company as at the Latest Practicable Date had any interest in any of our five largest customers during the Track Record Period.

Customer concentration

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our largest customers accounted for approximately 19.5%, 31.5%, 55.7% and 49.1% of our total revenue, respectively, while our five largest customers in aggregate accounted for approximately 75.2%, 85.4%, 89.2% and 92.7% of our total revenue, respectively. Our Directors are of the view that, despite the customer concentration, our business model is sustainable based on the following factors:

– we experienced a strong demand for our services from a wide range of customers during the Track Record Period as evidenced by our business growth. Besides, our business relationship with our major customers, industry experience and proven track record are essential to our customers to ensure that we are capable of completing their projects on time and in accordance with their requirements. In view of the above, our

Directors believe that, in the event that any of our major customers reduce the number of contracts placed with us, our Directors consider that we would have the capacity to handle other potential projects from other customers;

– the ranking and combination of our five largest customers for each of FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019 were substantially different. Besides, the proportion of our customer types for each of FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019 were also different. Accordingly, our Directors consider that we did not place undue reliance on any particular customer or any particular type of customers throughout the Track Record Period for revenue recognition;

– according to the Ipsos Report, customer concentration is not uncommon in the construction industry in Singapore. It is also not uncommon for a single project to have a large contract sum such that a small number of projects can contribute to a substantial amount of our revenue. Therefore, if we decide to undertake a certain project with large contract sum, we may dedicate sufficient resources into the project and may not divert our attention to actively compete for other additional projects with overlapping of work schedule. As a result, the relevant customer may easily become our major customers in terms of revenue contribution to us;

– some of our major customers had business relationship with us for over five years and we will therefore endeavour to accommodate their demands for our services to the extent our resources allow in order to maintain our relationships instead of turning down their requests, resulting in them being our top customers;

– in view of the expected growth of the civil engineering works and building construction works in the construction industry as per the Ipsos Report, we intend to expand our scale of operation through our intended effort in actively seeking opportunities in undertaking additional civil engineering works and building construction works projects, from both our existing and potential new customers, on top of our present scale of operation and our current projects on hand. In particular, it is one of our intentions to undertake more and larger public construction projects by upgrading our current registration. For further details, please refer to the paragraph headed "Business strategies" in the section. We have no intention to limit ourselves to serving our major customers and our Directors believe that, should we be able to increase our available resources, we will be able to expand our market share as well as diversify our customer base; and

– in view of the fact that a portion of our revenue was generated from contracts awarded by Singapore government agencies during the Track Record Period. All tenders with Singapore government agencies are on open tender basis via GeBIZ rather than invitations or based on relationships and contractors with a proven quality and safety track record will be evaluated favourably.

Our major customers who were also our suppliers

Depending on the contract terms agreed with our subcontractors, construction materials may be procured by us on our own account or provided by our subcontractors to us at the cost of our subcontractors. In certain cases, there were contra charge arrangements where we purchased certain construction materials through some of our customers or their associated companies during the Track Record Period.

Under the contra charge arrangements, Customer A, Customer B, Customer C, Customer F, Customer H and Sinohydro – Sembcorp Joint Venture were our major customers, who were also our suppliers, during the Track Record Period. We made purchases of certain construction materials through these customers or their associated companies for use in our respective projects with them. Our purchase from these customers, in aggregate, amounted to approximately S$2.2 million, S$3.9 million, S$0.3 million and S$0.2 million for each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, respectively.

As confirmed by our Directors, it is common in the industry that a main contractor may pay on behalf of its subcontractors for certain expenses for a project. Such expenses are typically deducted from its payments to the relevant subcontractors in settling its service fees for the project. During the Track Record Period, as confirmed by our Directors, we had no material dispute with our customers as regards the contra charge arrangement and the contra charge amounts involved. In addition, as we settled the contra charge by netting off with the payments due from our customers, both cash inflows from the project work done and cash outflows from the purchase of construction materials or the payment on miscellaneous expenses were reduced by the same amount. Therefore, the contra charge arrangement had no material impact on our cashflow positions during the Track Record Period.

Purchase of materials from Customer I

Customer I was one of our major suppliers for the five months ended 28 February 2019 which is also known as Supplier J. During the Track Record Period, we engaged Customer I to supply asphalt to us, resulting in materials charges incurred by us of approximately S$60,000 and S$577,000 for FY2017/18 and the five months ended 28 February 2019, respectively. Our purchase of materials from Customer I was unrelated to our projects with Customer I and the materials procured by us was used in projects with our other customers. For further details of Customer I as our supplier, please refer to the paragraph headed "Our suppliers – Our major suppliers" in this section.

OUR SUPPLIERS

Characteristics of our suppliers

In addition to our subcontractors which is discussed further below in the paragraph headed "Our subcontractors" in this section, suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue to carry on our business mainly include (i) suppliers of construction materials required for performing our works, such as ready-mixed concrete, steel bars, mesh, asphalt and metal grating; and (ii) suppliers of other miscellaneous services, such as rental of plant and machinery, rental of dormitories for workers, transportation of excavated construction wastes, repair and maintenance of machinery and equipment.

The following table sets out a breakdown of our total purchases by type during the Track Record Period:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Subcontracting charges	12,746	43.9	23,912	57.0	38,702	62.9	11,043	64.5	24,848	73.3
Material costs	13,588	46.8	14,705	35.0	13,488	21.9	4,172	24.4	5,166	15.3
Other miscellaneous	2,717	9.3	3,354	8.0	9,390	15.2	1,906	11.1	3,867	11.4
Total	29,051	100.0	41,971	100.0	61,580	100.0	17,121	100.0	33,881	100.0

For the discussion of the fluctuation in our purchases from our suppliers during the Track Record Period as shown in the above table as well as the relevant sensitivity analyses in this connection, please refer to the section headed "Financial information" in this prospectus.

During the Track Record Period, we did not experience any material shortage or delay in the supply of goods that we required. For the discussion on the historical price fluctuation of the main types of goods that we require, please refer to the section "Industry overview" in this prospectus. Our Directors consider that we are generally able to pass on substantial increase in purchase costs, if any, to our customers as we generally take into account our overall costs of undertaking a project when determining our pricing.

Basis of selecting suppliers

We evaluate suppliers by taking into account their job reference, technical submission, prevailing market price, delivery time and reputation. Based on these factors, we select and maintain an internal list of approved suppliers and such list is reviewed and updated on a continuous basis. As at the Latest Practicable Date, there were more than 200 approved suppliers of different treat on our internal list. Our Directors consider that we are flexible to engage alternative suppliers to supply different kinds of construction materials and services.

When certain materials or services are needed for a particular project, we select suppliers from our list based on their suitability as well as their availability and fee quotations. We may also procure from suppliers nominated by our customers.

Principal terms of engagement

We generally place an order with our supplier for each purchase and we have not entered into any long-term agreement or committed to any minimum purchase amount with our suppliers. Salient terms of a typical purchase include the product description, the quantity, the delivery details and the payment terms. In general, our suppliers grant us a credit term of approximately 30 to 60 days and we settle our payment typically by cheque.

Our major suppliers

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our largest supplier accounted for approximately 7.3%, 5.8%, 5.0% and 4.2% of our total purchase costs, respectively, while our five largest suppliers in aggregate accounted for approximately 24.8%, 21.8%, 13.6% and 13.3% of our total purchase costs, respectively.

The following tables set out the breakdown of our purchase from our five largest suppliers during the Track Record Period and their respective backgrounds:

For FY2015/16

Rank	Supplier	Material(s) supplied or service provided to us	Year(s) of business relationship	Typical credit terms and payment method	Amount of purchase cost	% of the total purchase cost
					S$' 000	*%*
1	Supplier A *(Note 1)*	Ready-mixed Concrete	12 years	30 days; Cheque	2,110	7.3
2	Supplier B *(Note 2)*	Steel bars and mesh	12 years	30 days; Cheque	1,770	6.1
3	Supplier C *(Note 3)*	Asphalt	10 years	30 days; Cheque	1,470	5.1
4	Supplier D *(Note 4)*	Ready-mixed concrete	4 years	35 days; Cheque	1,002	3.4
5	Supplier E *(Note 5)*	Metal grating	4 years	30 days; Cheque	850	2.9
				Our five largest suppliers combined :	7,202	24.8
				Other suppliers and subcontractors combined :	21,849	75.2
				Total purchase cost :	29,051	100.0

For FY2016/17

Rank	Supplier	Material(s) supplied or service provided to us	Year(s) of business relationship	Typical credit terms and payment method	Amount of purchase cost	% of the total purchase cost
					S$' 000	*%*
1	Supplier B	Steel bars and mesh	12 years	30 days; Cheque	2,445	5.8
2	Supplier A	Ready-mixed concrete	12 years	30 days; Cheque	2,182	5.2
3	Supplier D	Ready-mixed concrete	4 years	35 days; Cheque	2,017	4.8
4	Supplier F *(Note 6)*	Steel bars and ready-mixed concrete	7 years	30 days; Cheque	1,383	3.3
5	Supplier C	Asphalt	10 years	30 days; Cheque	1,142	2.7
				Our five largest suppliers combined :	9,169	21.8
				Other suppliers and subcontractors combined :	32,802	78.2
				Total purchase cost :	41,971	100.0

For FY2017/18

Rank	Supplier	Material(s) supplied or service provided to us	Year(s) of business relationship	Typical credit terms and payment method	Amount of purchase cost	% of the total purchase cost
					S$' 000	*%*
1	Supplier A	Ready-mixed concrete	12 years	30 days; Cheque	3,051	5.0
2	Supplier G *(Note 7)*	Steel bars	1 year	30 days; Cheque	2,494	4.0
3	Supplier B	Steel bars and mesh	12 years	30 days; Cheque	1,029	1.7
4	Supplier H *(Note 8)*	Transportation of soil	1 year	30 days; Cheque	915	1.5
5	Supplier C	Asphalt	10 years	30 days; Cheque	862	1.4
				Our five largest suppliers combined :	8,351	13.6
				Other suppliers and subcontractors combined :	53,229	86.4
				Total purchase cost :	61,580	100.0

For the five months ended 28 February 2019

Rank	Supplier	Material(s) supplied or service provided to us	Year(s) of business relationship	Typical credit terms and payment method	Amount of purchase cost	% of the total purchase cost
					S$' 000	*%*
1	Supplier A	Ready-mixed concrete	12 years	30 days; Cheque	1,420	4.2
2	Supplier I *(Note 9)*	Transportation of soil	14 years	14 days; Cheque	1,071	3.1
3	Supplier G	Steel bars	1 year	30 days; Cheque	941	2.8
4	Supplier J *(Note 10)*	Asphalt	Less than 1 year	30 days; Bank transfer	577	1.7
5	Supplier K *(Note 11)*	Diesel/hydraulic oil	3 years	60 days; Cheque	495	1.5
				Our five largest suppliers combined:	4,504	13.3
				Other suppliers and subcontractors combined:	29,377	86.7
				Total purchase cost:	33,881	100.0

Notes:

1. Supplier A is a group of subsidiaries owned by a company listed on the Singapore Stock Exchange, the principal activities of which include the provision of concrete products.

2. Supplier B is a public company listed on the Singapore Stock Exchange, which engages in the manufacturing of steel.

3. Supplier C is a private company in Singapore, which engages in the manufacture of asphalt premix.

4. Supplier D is also our Customer C. For backgrounds of Customer C, please refer to the paragraph headed "Our customers – Our major customer" in this section.

5. Supplier E is a private company in Singapore, the business of which include supply of metal products.

6. Supplier F is also our Customer H. For backgrounds of Customer H, please refer to the paragraph headed "Our customers – Our major customer" in this section.

7. Supplier G is a private company in Singapore, which engages in the manufacture of basic iron and steel.

8. Supplier H is a private company in Singapore, the business of which include transportation of soil.

9. Supplier I is a group of private companies in Singapore, the business of which include civil engineering, building construction works and transportation services.

10. Supplier J is also our Customer I. For backgrounds of Customer I, please refer to the paragraph headed "Our customers – Our major customer" in this section.

11. Supplier K is a private company in Singapore, the business of which include supply of automotive, marine lubricants, diesel, and specialty chemical products.

None of our Directors, their close associates, or any Shareholders who owned more than 5% of the number of issued shares of our Company as at the Latest Practicable Date had any interest in any of our five largest suppliers during the Track Record Period.

Our major suppliers who were also our customers

Supplier A, Supplier D, Supplier F and Supplier J were our major suppliers, who were also our customers, during the Track Record Period. In particular, we had contra charge arrangements with Supplier D (i.e. Customer C) and Supplier F (i.e. Customer H), and we purchased asphalt from Supplier J (i.e. Customer I), details of which are disclosed in the above paragraph headed "Our customers – Our major customers who were also our suppliers" in this section. Besides, since Supplier A is principally engaged in provision of concrete products, Supplier A purchased concrete aggregates from us in FY2017/18 which contributed approximately S$33,000 to our revenue for the same period.

OUR SUBCONTRACTORS

Reasons for subcontracting arrangement

Subcontracting of works is a usual practice in the construction industry in Singapore. As the entire process of our projects involves different kinds of works, it may not be cost effective for us to directly undertake each of the works involved. In addition, subcontractors can provide additional labours with different skills without the need for us to keep them under our employment. As such, we may subcontract some of our works to other subcontractors, depending on the availability of our labour resources and the cost of performing the works with our own resources.

During the Track Record Period, we delegated works to subcontractors in our projects after consideration of the need and the cost of each project undertaken by us. In such subcontracting arrangements, we may provide construction materials to our subcontractors or require our subcontractors to bear the cost of construction materials, depending on our agreements with our subcontractors on a case-by-case basis, and we will take a supervisory role to regularly monitor the works performed by the subcontractors.

During the Track Record Period, we did not experience any material shortage or delay in the subcontracting services that we required. Our Directors consider that, similar to our purchase costs, we are generally able to pass on substantial increase in subcontracting costs, if any, to our customers as we generally take into account our overall costs of undertaking a project when determining our pricing.

Basis of selecting subcontractors

We evaluate subcontractors taking into account their job reference, skills and technique, prevailing market price, delivery time and reputation. Based on these factors, we select and maintain an internal list of approved subcontractors and such list is updated on a continuous basis. As at the Latest Practicable Date, there were more than 70 approved subcontractors on our internal list. Our Directors consider that we are flexible to engage alternative subcontractors to provide different kinds of construction or designer works.

When subcontractors are needed for a particular project, we select subcontractors from our list based on their experience relevant to the particular project as well as their availability and fee quotations. We may also appoint subcontractors nominated by our customers to carry out certain specific parts of the project under the construction contracts.

Principal terms of engagement

During the Track Record Period, we engaged subcontractors on a contract by contract basis, by trades of work in the projects such that normally each subcontractor is only responsible for one trade of work and can decide if further subcontracting is necessary. Thus, we have not entered into any long-term agreements with our subcontractors.

The principal terms of our subcontracting engagement generally include, among other things:

- the scope of works;
- the contract price, specifying the payment schedule, method and credit terms;
- the location of the work site at which the works are to be performed; and
- other miscellaneous job arrangement details, including the portion of various costs to be borne by our subcontractors and us (such as the costs of materials, inspection, insurance, and transportation of machinery) and the types of machinery to be provided by us.

Control over subcontractors

We are liable to our customers for the performance and the quality of work done by our subcontractors. In general, works performed by our subcontractors are inspected and monitored by our on-site personnel based on our quality management systems, environmental management systems and occupational health and safety management system which are certified to be in conformity with the requirements of the ISO 9001, ISO 14001 and OHSAS 18001 standards, respectively. For further information on our measures and management systems in relation to work quality, occupational safety and environmental protection, please refer to the paragraphs headed "Quality control", "Occupational health and safety", and "Environmental compliance" below in this section.

In addition, depending on the agreements with our subcontractors, we may withhold a portion of each payment, normally being 5% to 10% of each interim payment and in aggregate subject to a maximum limit of 5% of the contract sum to our subcontractors as retention money such that if the subcontractors fail to deliver the works or rectify any defects in a timely manner, any expenses or losses incurred by us may be charged against the retention money withheld from our subcontractors.

Our major subcontractors

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our largest subcontractor accounted for approximately 12.7%, 15.2%, 19.3% and 17.2% of our total purchase costs, respectively, while our five largest subcontractors in aggregate accounted for approximately 33.0%, 45.5%, 58.4% and 52.5% of our total purchase costs, respectively.

The following tables set out the breakdown of our purchase costs from our five largest subcontractors during the Track Record Period and their respective background:

For FY2015/16

Rank	Subcontractor	Service provided to us	Year(s) of business relationship	Typical credit terms and payment method	Amount of subcontracting cost	% of the total purchase cost
					S$' 000	*%*
1	Subcontractor A *(Note 1)*	Concrete reinforcement works	14 years	35 days; Cheque	3,701	12.7
2	Subcontractor B *(Note 2)*	Electrical & mechanical works	3 years	35 days; Cheque	2,545	8.8
3	Subcontractor C *(Note 3)*	Concrete reinforcement works	7 years	35 days; Cheque	1,524	5.3
4	Subcontractor D *(Note 4)*	Concrete reinforcement works	4 years	35 days; Cheque	1,060	3.6
5	Subcontractor E *(Note 5)*	Slope protection works	3 years	30 days; Cheque	756	2.6
				Our five largest subcontractors combined :	9,586	33.0
				Other suppliers and subcontractors combined :	19,465	67.0
				Total purchase cost :	29,051	100.0

For FY2016/17

Rank	Subcontractor	Service provided to us	Year(s) of business relationship	Typical credit terms and payment method	Amount of subcontracting cost	% of the total purchase cost
					S$' 000	*%*
1	Subcontractor F *(Note 6)*	Drainage works	2 years	35 days; Cheque	6,377	15.2
2	Subcontractor B	Electrical & mechanical works	3 years	35 days; Cheque	4,893	11.7
3	Subcontractor A	Concrete reinforcement works	14 years	35 days; Cheque	4,052	9.6
4	Subcontractor C	Concrete reinforcement works	7 years	35 days; Cheque	2,722	6.5
5	Subcontractor G *(Note 7)*	Piling works	2 years	Payment upon receipt of invoice; Cheque	1,066	2.5
				Our five largest subcontractors combined :	19,110	45.5
				Other suppliers and subcontractors combined :	22,860	54.5
				Total purchase cost :	41,970	100.0

For FY2017/18

Rank	Subcontractor	Service provided to us	Year(s) of business relationship	Typical credit terms and payment method	Amount of subcontracting cost	% of the total purchase cost
					S$' 000	*%*
1	Subcontractor C	Concrete reinforcement works	7 years	35 days; Cheque	11,867	19.3
2	Subcontractor A	Concrete reinforcement works	14 years	35 days; Cheque	10,441	17.0
3	Subcontractor F	Drainage works	2 years	35 days; Cheque	6,310	10.2
4	Subcontractor H *(Note 8)*	Structural steel works	1 year	35 days; Transfer	4,782	7.8
5	Subcontractor G	Piling works	2 years	Payment upon receipt of invoice; Cheque	2,549	4.1
				Our five largest subcontractors combined :	35,949	58.4
				Other suppliers and subcontractors combined :	25,631	41.6
				Total purchase cost :	61,580	100.0

For the five months ended 28 February 2019

Rank	Subcontractor	Service provided to us	Year(s) of business relationship	Typical credit terms and payment method	Amount of subcontracting cost	% of the total purchase cost
					S$' 000	*%*
1	Subcontractor C	Concrete reinforcement works	7 years	35 days; Cheque	5,813	17.2
2	Subcontractor I *(Note 9)*	Road construction works/ Drainage works	Less than 1 year	30 days; Cheque	5,139	15.2
3	Subcontractor H	Structural steel works	1 year	35 days; Bank transfer	2,941	8.7
4	Subcontractor A	Concrete reinforcement works	14 years	35 days; Cheque	2,270	6.7
5	Subcontractor J *(Note 10)*	Road construction works	Less than 1 year	14 days; Cheque	1,610	4.7
				Our five largest subcontractors combined:	17,773	52.5
				Other suppliers and subcontractors combined:	16,108	47.5
				Total purchase cost:	33,881	100.0

Notes:

1. Subcontractor A is a private company in Singapore, which engages in general contractors services.

2. Subcontractor B is a private company in Singapore, which engages in building construction services.

3. Subcontractor C is a private company in Singapore, which engages in building construction services.

4. Subcontractor D is a private company in Singapore, which engages in building construction services.

5. Subcontractor E is a private company in Singapore, which engages in shore protection and civil engineering works services.

6. Subcontractor F is a private company in Singapore, which engages in general contractors services.

7. Subcontractor G is a subsidiary owned by a public company listed on the Singapore Stock Exchange, the principal businesses of which include foundation work services.

8. Subcontractor H is a private company in Singapore, which engages in the building construction and general contractor services.

9. Subcontractor I is a group of private companies in Singapore, which engages in the civil engineering, ground support and stabilisation services.

10. Subcontractor J is a private company in Singapore, which engages in the civil engineering, asphalt works and road marking services.

None of our Directors, their close associates, or any Shareholders who owned more than 5% of the number of issued shares of our Company as at the Latest Practicable Date had any interest in any of our five largest subcontractors during the Track Record Period.

OUR MACHINERY

During the Track Record Period, we possessed our own machinery for performing different types of civil engineering works and building construction works. Therefore, we are not materially reliant on third parties for machinery rental.

Our major machinery

We own the following major machinery for performing civil engineering works and building construction works:

Hydraulic excavator

A hydraulic excavator is a vehicle that is designed for excavation purposes and transporting construction materials.

Compactor roller

A compactor roller is an engineering vehicle that is designed for compacting soil, gravel, concrete, or asphalt in construction.

Bulldozer

A bulldozer is a machine that is designed for excavation purposes, pushing construction materials, wrecking, and transportation of construction materials.

Articulated dump truck

An articulated dump truck in the construction context is a vehicle that is designed for moving loose construction materials and/or waste.

Screener

A screener in the construction context is a machine that is designed for screening, splitting, and stockpiling construction aggregates.

Crusher

A crusher in the construction context is a machine that is designed to reduce the size or change the form of construction wastes/materials for the ease of disposal.

The following table sets out the movement in the number of machines during the Track Record Period:

	Hydraulic excavator *Number of units*	**Compactor roller** *Number of units*	**Other machinery** *Number of units*	**Other construction equipment** *Number of units*	**Total** *Number of units*
As at 1 October 2015	45	12	4	35	96
Additions	14	5	–	10	
Disposals	(12)	–	–	–	
As at 30 September 2016	47	17	4	45	113
Additions	4	3	2	14	
Disposals	(2)	(1)	–	(7)	
As at 30 September 2017	49	18	6	53	126
Additions	3	–	3	11	
Disposals	(8)	(5)	(1)	(13)	
As at 30 September 2018	44	13	8	51	116
Additions	–	–	–	–	
Disposals	–	–	–	–	
As at 28 February 2019	44	13	8	51	116

Note:

Other machinery include bulldozers, articulated dump trucks, screeners, crushers etc.

Other construction equipment mainly include compressors, welding machines, lighting towers, roller compactors, water treatment systems, water pumps, diesel forklift etc.

Age and replacement cycle of machinery

The following table sets out a breakdown of the value of our machinery by different age group as at the Latest Practicable Date:

	No. of units	Range of remaining useful life (years)	Acquisition costs (S$ million)	Net book value (S$ million)
Hydraulic excavator	50	0.05–4.92	7.80	2.34
Compactor roller	16	0.67–4.92	1.25	0.18
Other machinery	11	0.25–4.92	2.07	0.56
Other construction equipment	51	0.17–4.08	1.75	0.42
	128	0.08–4.50	12.87	3.50

As at the Latest Practicable Date, our Directors consider that our existing machinery were in good operating conditions in general. We do not have a pre-determined or regular replacement cycle for our machinery and replacement decisions are made on a case-by-case basis having regard to the operating condition of individual unit of machinery.

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we acquired new machinery at the cost of approximately S$2.3 million, S$1.1 million, S$1.5 million and nil, respectively.

Although our Directors consider that our existing machinery were in good operating conditions in general, the probability and frequency of breakdown or malfunction of our existing machinery will increase as such machinery ages. Our Directors consider that continued investments in new machinery are necessary in order to cope with our business development, strengthen our brand name and increase our overall efficiency, capacity and technical capability in performing civil engineering works and building construction works as well as our ability to cater for different needs and requirements of different customers. For further information regarding our plan to acquire new machinery, please refer to the paragraph headed "Business strategies" in this section above as well as the section headed "Future plans and use of proceeds" in this prospectus.

Utilisation rate

We maintain an internal record of the usage of our major types of machinery including the duration and the project for which the machinery is occupied. Based on such record, the following table sets out the approximate utilisation rate of our major types of machinery respectively during the Track Record Period (which is calculated as the total number of days for which our major types of machinery were occupied in our work sites in a financial year, divided by the total number of days in that financial year (excluding the number of days in which the machinery were under repair)):

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2019
	%	%	%	%
Hydraulic excavator	97	97	97	96
Compactor roller	97	97	96	90
Other machinery and construction equipment	95	95	91	93

Safekeeping of machinery

Machinery that is not in use is generally stored on site or at our headquarters which are equipped with locked gates and closed-circuit television security cameras. For details of our warehouse, please refer to the paragraph headed "Our properties" in this section.

Repair and maintenance

Our Directors believe that good conditions of machinery are important to the efficient and smooth performance of works and to our workplace safety. As such, during the Track Record Period, when our machinery was out-of-order, we will send the machinery to third party for repairs.

Financing arrangements for the purchase of machinery

Taking into account our liquidity position and capital need, during the Track Record Period, we raised external financing for the purchase of certain machinery through finance leases. In particular, for each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we acquired new machinery at the cost of approximately S$1.6 million, S$0.1 million, S$1.1 million and nil, respectively, under finance lease arrangements. The finance lease arrangements are generally of two to seven years and the effective interest rates thereof ranged from 2.4% to 6.5% per annum. In any event of default (e.g. when we fail to repay any interest and/or principal pursuant to the finance lease agreement), the banks are entitled to (i) terminate the finance leases and demand immediate repayment of all outstanding finance leases or the return of the machinery; or (ii) call in personal guarantee by our Controlling Shareholders. For further details of the finance lease arrangements, please refer to the section headed "Financial information – Indebtedness" in this prospectus.

OUR MOTOR VEHICLES

As at the Latest Practicable Date, we possessed motor vehicles which mainly includes trucks and lorries. During the Track Record Period, we used trucks and lorries for transporting our site workers and construction materials to and from our construction sites during their deployment. The following table sets out the movement in the number of trucks and lorries during the Track Record Period:

	Trucks and lorries *Number of units*
As at 1 October 2015	25
Additions	3
Disposals	(3)
As at 30 September 2016	25
Additions	2
Disposals	(1)
As at 30 September 2017	26
Additions	3
Disposals	(2)
As at 30 September 2018	27
Additions	–
Disposals	–
As at 28 February 2019	27

The utilisation rate of our motor vehicles was approximately 85%, 91%, 92% and 93% for FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, respectively, which is calculated as the total number of days for which our motor vehicles were occupied for transporting our site workers and construction materials to and from our construction sites in a financial year, divided by the total number of working days in that financial year.

SALES AND MARKETING

During the Track Record Period, we secured new businesses mainly through (i) tender opportunities published on the GeBIZ system (the Singapore government's one-stop e-procurement portal); or (ii) direct invitation for tender or quotation request by customers.

For public sector projects, we monitor the GeBIZ system weekly to identify relevant tenders that we can participate in. Our Directors consider that since all tenders with the Singapore government department are on an open tender basis via GeBIZ rather than invitations or based on relationships, our established track record of quality and reliable services provided to our existing customers will place us in an advantageous position when competing for tenders.

For private sector projects, our Directors consider that due to our proven track record and our relationship with our existing customers, we are able to leverage our existing customer base and our reputation in the building construction market and the civil engineering market in Singapore such that we do not rely heavily on marketing activities other than liaising with existing and potential customers from time to time for relationship building and management.

QUALITY CONTROL

We have obtained the ISO 9001 accreditation since 2007, respectively, certifying our quality management systems to be in accordance with the requirements of the ISO 9001 standards. Our quality management system is set up with clear procedures of management system planning, support, operation and performance evaluation. Our workers, as well as our subcontractors, are required to follow such procedures.

Our executive Directors are responsible for our overall quality assurance. For details on their biographical information, please refer to section headed "Directors and senior management" in this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaint or request for any kind of material compensation from our customers due to quality issue in relation to services provided by us or our subcontractors.

OCCUPATION HEALTH AND SAFETY

We place emphasis on occupational health and work safety and provide safety training to our staff, including our subcontractors, covering topics such as our safety measures from time to time. Due to the nature of works in construction sites, risks of accidents or injuries to workers are inherent. As such, we have established a safety management system which was certified to conform with the OHSAS 18001 standards in order to provide our employees and our subcontractors' employees with a safe and healthy working environment. We have also obtained the bizSAFE Level Star Certification.

In practice, we prepare a safety plan for each project, which is conveyed to our employees and subcontractors before the commencement of works. The purpose of the safety plan is to (i) assess and identify risks associated with the works and environments of each project; and (ii) formulate appropriate measures and work procedures for implementation.

In January 2016, we recorded one workplace accident resulting in injury to a worker. The workplace accident involved a worker who suffered injury to his left foot in the course of works. The aforesaid workplace accident was reported to the MOM and we are required to pay medical leave wages and medical expenses for the worker. Such accident has been covered by our insurance policies.

As advised by the Singapore Legal Adviser, the injured employees have up to one year from the date of accident or diagnosis of illness to decide whether to file a claim under the Work Injury Compensation Act or to file a common law claim against our Group within three years. As at the Latest Practicable Date, such accident has not been time barred against commencing common law against us. For details, please refer to the paragraph headed "Litigation and claims – potential claim" in this section.

The following table sets out a comparison of the workplace injury rate between us and the industry average during the Track Record Period:

	Industry average *(Note 1)*	**Our Group**
For the year ended 31 December 2016		
Workplace injury rate per 100,000 employed persons *(Note 2)*	467	571
Lost time injuries frequency rate *(Note 3)*	159	18
For the year ended 31 December 2017		
Workplace injury rate per 100,000 employed persons *(Note 2)*	417	Nil
Lost time injuries frequency rate *(Note 3)*	104	Nil
For the year ended 31 December 2018		
Workplace injury rate per 100,000 employed persons *(Note 2)*	402	Nil
Lost time injuries frequency rate *(Note 3)*	115	Nil
For the five months ended 28 February 2019		
Workplace injury rate per 100,000 employed persons *(Note 2)*	Not applicable	Nil
Lost time injuries frequency rate *(Note 3)*	Not applicable	Nil

Notes:

1. This information is based on the Workplace Safety and Health Report 2017 and 2018 published in February 2018 and February 2019, respectively, by the MOM and Workplace Safety and Health Institute, Singapore.

2. Workplace injury rate is calculated as the occurrence of accidents recorded divided by the total number of workmen employed during the year multiplied with 100,000.

3. Lost time injuries frequency rate is calculated as number of man days lost to workplace accidents divided by the total number of man-hours worked multiplied by 1,000,000. Number of man hours for a financial year is estimated based on the number of our relevant workers directly involved in the provision of our services, multiplied by eight hours per day per worker.

Having considered we only recorded one workplace accident during the Track Record Period, our Directors believe that our performance in relation to occupation health and safety during the Track Record Period and up to the Latest Practicable Date has been satisfactory in general.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we did not experience any material incidents or accidents in relation to occupational safety and we had not suffered from any removal, suspension, downgrading or demotion of our licences or registrations due to accidents or breaches of workplace safety regulations.

ENVIRONMENTAL COMPLIANCE

Our operations at work sites are subject to certain environmental requirements pursuant to the laws in Singapore, including primarily those in relation to flying dust, falling fragments disposal and treatment of industrial waste and public nuisance during the Track Record Period. For details of the regulatory requirements, please refer to the section headed "Regulatory overview" in this prospectus.

We are committed to the minimisation of any adverse impact on the environment resulting from our business activities. In order to comply with the applicable environmental protection laws, we have established environmental management systems in accordance with the ISO 14001 international standards. Our environmental management systems include measures and work procedures governing environmental protection compliance that are required to be followed by our employees and our subcontractors.

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we incurred approximately S$32,000, S$73,000, S$408,000 and S$196,000, respectively, directly in relation to the compliance with applicable environmental requirements. Such amounts mainly included subcontracting charges for filtering water discharge, implementing noise monitoring system, and the engagement of pest control services. We estimate that our annual cost of compliance going forward will be consistent with our scale of operation and affected by our agreements with customers and subcontractors as to the party responsible for bearing the relevant costs from project to project.

During the Track Record Period and up to the Latest Practicable Date, we did not record any material non-compliance with the applicable environmental requirements.

INSURANCE

Our insurance policies as at the Latest Practicable Date include:

- Work injury compensation policies for all our manual workers and non-manual workers, as stipulated by the MOM, renewed annually;

- Group insurance policy to cover hospitalisation and surgical expenses for all staff (including foreign workers as required by the MOM);

- Public liability insurance to cover personal injuries and damage to property in Singapore, in connection with our operations;

- Fire insurance to cover loss or damage to our inventories, properties, plants and machinery due to fire; and

- Insurance policies for our motor vehicles and fleet of machinery to cover any liability for death or bodily injury of third parties on the road or to protect against damages to the motor vehicle and the fleet of machinery.

Our Directors consider that our insurance coverage is adequate for the operation of our business, and is in line with the industry norm. For each of FY2015/16, FY2016/17 and FY2017/18, our total insurance expenses amounted to approximately S$0.4 million, S$0.5 million and S$0.6 million, respectively.

OUR EMPLOYEES

Number of employees

As at the Latest Practicable Date, we had 223 full-time employees (including our two executive Directors but excluding our three independent non-executive Directors), of which 174 were foreign employees which utilised the MOM foreign workers quota. The following table sets out the breakdown of our employees by function:

Function	Number of employees As at 30 September 2016	As at 30 September 2017	As at 30 September 2018	As at 28 February 2019	As at the Latest Practicable Date
General management	3	3	3	3	3
Administration and finance	6	6	13	12	11
Procurement	2	2	3	3	2
Project Management	28	26	32	33	34
Safety	5	5	6	6	8
Site workers	131	117	136	156	165
Total	175	159	193	213	223

Relationship with staff

Our Directors believe our employees are valuable assets to our business. As such, our Directors are of the view that we have maintained a good relationship with our employees. We have not experienced any significant problems with our employees or any disruption to our operations due to labour disputes nor have we experienced any material difficulties in the recruitment and retention of experienced core staff or skilled personnel during the Track Record Period and up to the Latest Practicable Date.

Training and recruitment policies

We generally recruit our employees from the open market. We intend to use our best effort to attract and retain appropriate and suitable personnel to serve us. We assess the available human resources on a continuous basis and will determine whether additional personnel are required to cope with our business development from time to time.

In particular, 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. For instance, the availability of foreign workers to the construction industry is regulated by the MOM through certain policy instruments, including (i) the dependency ceilings based on the ratio of local to foreign workers; and (ii) the quotas based on the man-year entitlements in respect of workers from non-traditional sources. We have also provided dormitories for our foreign workers in accordance with the policies. For details of the relevant regulations and policies as well as our compliance during the Track Record Period, please refer to the section headed "Regulatory overview – Employment matters" in this prospectus.

To improve our employees' technical competence and work efficiency, we provide various training to our employees, such as those on machinery operation and project management in relation to our work.

Remuneration policy

We enter into separate labour contracts with each of our employees in accordance with the applicable labour law in Singapore. The remuneration package we offer to our employees includes salary, discretionary bonus and medical subsidies. We generally determine employee salaries based on each employee's qualification, experience and suitability and we intend to maintain our remuneration package competitive in order to attract and retain talented labour. The performances of our employees are reviewed annually for the purposes of promotion appraisals, salary adjustments and determination of annual bonus.

OUR PROPERTIES

Owned property

As at the Latest Practicable Date, apart from our investment properties stated in the paragraph headed "Property investment" in this section, we owned the following properties:

Address	Gross floor area *sq. ft.*	Use of the property	Market value as at 31 May 2019 *S$*
16 Kian Teck Way, Singapore 628749	34,106.60	Office, storage and industrial use	8,750,000
39 Pavilion Place, Singapore 658375	3,207.67	Investment (rented to Mr. Teo)*(Note 1)*	3,010,000

Address	Gross floor area *sq. ft.*	Use of the property	Market value as at 31 May 2019 *S$*
14 Pavilion Rise, Singapore 658649	3,767.40	Investment (rented to Mr. Poon)*(Note 2)*	3,480,000

Notes:

1. Mr. Teo is our executive Director and one of our Controlling Shareholders and deemed as connected person of our Group. Mr. Teo pays a monthly rental of S$5,000 which was arrived at after arm's length negotiation and was fair and reasonable according to a fair rent opinion issued by an independent property valuer. For details, please refer to the section headed "Connected transactions" in this prospectus.

2. Mr. Poon is our executive Director and one of our Controlling Shareholders and deemed as connected person of our Group. Mr. Poon pays a monthly rental of S$6,000 which was arrived at after arm's length negotiation and was fair and reasonable according to a fair rent opinion issued by an independent property valuer. For details, please refer to the section headed "Connected transactions" in this prospectus.

Leased property

As at the Latest Practicable Date, we leased the following properties as dormitories for our foreign workers:

Address	Maximum occupancy load	Monthly rent and service charge *S$*	Tenure
Block 18 Toh Guan Road East, #05-31, Singapore 608591	10 persons	3,000	one year commencing on 1 July 2019
Block 20 Toh Guan Road East, #02-42, Singapore 608592	10 persons	3,000	one year commencing on 1 November 2018
Block 20 Toh Guan Road East, #03-49, Singapore 608592	10 persons	3,000	one year commencing on 1 February 2019
Block 20 Toh Guan Road East, #04-47, Singapore 608592	10 persons	3,000	one year commencing on 1 January 2019

Address	Maximum occupancy load	Monthly rent and service charge *S$*	Tenure
Block 24 Toh Guan Road East, #04-67, Singapore 608594	10 persons	3,000	one year commencing on 1 January 2019
Block 28 Toh Guan Road East, #05-08, Singapore 608596	12 persons	3,600	one year commencing on 1 April 2019
Block 28 Toh Guan Road East, #05-09, Singapore 608596	12 persons	3,600	one year commencing on 1 April 2019
Block 28 Toh Guan Road East, #05-10, Singapore 608596	12 persons	3,600	one year commencing on 1 April 2019
Block 28 Toh Guan Road East, #05-11, Singapore 608596	12 persons	3,600	one year commencing on 1 April 2019
Block 28 Toh Guan Road East, #05-12, Singapore 608596	12 persons	3,600	one year commencing on 1 February 2019
Block 28 Toh Guan Road East, #13-12, Singapore 608596	12 persons	3,540	one year commencing on 12 April 2019
Block 28 Toh Guan Road East, #17-12, Singapore 608596	12 persons	3,600	one year commencing on 1 July 2019
Block 28 Toh Guan Road East, #17-13, Singapore 608596	12 persons	3,600	one year commencing on 1 July 2019
13 Kian Teck Lane, #06-51, Singapore 627849	12 persons	3,000	one year commencing on 1 May 2019

In addition to the above leased properties, we have obtained more than 30 temporary occupancy licenses for the storage of small construction machinery, tools and equipment near our construction sites.

Our Directors confirm that we leased the above properties from independent third parties.

OUR INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we have (i) registered a trademark in each of Hong Kong and Singapore; and (ii) registered a domain name. For further details of our intellectual property rights, please refer to the paragraph headed "B. Further information about the business of our Group – 2. Intellectual property rights" in Appendix V to this prospectus.

Our Directors are of the view that we have taken all reasonable steps and measures to protect our intellectual property rights against any potential infringement. As at the Latest Practicable Date, we were not involved in any litigation relating to the infringement of any intellectual property rights belonging to third parties in respect of our products. Our Directors also confirmed that our Group did not receive any notice of any infringement of intellectual property rights during the Track Record Period and up to the Latest Practicable Date.

RESEARCH AND DEVELOPMENT

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

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key risks relating to our business operation are set out in the section headed "Risk factors" in this prospectus. The following sets out the key measures adopted by us under our risk management and internal control systems for managing the more particular operational and financial risks relating to our business operation:

Liquidity risk

To commence a new project, we are generally required to incur significant upfront costs, such as the salary of our direct labours, subcontracting fees and material costs, in the early stage before such costs can be recovered from our customers, which would generally happen after a period of approximately six months.

In order to manage our liquidity position in view of the aforesaid upfront costs associated with undertaking contract works, we have adopted the following measures:

(i) Our administration and finance department will prepare an analysis of the forecasted amount and timing of cash inflows and outflows in relation to our overall business operations so as to ensure the sufficiency of our financial resources; and

(ii) If, based on our regular monitoring by our administration and finance department, there is any expected shortage of internal financial resources, we may refrain from undertaking new projects and/or consider different financing alternatives, including but not limited to obtaining adequate committed lines of funding from banks and other financial institutions.

Credit risk

In order to minimise such credit risk and our financial loss, most of our customers are required to settle payment within 35 days after issuance of our invoice. We would monitor and evaluate overdue payments on a case-by-case basis and consider appropriate follow-up actions such as reissuing invoices and actively communicating with customers.

Customer concentration risk

Please refer to the paragraph headed "Our customers – Customer concentration" in this section.

Risk of potential inaccurate cost estimation and cost overruns

Please refer to the paragraph headed "Our business model – Pricing strategy" in this section.

Risk relating to subcontractors' performance

Please refer to the paragraph headed "Our subcontractors – Control over subcontractors" in this section.

Risk relating to missing workers and forfeiture of security bonds

For each non-Malaysian foreign employee for whom we were successfully granted with a work permit, a security bond of S$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes under the Employment of Foreign Manpower Act. The security bonds furnished by us may be forfeited if, among other things, our foreign employees go missing or violate any of the conditions of the work permits.

We work closely with recruiting agencies and have put in place a screening and recruitment process with a view to carefully reviewing and assessing the personal information and background of candidates before making any employment decision in order to minimise our risk in relation to missing workers and forfeiture of security bonds.

We generally arrange transportation for our foreign workers to and from their respective work sites with our own motor vehicles. This enables us to be closely informed about the whereabouts of our foreign employees. In addition, under our typical employment contracts, we forbid our foreign employees from working for anyone other than our Group without our consent, failing which their employments will be determined.

Quality control risk

Please refer to the paragraph headed "Quality control" in this section.

Occupational health and safety risk

Please refer to the paragraph headed "Occupational health and safety" in this section.

Environmental compliance risk

Please refer to the paragraph headed "Environmental compliance" in this section.

Regulatory risk management

Corporate governance measures

We will comply with the Corporate Governance Code. 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. In particular, one of the primary duties of our audit committee is to review the effectiveness of our internal audit activities, internal controls and risk management systems. For further details of the three board committees, please refer to the section headed "Directors and senior management – Board committees" in this prospectus.

In addition, we will implement corporate governance measures to ensure the performance of the non-competition undertakings of our Controlling Shareholders. For details of the corporate governance measures in this regard, please refer to the section headed "Relationship with Controlling Shareholders – Non-competition undertaking – Corporate governance measures" in this prospectus.

Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code every financial year.

Risk management relating to compliance with the Listing Rules after Listing

In order to ensure continuous compliance with the Listing Rules after Listing, our Directors attended training sessions conducted by our legal advisers as to Hong Kong law on the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange. We have also appointed Grande Capital Limited as our compliance adviser to advise us on compliance issue.

After Listing, our executive Directors will be responsible for overseeing our compliance issues. When considered necessary and appropriate, we will also seek professional advice and assistance from independent professional advisers with regards to matters relating to our legal compliance.

NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any non-compliance matters which resulted or may result in a material impact on our business operation and financial condition.

LITIGATION AND CLAIMS

During the Track Record Period and up to the Latest Practicable Date, our Group has been involved in a number of claims and litigations which were all concluded as at the Latest Practicable Date.

Concluded cases

During the Track Record Period and up to the Latest Practicable Date, our Group was involved in the following concluded claims and litigations:

(i) two contractual claims commenced by us against our tenants in relation to the recovery of payment of rental debt for the aggregate sum of S$121,058.77. The above claims were concluded in December 2016 and June 2018, respectively, with a total settlement amount of S$100,907.53. We were also involved in a contractual claim commenced by us against our tenant in relation to the recovery of payment of rental debt for the sum of S$245,310.27 and based on our management's estimation on the possibility of recovery of such rental debt from the tenant and the court hearing in July 2018, we decided not to pursue for the payment owing to us; and

(ii) four negligence claims commenced by independent third parties in relation to four motor vehicle accidents which involved the alleged negligence of our workers whilst driving our motor vehicles, causing the accidents and resulting in injury and/or loss to the independent third parties. The negligence claims were commenced in September 2017, November 2017, December 2017 and March 2019, respectively and all have been covered by our insurance policies. The above claims have been withdrawn by the plaintiffs in May 2019, January 2018, March 2018 and June 2019, respectively.

Potential claim

As advised by the Singapore Legal Adviser, an injured employee has up to one year from the date of accident or diagnosis of illness to decide whether to file a claim under the Work Injury Compensation Act (Chapter 354 of Singapore) or to file a common law claim against our Group within three years. As at the Latest Practicable Date, no workplace accident has not been time barred against commencing common law claim against us.

Any amounts payable under such potential claims (if any) shall be covered by the relevant insurance policies.

Our Group is required under the relevant legislation in Singapore to take out and has taken out compulsory insurance policies in Singapore to provide for third party liability under such claim. Our Directors confirm that the aforementioned outstanding claim would not result in any material impact on the financial position or results and operations of our Group.

No provision for potential claim

Insurance policies have been taken out in compliance with applicable laws and regulations with a view to providing sufficient coverage for the work-related injuries for our employees and we have not incurred any material liabilities as a result thereof. As such, these incidents did not and are not expected to have a material impact on our Group's operations. For further details of our insurance policies, please refer to the paragraph headed "Insurance" in this section. Regarding the above potential claim, no provision was made in the financial statements of our Group having considered (i) the uncertainties as to whether such potential claim will be commenced; (ii) the coverage of insurance policy; (iii) the uncertainties in the total amount that will be involved for such potential claim, if any; and/or (iv) the indemnity given by our Controlling Shareholders which will be discussed below.

Save as disclosed above, no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration of material importance is known to our Directors to be pending or threatened against any member of our Group as at the Latest Practicable Date.

INDEMNITY GIVEN BY OUR CONTROLLING SHAREHOLDERS

Our Controlling Shareholders have entered into a Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of any liabilities and penalties which may arise as a result of any outstanding and potential litigations (including criminal litigations), claims of our Group on or before the date on which the Share Offer becomes unconditional. Further details of the Deed of Indemnity are set out in the section headed "E. Other information – 1. Estate duty, tax and other indemnities" in Appendix V to this prospectus.

CONNECTED TRANSACTIONS

During the Track Record Period, we have entered into a number of related party transactions, details of which are set out in Note 34 to the accountants' report set out in Appendix I to this prospectus. Our Directors have confirmed that these related party transactions were conducted in the ordinary course of business and on normal commercial terms, which is further discussed in the section headed "Financial information – Related party transactions" in this prospectus. Save as described in this section below, these related party transactions have discontinued before the Share Offer.

Exempt Continuing Connected Transactions

The following transactions, which constitute continuing connected transactions exempt from all reporting, annual review, announcement and independent Shareholders' approval (including independent financial advice) requirements under Chapter 14A of the Listing Rules, are expected to continue following the Listing.

1. Property Lease Agreement A

Background

On 14 December 2018, Sing Tec Development, as landlord, entered into a property lease agreement (the "**Property Lease Agreement A**") with Mr. Poon, as tenant, for a term of 36 months commencing from 1 December 2018 and ending on 30 November 2021 in respect of 14 Pavilion Rise, Singapore 658649 (together with the fixtures, fittings and household effects now in the property) for purpose of a private residence at a monthly rental of S$6,000 (which was arrived at after arm's length negotiations between Sing Tec Development and Mr. Poon with regard to the prevailing market rent as assessed by an independent valuer).

Historical transaction amounts

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we received approximately S$72,000, S$72,000, S$72,000 and S$30,000, respectively, for such transaction.

Annual caps and basis

It is expected that the maximum transaction amount under the Property Lease Agreement A will be S$60,000, $72,000, $72,000 and S$12,000 for FY2018/19, FY2019/20, FY2020/21 and FY2021/22, respectively. Such estimate of maximum transaction amount is based on the fixed rental for the premise as set out in the Property Lease Agreement A.

2. *Property Lease Agreement B*

Background

On 14 December 2018, Sing Tec Development, as landlord, entered into a property lease agreement (the "**Property Lease Agreement B**") with Mr. Teo, as tenant, for a term of 36 months commencing from 1 December 2018 and ending on 30 November 2021 in respect of 39 Pavilion Place, Singapore 658375 (together with the fixtures, fittings and household effects now in the property) for purpose of a private residence at a monthly rental of S$5,000 (which was arrived at after arm's length negotiations between Sing Tec Development and Mr. Teo with regard to the prevailing market rent as assessed by an independent valuer).

Historical transaction amounts

For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, we received approximately S$60,000, S$60,000, S$60,000 and S$25,000, respectively, for such transaction.

Annual caps and basis

It is expected that the maximum transaction amount under the Property Lease Agreement B will be S$50,000, $60,000, $60,000 and S$10,000 for FY2018/19, FY2019/20, FY2020/21 and FY2021/22, respectively. Such estimate of maximum transaction amount is based on the fixed rental for the premise as set out in the Property Lease Agreement B.

LISTING RULES IMPLICATIONS

As each of Mr. Poon and Mr. Teo is our executive Director and one of our Controlling Shareholders, Mr. Poon and Mr. Teo are both connected persons of our Company under the Listing Rules. Accordingly, the transactions under the Property Lease Agreement A and the Property Lease Agreement B constitute continuing connected transactions of our Company under the Listing Rules following the Listing.

Since each of the applicable percentage ratios under the Listing Rules on an annual basis is less than 5% and the annual consideration payable under each of the Property Lease Agreement A and the Property Lease Agreement B is less than HK$3,000,000, the Property Lease Agreement A and the Property Lease Agreement B are both fully exempt from all reporting, annual review, announcement and independent shareholders' approval (including independent financial advice) requirements under Chapter 14A of the Listing Rules.

OUR DIRECTORS' VIEW

Our Directors (including our independent non-executive Directors) are of the view that each of the Property Lease Agreement A and the Property Lease Agreement B have been entered into on normal commercial terms, on arm's length basis, in the ordinary and usual course of business of our Group and that the terms of the Property Lease Agreement A and the Property Lease Agreement B are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

THE SPONSOR'S VIEW

The Sponsor is of the view that each of the Property Lease Agreement A and the Property Lease Agreement B have been entered into on normal commercial terms, on arm's length basis, in the ordinary and usual course of business of our Group and that the terms of the Property Lease Agreement A and the Property Lease Agreement B are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

DIRECTORS

Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors. The following tables set out information regarding our current Directors:

Name	Age	Present Position	Date of joining our Group	Date of appointment as Director of our Company	Roles and Responsibilities	Relationship with other Director(s), and/or Senior Management
Executive Directors						
Mr. Poon Soon Huat (方順發)	66	Executive Director and Chairman	21 September 1998	17 September 2018	Overall management, formulation of business strategies and supervision of operations of our Group	Nil
Mr. Teo Teck Thye (張德泰)	55	Executive Director and chief executive officer	21 September 1998	17 September 2018	Overall management, formulation of business strategies and supervision of operations of our Group	Nil
Independent non-executive Directors						
Mr. Chan Kwok Wing Kelvin (陳國榮)	65	Independent non-executive Director	23 August 2019	23 August 2019	Providing independent judgement on our strategy, performance, resources and standard of conduct	Nil
Mr. May Tai Keung Nicholas (梅大強)	57	Independent non-executive Director	23 August 2019	23 August 2019	Providing independent judgement on our strategy, performance, resources and standard of conduct	Nil
Mr. Tam Hon Fai (譚漢輝)	36	Independent non-executive Director	23 August 2019	23 August 2019	Providing independent judgement on our strategy, performance, resources and standard of conduct	Nil

Executive Directors

Mr. Poon Soon Huat (方順發), aged 66, was appointed as our Director on 17 September 2018 and re-designated as our executive Director on 10 December 2018. He also serves as the Chairman. He is responsible for overall management, formulation of business strategies and supervision of operations of our Group.

Mr. Poon has over 30 years of experience in the construction industry in Singapore. He is a co-founder of our Group. He is also a director of each and every wholly-owned subsidiary of our Company. From 1984 to 1993, he was a director of Veely Construction Pte Ltd. From 1991 to 2007, he was also a director of Chang Yong Construction Pte Ltd.

Mr. Poon was educated to General Certification of Education secondary IV level in Singapore. Mr. Poon obtained a Trade Certificate in Applied Electronic from Jurong Vocational Institute in 1972 and a certificate of Construction Safety Course for Project Managers from the Ministry of Manpower of Singapore in 1998.

Mr. Teo Teck Thye (張德泰), aged 55, was appointed as our Director on 17 September 2018 and re-designated as our executive Director on 10 December 2018. He also serves as the chief executive officer. He is responsible for overall management, formulation of business strategies and supervision of operations of our Group.

Mr. Teo has over 20 years of experience in the construction industry in Singapore. He is a co-founder of our Group. Prior to the establishment of our Group, Mr. Teo was the owner of several sole proprietorship and partnership, which were mainly involved in retail sale of clothing and furniture and provision of food and beverage. Mr. Teo obtained a certificate of Vector Control Course for Construction Site Supervisors from the Centre for Environmental Training in 1996, a certificate of Building Construction Safety Supervisors Course from the Ministry of Labour of Singapore in 1996 and a skills evaluation certificate of Construction Plant Operation (Excavator) in 1997.

Independent non-executive Directors

Mr. Chan Kwok Wing Kelvin (陳國榮), aged 65, was appointed as our independent non-executive Director on 23 August 2019. He is primarily responsible for providing independent judgement on our strategy, performance, resources and standard of conduct. He is the chairman of the remuneration committee and a member of the audit and nomination committee.

From October 1979 to July 1980, Mr. Chan worked with Ng Chun Man & Associates as town planner. From July 1980 to July 1981, he worked with Hong Kong Prisons Department (currently known as Hong Kong Correctional Services Department) as executive officer. From July 1981 to December 2013, he worked with the Planning Department of Hong Kong government, with his last position as chief town planner. Since January 2010, Mr. Chan has been a director of several limited companies, which are mainly engaged in provision of corporate services and properties and investment holding.

Mr. Chan obtained a degree of bachelor of arts from the University of Toronto in June 1979 and degree of master of philosophy from the University of London in July 1985. He also obtained a certificate in urban design from the University of Hong Kong in June 1992 and a postgraduate diploma in photography from the School of Professional and Continuing Education of the University of Hong Kong in June 2016. He was elected as a member of the Hong Kong Institute of Planners in July 1986 and a member of the Royal Town Planning Institute in June 1986.

Mr. May Tai Keung Nicholas (梅大強), aged 57, was appointed as our independent non-executive Director on 23 August 2019. He is primarily responsible for providing independent judgement on our strategy, performance, resources and standard of conduct. He is a member of the audit and nomination committee.

Mr. May has gained experience of accounting, finance and general management since 1987. From September 1987 to October 1990, he worked with Deloitte Ross Tohmatsu (currently known as Deloitte Touche Tohmatsu), with his last position held as senior accountant in the audit department. Since then, he had worked at management level in various private companies. From October 2002 to October 2003, he worked for Kinetana International Biotech Pharma Ltd, a company listed on GEM of the Stock Exchange (stock code: 8031) and delisted from the Stock Exchange in September 2006, as the financial controller and company secretary. From March 2004 to July 2005, he worked for Zhongda International Holdings Ltd, a company listed on the Main Board (stock code: 909), as the group financial controller and company secretary. From August 2005 to October 2006, he worked for Matsunichi Communication Holdings Limited (currently known as Goldin Properties Holdings Limited) , a company listed on the Main Board (stock code: 283) and delisted from the Stock Exchange in August 2017, as the chief financial officer and company secretary and his last position as deputy general manager. From April 2007 to October 2009, he worked for Hopewell Holdings Limited, a company listed on the Main Board (stock code: 54), as the group financial controller. From May 2008 to October 2009, he also worked for Hopewell Highway Infrastructure Limited (now known as Shenzhen Investment Holdings Bay Avea Development Company Limited), a company listed on the Main Board (stock code: 737), as an alternate director. From March 2010 to March 2013, he worked for China Resources Property Management Limited as the chief financial officer and internal audit director. Since July 2013, he has been appointed as the director of Nichova Consultants Ltd.

In addition, from April 2015 to January 2018, Mr. May served in China Information Technology Development Limited, a company listed on GEM of the Stock Exchange (stock code: 8178), as an independent non-executive director.

Mr. May obtained a degree of bachelor of economics from Macquarie University in Australia in April 1986 and a degree of master of commerce in finance from the University of New South Wales in Australia in June 1995. He has been an associate of the Hong Kong Society of Accountants (currently known as The Hong Kong Institute of Certified Public Accountants) since June 1990.

Mr. Tam Hon Fai (譚漢輝), aged 36, was appointed as our independent non-executive Director on 23 August 2019. He is primarily responsible for providing independent judgement on our strategy, performance, resources and standard of conduct. He is the chairman of the audit committee and a member of the remuneration committee.

Mr. Tam worked at Deloitte Touche Tohmatsu from September 2006 to August 2011 in the audit department. From December 2011 to July 2013, Mr. Tam was the company secretary of Zhonghua Gas Holdings Limited (formerly known as Northern New Energy Holdings Limited and Noble House (China) Holdings Limited) (stock code: 8246), a company listed on GEM of the Stock Exchange, responsible for general corporate governance affairs. From February 2014 to September 2014, Mr. Tam was the financial controller of Bamboos Health Care Holdings Limited (stock code: 2293), a company listed on GEM of the Stock Exchange in July 2014 and transferred of its listing to the Main Board in February 2017, responsible for financial operations and management. Since January 2012, Mr. Tam has acted as audit partner of CTY & Co. In August 2017, Mr. Tam joined JMG Corporate Advisory Limited, a firm principally engaged in provision of corporate advisory services, and appointed as executive director.

Mr. Tam obtained a degree of bachelor of business administration in accounting from the Hong Kong University of Science and Technology in May 2006. He has been a qualified accountant of the Hong Kong Institute of Certified Public Accountants since January 2010.

Save as disclosed above, each of the Directors has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

DISCLOSURE REQUIRED UNDER RULE 13.51(2) OF THE LISTING RULES

Some of our Directors were directors of the following companies within 12 months prior to their respective dissolution. The respective Directors confirmed that the companies were solvent and inactive at the time of their dissolution and that their dissolution had not resulted in any liability or obligation against them. The following are details of the aforementioned dissolved companies:

Relevant Directors	Name of Company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution
Mr. Poon	Chang Yong Construction Pte Ltd	Singapore	Civil engineering works	22 February 2007	Striking off
	Marina City International Private Limited	Singapore	Wholesale trade	3 March 2016	Striking off
	Keat Soon Huat Contractor	Singapore	Civil engineering works	21 July 1987	Termination
Mr. Teo	Marina City International Private Limited	Singapore	Wholesale trade	3 March 2016	Striking off
	Sugi Bawa Karaoke Pub Pte Ltd	Singapore	Provision of food and beverage	5 March 2008	Striking off
	Dear E K Fashion	Singapore	Retail sale of clothing for adults	22 June 1992	Cancellation
	Kwan Heng Enterprise	Singapore	Wholesale of metal and metal ores	24 April 2000	Termination
	Star Cushion Trading	Singapore	Retail sale of furniture	31 July 1990	Termination
Mr. Chan Kwok Wing Kelvin	C & E Accounting and Secretarial Services Limited	Hong Kong	Provision of corporate service	27 August 2010	Deregistration

Save as disclosed in this prospectus, each of our Directors confirms with respect to him that: (a) he does not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (b) he does not have any relationship with any other Directors, senior management, substantial Shareholders or Controlling Shareholders of our Company as at the Latest Practicable Date; (c) he does not have any interests in our Shares within the meaning of Part XV of the SFO save as disclosed in the section headed "C. Further information about our Directors and substantial Shareholders – 1. Interests and/or short positions of our Directors in the shares, underlying shares and debentures of our Company or any associated corporation" in Appendix V to this prospectus; (d) he does not have any interest in any business which competes or is likely to compete, directly or indirectly, with us, which is disclosable under the Listing Rules; and (e) to the best knowledge, information and belief of our Directors having made all reasonable enquiries, there is no additional information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter with respect to their appointments that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

SENIOR MANAGEMENT

The following tables set out information regarding our senior management:

Name	Age	Present Position	Date of joining our Group	Roles and Responsibilities	Relationship with other Director(s), and/or Senior Management
Mr. Koh Chew Chiang (alias Xu Zhouchang) (formerly also known as Faris Koh) (許洲昌)	43	General manager	August 2004	Overall project supervision and management	Nil
Mr. Wong Yong Xian (黃榮賢)	31	Finance manager	September 2018	Overseeing our finance and accounting operation	Nil
Ms. Ooi Sock Hoon (黃錻雰)	44	Human resources and administration manager	September 2007	Overseeing our human resources and administrative matters	Nil

Mr. Koh Chew Chiang (alias Xu Zhouchang) (formerly also known as Faris Koh) (許洲昌), aged 43, is our general manager. He joined our Group in August 2004 as site engineer. He was then promoted as project manager, construction manager and general manager since February 2005, April 2009 and December 2010, respectively. He is primarily responsible for our overall project supervision and management.

Mr. Koh has over 17 years of experience in the construction industry in Singapore. Before joining our Group, from August 2001 to November 2003, Mr. Koh worked at Thye Siang Hoe Kee Contractor Pte Ltd as site engineer. From November 2003 to July 2004, he worked at Ang Tong Seng Brothers Enterprise Pte Ltd as project engineer.

Mr. Koh obtained a degree of Bachelor of Engineering (Civil) from the Nanyang Technological University in Singapore in June 2001. He has also completed an environmental control officers' course from the Singapore Environment Institute in November 2010 and a certification course in construction law & contracts from the Building and Construction Authority of Singapore in August 2015.

Mr. Wong Yong Xian (黃榮賢), aged 31, is our finance manager. He joined our Group in September 2018 and has been our finance manager since then. He is primarily responsible for overseeing our finance and accounting operation.

Mr. Wong has gained working experience in areas of auditing, accounting and financial management as well as corporate finance. Before joining our Group, from August 2012 to April 2018, Mr. Wong worked with Deloitte & Touche LLP with his last position as audit manager. From May 2018 to July 2018, he worked with Singapore Exchange Limited as assistant vice president.

Mr. Wong obtained a degree of Bachelor of Accountancy from the Nanyang Technological University in Singapore in June 2012. In September 2015, he was awarded Chartered Accountant of Singapore, registered under the Singapore Accountancy Commission (SAC) Act and was admitted as a Member of the Institute of Singapore Chartered Accountants.

Ms. Ooi Sock Hoon (黃錸雰), aged 44, is our human resources and administration manager. She joined our Group in September 2007 as administrative clerk. She was then promoted as accounts assistant, human resources, administrative and finance executive and human resources and administration manager since April 2008, April 2009 and September 2018, respectively. She is primarily responsible for overseeing our human resources and administrative matters.

Before joining our Group, from 1996 to 1999, Ms. Ooi worked with Wong Liu & Partners as audit assistant. From 2001 to 2007, she worked with Lee Tiong Refrigeration Service Centre as operation & finance executive. Ms. Ooi completed the Third Level Group Diploma in Accounting from the London Chamber of Commerce and Industry in 1994 and the Foundation Stage Examination of the Association of Chartered Certified Accountants in June 2001.

Each of the senior management members has not held directorships in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Ms. Leung Hoi Yan (梁暟欣女士), aged 39, was appointed as our company secretary of our Company on 24 June 2019 and is responsible for our secretarial affairs.

Ms. Leung has over 15 years of experience in accounting field and over eight years of experience in company secretarial matters in Hong Kong. From March 2004 to June 2005, Ms. Leung worked at Insu-Value Insurance Consultants Limited as accounts clerk. From June 2005 to March 2007, she worked at Hong Kong Communications Group Limited as accounts clerk. She worked at Strategic Public Relations Group Limited from April 2007 to April 2010 with her last position as assistant accountant. From July 2010 to July 2018, she worked at Fast Team International investment limited, with her last position as assistant company secretary. She works with BPO Global Services Limited as company secretarial manager of its listed company division and she joined BPO Global Services Limited since August 2018.

Ms. Leung holds an Honours Diploma in Accounting from Hong Kong Shue Yan College in July 2003 and obtained a Bachelor of Commerce (Honours) in Accounting from Hong Kong Shue Yan University in November 2008. She has been an associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators since December 2016.

In the three years preceding the Latest Practicable Date, Ms. Leung has not held any directorship in any public companies the securities of which are listed on any securities in Hong Kong or overseas.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee in compliance with Rule 3.21 of the Listing Rules and with the written terms of reference in compliance with the Corporate Governance Code. The primary duties of our audit committee are (i) to make recommendations to our Board on the appointment and removal of external auditors, (ii) to review the financial statements, (iii) to review the effectiveness of our Company's internal audit activities, internal controls and risk management systems, and (iv) to develop and implement policy on engaging external auditor to supply non-audit services.

Our audit committee comprises three independent non-executive Directors, namely Mr. Tam Hon Fai, Mr. Chan Kwok Wing Kelvin and Mr. May Tai Keung Nicholas. Mr. Tam Hon Fai is the chairman of our audit committee.

Remuneration committee

Our Company established a remuneration committee in compliance with Rule 3.25 of the Listing Rules and with the written terms of reference in compliance with the Corporate Governance Code. The primary duties of our remuneration committee are (i) to review and make recommendations to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; (ii) to review and make recommendations to our Board on other remuneration-related matters, including benefits-in-kind and other compensation payable to our Directors and senior management; and (iii) to review performance based remunerations and to establish a formal and transparent procedure for developing policy in relation to remuneration.

Our remuneration committee comprises an executive director, Mr. Teo Teck Thye, and two independent non-executive Directors, namely Mr. Chan Kwok Wing Kelvin and Mr. Tam Hon Fai. Mr. Chan Kwok Wing Kelvin is the chairman of our remuneration committee.

Nomination committee

Our Company established a nomination committee with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The primary duties of our nomination committee are (i) to review the structure, size, composition and diversity of our Board on a regular basis; (ii) to identify individuals suitably qualified to become Board members; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to our Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors; and (v) to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

Our nomination committee comprises an executive director, Mr. Poon Soon Huat, and two independent non-executive Directors, namely Mr. Chan Kwok Wing Kelvin and Mr. May Tai Keung Nicholas. Mr. Poon Soon Huat is the chairman of our nomination committee.

CORPORATE GOVERNANCE

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 upon the Listing.

Board Diversity Policy

We have adopted a board diversity policy (the "**Board Diversity Policy**") of our Board which sets out the objective and approach to achieve and maintain diversity of our Board in order to enhance the effectiveness of our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board members have appropriate balance and level of skills, experience and diversity of perspectives that are required to support the execution of its business strategies. Pursuant to the Board Diversity Policy, we seek to achieve board diversity through the consideration of a number of factors, including professional experience, skills, knowledge, education background, age, gender, cultural and ethnicity and length of service.

Upon the Listing, our nomination committee will review our diversity policy of our Board and compliance with the Corporate Governance Code to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the diversity policy of our Board on annual basis. Due to the industry nature of our business as a contractor for civil engineering works and building construction works and the prevailing gender dominance in the industry, our Board comprises all-male five members, including two executive Directors and three independent non-executive Directors. Our Directors have a balanced mix of experiences, including business management, business development, industry knowledge, corporate governance and compliance, finance, auditing and accounting experiences. Furthermore, the ages of our Directors range from 36 years old to 66 years old. The education background of our Directors ranges from accountancy and business administration to urban design, from the education institutions in Hong Kong and Singapore to Australia and Canada. Nevertheless, in recognising the particular importance of gender diversity, our Company confirm that our nomination committee will, within two years from the Listing Date, identify and recommend one female candidate to our Board for its consideration on her appointment as director of our Company. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including the Board and senior management levels. While we recognise that gender diversity at the Board level can be improved given its current composition of all-male Directors, we will continue to apply the principle of appointments based on merits with reference to our Board Diversity Policy as a whole.

The effective implementation of the Board Diversity Policy requires that our Shareholders are able to judge for themselves whether the Board as constituted is a reflection of diversity, or a gradual move to increased diversity, on a scale and at a speed at which they support. To this end, our Shareholders will be provided with detailed information of each candidate for appointment or re-election to the Board through announcements and circulars published prior to general meetings of our Company.

COMPLIANCE ADVISER

We have appointed Grande Capital Limited, as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the term commencing on the Listing Date and ending on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date. Such appointment may be subject to extension by mutual agreement.

Pursuant to Rule 3A.23 of the Listing Rules, we shall seek advice from our compliance adviser on a timely basis in the following circumstances:

– 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 share issues and share repurchases;

– where we propose to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate to a material extent from any forecast, estimate, or other information in this prospectus; and

– where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of director fees and/or salaries, benefits in kind and discretionary bonuses related to our performance. We also reimburse them for expenses which are necessarily and reasonably incurred in relation to all business and affairs carried out by us from time to time or for providing services to us or executing their functions in relation to our business and operations. We regularly review and determine the remuneration and compensation package of our Directors and senior management by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and our performance.

After the Listing, our Directors and senior management may also receive options to be granted under the Share Option Scheme.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

For FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, the aggregate remuneration including director fees, discretionary bonus, salaries and allowances and contribution to CPF, paid or payable to our Directors by us was approximately S$1.4 million, S$1.6 million, S$1.0 million and S$0.5 million, respectively.

For FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, the aggregate remuneration including director fees, discretionary bonus, salaries and allowances and contribution to CPF, paid or payable to the five highest paid individuals (including our Directors) by us was approximately S$1.8 million, S$2.0 million, S$1.5 million and S$0.9 million, respectively.

Save as disclosed above, no other emoluments have been paid, or are payable, by us to our Directors and the five highest paid individuals in respect of each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for FY2018/19 will be approximately S$1.0 million. Upon completion of the Listing, our remuneration committee will make recommendations on the remuneration of our Directors taking into account the performance of our Directors and market standards and the remuneration will be subject to approval by our Shareholders. Accordingly, the historical remuneration to our Directors during the Track Record Period may not reflect the future levels of remuneration of our Directors. Details of the terms of the service agreements or letters of appointment are set out in the paragraph headed "C. Further information about our Directors and substantial Shareholders – 3. Particulars of service agreements and appointment letters" in Appendix V to this prospectus.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to the accountants' report in Appendix I to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Further information on the Share Option Scheme is set forth in the paragraph headed "D. Share Option Scheme" in Appendix V to this prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Over-allotment Option or any option that may be granted under the Share Option Scheme), Mr. Poon and Mr. Teo will, through their holding company, HG TEC, hold and be entitled to exercise in general meetings voting rights attached to Shares representing approximately 75% of the issued share capital of our Company. For details of the background and experience of Mr. Poon and Mr. Teo, please refer to the section headed "Directors and senior management" in this prospectus. Mr. Poon and Mr. Teo executed the Acting in Concert Confirmation to confirm that, since the incorporation dates of Builink, Sing Tec Construction, Sing Tec Development and Initial Resources,

(i) they have actively cooperated and communicated with each other, and have adopted a consensus building approach to reach decisions on a unanimous basis;

(ii) they have voted as a group (by themselves and/or through companies controlled by them) in respect of all corporate matters relating to the financial and operations of our Group, including but not limited to exercise collective control over the relevant companies and in obtaining benefits from the activities of them, at the shareholder and board level of each member company of our Group in which any one of them serve as a member and/or a director; and

(iii) in relation to all corporate matters that require the decisions of them, they have been given sufficient time and information to consider and discuss in order to reach consensus.

Mr. Poon and Mr. Teo confirmed the existence of their acting in concert arrangement in the past, as well as their intention to continue to act in the above manner to consolidate their control of our Group until the Acting in Concert Confirmation is terminated by them in writing. As such, Mr. Poon and Mr. Teo, through HG TEC, will act in concert to exercise their voting rights in our Company and they together will be interested in a total of 75% of the issued share capital of our Company upon completion of the Share Offer.

Accordingly, Mr. Poon, Mr. Teo and HG TEC will be a group of Controlling Shareholders under the Listing Rules.

RULE 8.10 OF THE LISTING RULES

Save as disclosed above, each of our Controlling Shareholders, our Directors and their respective close associates do not have any interest apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors consider that we can operate independently from our Controlling Shareholders after of the Listing based on the following reasons:

Management independence

Our Board and members of senior management function independently from our Controlling Shareholders. Our Board comprises two executive Directors and three independent non-executive Directors. Our senior management consists of three members. Our Directors believe that we are able to manage our business independently from our Controlling Shareholders based on the following reasons:

(a) with three independent non-executive Directors out of a total of five Directors in our Board, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and protect the interests of our independent Shareholders;

(b) all members of our senior management are full-time employees of our Group and the responsibilities of our senior management team include overseeing our daily operations and maintaining risk management and internal control matters. This ensures the independence of our daily management and operations of from those of our Controlling Shareholders;

(c) each of our Directors has confirmed that, save for the JV Company discussed above in the paragraph headed "Excluded business" in this section, neither he/she nor their respective close associates has any interests in businesses which compete, or are likely to compete, either directly or indirectly, with our business and each of our Directors is aware of his/her fiduciary duties as a Director of our Company, which require, among other things, that he/she acts for the benefit and in the best interests of our Shareholders as a whole and does not allow any conflict between his duties as a Director and his/her personal interests to affect the performance of his/her duties as a Director;

(d) in the event that there is a potential conflict of interest arising from any transaction to be entered into between our Group and our Directors or their respective associates, such interested Directors(s) shall abstain from voting at the relevant meeting of our Board in respect of such transactions and shall not be counted in the quorum. In the event that the Directors are required to abstain from voting in any event of conflict of interest, our Board will still be able to function efficiently as our Board consists of two executive Directors and three independent non-executive Directors who do not hold any position in our Controlling Shareholders or their close associates; and

(e) a number of corporate governance measures are in place to avoid any potential conflict of interest between our Company and our Controlling Shareholders, and to safeguard the interests of our independent Shareholders. For further details, please refer to the paragraph headed "Corporate governance measures" in this section.

Operational independence

Our Group has an established organisational structure. Our Group has our own client base and independent source of and access to suppliers and customers. Save as the lease of residential premises to our Controlling Shareholders as disclosed in the section headed "Connected transactions" in this prospectus, we do not expect to have any business transaction between our Group and our Controlling Shareholders and/or their associates. We also do not expect to rely on our Controlling Shareholders and/or their associates for operational resources of suppliers, customers, sales and marketing and general administration resources. Our Directors confirm that, save as disclosed above, no services, premises and facilities will be provided by our Controlling Shareholders and/or their associates to our Group and our Group is able to operate independently from our Controlling Shareholders after the Listing.

Financial independence

Our Directors are of the view that we will be financially independent of our Controlling Shareholders upon Listing. All loans and balances due to and from our Controlling Shareholders and our Group will be settled before the Listing. Upon Listing, there will be no amount due to or from between our Controlling Shareholders and our Group.

During the Track Record Period, certain borrowings and finance lease obligations of our Group were secured by personal guarantees of our Controlling Shareholders, namely Mr. Poon and Mr. Teo. Please refer to the section headed "Financial information – Indebtedness" in this prospectus for details of our finance lease obligations during the Track Record Period. All such personal guarantees will be released and replaced by our Company's corporate guarantee or the borrowings secured by such guarantees will be repaid before or upon Listing.

We have an independent financial system, and make financial decisions according to our own business needs. We have sufficient capital to operate our business independently, and adequate internal resources and banking facilities to support our daily operations. Our Directors consider that our finance functions are therefore independently managed with no reliance on our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Our Company will implement the following corporate governance measures in order to manage conflict of interest following the Listing:

(a) Any transaction made (or proposed to be made) between our Company and our connected persons will be required to comply with (i) Chapter 14A of the Listing Rules which include, but without limitation to, where applicable, the announcement, reporting, and independent Shareholders' approval requirements; and (ii) such other conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Listing Rules.

(b) In respect of any proposed contracts or arrangements entered into or to be entered into between our Controlling Shareholders and any member of our Group, any Director who is considered to be interested in the relevant matter will be required to disclose his/her interests to the Board. Under the Memorandum and the Articles, if a director or any of his/her close associates has any material interest in respect of any contract or arrangement or proposal, the relevant director shall not be counted in the quorum of the relevant meeting of the boards of directors for the resolution, and vote on the resolution, approving such contract or arrangement or proposal.

(c) We have appointed Grande Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules, which will provide advice and guidance to us with respect to compliance with the Listing Rules, including various requirements relating to Directors' duties and corporate governance.

(d) Each of our Controlling Shareholders has undertaken to provide all information necessary for our independent non-executive Directors to review, on a semi-annual basis, and will disclose decisions (with basis) on matters reviewed in the interim and the annual reports of our Company or by way of announcement to be published in compliance with the disclosure requirements under the Listing Rules.

(e) Pursuant to the Corporate Governance Code, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs.

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), the following persons will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange 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 member of our Group:

LONG POSITION IN THE SHARES

Shareholder	Capacity/nature	Number of Shares held/ interest immediately following completion of the Capitalisation Issue and the Share Offer	Percentage of shareholding immediately following completion of the Capitalisation Issue and the Share Offer
HG TEC *(Note 1)*	Beneficial owner	360,000,000	75%
Mr. Poon *(Note 1)*	Interest in controlled corporation	360,000,000	75%
Mr. Teo *(Note 1)*	Interest in controlled corporation	360,000,000	75%
Ms. Yeo Siew Lan *(Note 2)*	Spouse interest	360,000,000	75%
Ms. Ng Kwee Bee *(Note 3)*	Spouse interest	360,000,000	75%

Note:

1. Each of Mr. Poon and Mr. Teo beneficially owns 50% of the entire issued share capital of HG TEC. Each of Mr. Poon and Mr. Teo is deemed to be interested in the Shares held by HG TEC pursuant to the SFO. Mr. Poon, Mr. Teo and HG TEC are regarded as a group of Controlling Shareholders acting in concert to exercise their voting rights in our Company and they together will be interested in a total of 75% of the issued share capital of our Company upon completion of the Share Offer. Each of Mr. Poon and Mr. Teo is a director of HG TEC.

2. Ms. Yeo Siew Lan is the spouse of Mr. Poon. Accordingly, Ms. Yeo Siew Lan is deemed, or taken to be, interested in all the Shares in which Mr. Poon is interested for the purposes of the SFO.

3. Ms. Ng Kwee Bee is the spouse of Mr. Teo. Accordingly, Ms. Ng Kwee Bee is deemed, or taken to be, interested in all the Shares in which Mr. Teo is interested for the purposes of the SFO.

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange 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 member of our Group.

SHARE CAPITAL

Without taking into account any Shares to be issued upon exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, our issued share capital immediately following the Share Offer will be as follows:

Authorised Share Capital:		*HK$*
1,000,000,000	Shares of HK$0.01 each	10,000,000.00
Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Share Offer:		*HK$*
63	Share in issue as at the Latest Practicable Date	0.63
359,999,937	Shares to be issued pursuant to the Capitalisation Issue	3,599,999.37
120,000,000	Shares to be issued pursuant to the Share Offer	1,200,000.00
480,000,000	Total	4,800,000.00

Assuming the Over-allotment Option is exercised in full, and without taking into account any option that may be granted under the Share Option Scheme, the share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer will be as follows:

Authorised Share Capital:		*HK$*
1,000,000,000	Shares of HK$0.01 each	10,000,000.00
Issued or to be issued, fully paid or credited as fully paid:		
63	Share in issue as at the Latest Practicable Date	0.63
359,999,937	Shares to be issued pursuant to the Capitalisation Issue	3,599,999.37
120,000,000	Shares to be issued pursuant to the Share Offer	1,200,000.00
18,000,000	Shares to be issued pursuant to the exercise of the Over-allotment Option	180,000.00
498,000,000	Total	4,980,000.00

RANKING

The Offer Shares will rank *pari passu* in all respects with all the Shares now in issue or to be issued as mentioned in this prospectus, and, in particular, will qualify in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of Listing.

CAPITALISATION ISSUE

Pursuant to the resolutions of our sole Shareholder passed on 23 August 2019, subject to the share premium account of our Company being credited as a result of the Share Offer, our Directors are authorised to allot and issue a total of 359,999,937 Shares credited as fully paid at par to the person(s) whose name(s) appear on the register of members of our Company at the close of business on 23 August 2019 in proportion to its/their then existing shareholdings (as nearly as possible without involving fractions) by way of capitalisation of the sum of HK$3,599,999.37 standing to the credit of the share premium account of our Company, and our Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed "Structure and conditions of the Share Offer – Conditions of the Share Offer" in this prospectus, 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 aggregate nominal value of our 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 aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Capitalisation Issue and the Share Offer (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme); and

(b) the aggregate nominal value of the share capital of our Company repurchased pursuant to the authority granted to our Directors referred to in the paragraph headed "General mandate to repurchase shares" in this section below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of any option which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed "A. Further information about our Company – 4. Written resolutions of our sole Shareholder" in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the conditions as stated in the section headed "Structure and conditions of the Share Offer – Conditions of the Share Offer" in this prospectus, our Directors have been granted a general unconditional mandate to exercise all powers to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with an aggregate nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following completion of the Capitalisation Issue and the Share Offer (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "A. Further information about our Company – 6. Repurchase of our Company's own securities" in Appendix V to this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraphs headed "A. Further information about our Company – 4. Written resolutions of our sole Shareholder" and headed "A. Further information about our Company – 6. Repurchase of our Company's own securities" in Appendix V to this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the section headed "D. Share Option Scheme" in Appendix V to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" set out in Appendix IV to this prospectus.

The following discussion of our Group's financial condition and results of operations should be read in conjunction with our Group's consolidated financial information as at the end of and for each of FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, including the notes thereto, included in Appendix I to this prospectus. The consolidated financial information of our Group have been prepared in accordance with IFRSs. The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our Group's future results could differ materially from those discussed below as a result of various factors, including those set forth under the section headed "Risk factors" and elsewhere in this prospectus.

OVERVIEW

We engage in construction services and property investment business in Singapore. During the Track Record Period, our construction services primarily include (i) civil engineering works entailing road works, earthworks, drainage works, ERSS works and soil improvement works; (ii) building construction works mainly for industrial buildings which include substructure works, piling works, addition and alteration works and electrical and mechanical works, and (iii) other ancillary services which include logistics and transportation services of construction materials. During the same period, our property investment business primarily includes residential and industrial properties leasing.

During the Track Record Period, our revenue represented income derived from (i) the provision of construction services; and (ii) property investment business. Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue to carry on our business mainly include (i) subcontractors; (ii) suppliers of construction materials and consumables such as ready-mixed concrete, steel bars, mesh, asphalt and metal grating; and (iii) suppliers of other miscellaneous services such as rental of plant and machinery, rental of dormitories for workers, transportation of excavated construction waste and repair and maintenance of machinery and equipment.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, including, in particular, the following:

Availability of civil engineering works and building construction works projects in Singapore

During the Track Record Period, all of our operations and management were located in Singapore. The continued availability of major civil engineering works and building construction works projects will affect the general future growth and level of profitability of the construction industry in Singapore. The availability of civil engineering works and building construction works projects from the public sector, private sector or other institutional bodies depends on the interplay of factors including the land supply in Singapore, Singapore government's policy, the investment of property developers and the general conditions and prospect of Singapore's economy.

The Singapore economy may experience considerable volatility. If there is any recession in Singapore, deflation or any changes in Singapore's currency policy, the construction industry, being one of Singapore's primary economic sectors, may decline as well. If the demand for civil engineering works and building construction works in Singapore deteriorates as a result, our operations and profitability could be adversely affected.

Our tenders and quotations success rate on civil engineering and building construction projects

During the Track Record Period, our projects were generally obtained through tendering process or through quotation request from customers. For each of FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, our tender and quotation success rate was approximately 60.3%, 41.3%, 51.6% and 48.6%, respectively. For details, please refer to the section headed "Business – Our business model – Operation flow – Award of contract" in this prospectus.

There is no guarantee that we will receive tender invitation or quotation request from our customers or our tenders will be selected by our customers. As such, there is no assurance that we will be able to maintain or increase our tender and quotation success rate in the future. In that case, we may have to adjust our pricing strategy or offer more favourable terms to our customers to increase the competitiveness of our tenders or fee quotations. Failure to maintain our success rate on project tendering and quotation and to adjust our pricing accordingly may materially or adversely affect our profitability and results of operations.

Our cash flow may fluctuate due to the nature of construction works

Due to the nature of construction works, we may record net cash outflows at the beginning of the projects when we are required to pay certain upfront costs, while progress payment will only be paid to us after the construction works commences. For details of our execution of projects, please refer to the section headed "Business – Construction services – Operation flow" in this prospectus.

Besides, our customers may also require us to provide performance bonds in order to ensure our due performance of the contracts. Pursuant to the terms of the performance bond, we are generally required to place a pledged deposit with the bank or pay an insurance premium to the insurance company, and the amount paid will only be released upon practical completion of the project. For details, please refer to the section headed "Business – Our customers – Principal terms of engagement – Performance bond" in this prospectus.

Therefore, certain amount of cash and other resources have been retained before we can obtain any payments in return. If the commencement periods of some of our projects overlap, we may be required to provide a substantial amount of initial setting up costs and performance bond, which may adversely affect our cash flow position and financial position.

Estimation of our project costs and determination of our tender or quotation price of our projects

When preparing our tenders or quotations, we determine our tender price on a case-by-case basis by adopting a cost-plus pricing model. To estimate our costs of undertaking a project, we consider factors including (i) the nature, scope and complexity of the work involved; (ii) the project schedule; (iii) the availability of our manpower and resources; and (iv) the estimated material and subcontracting costs. There is no assurance that the actual time and costs would not exceed our estimation during the performance of our projects. The actual time and costs to complete our construction projects may vary substantially from our original estimates due to factors such as (i) shortage or cost escalation of materials or labour during the project period; (ii) unexpected technical problems or adverse weather condition; and (iii) failure of performance by our subcontractors that in turn forces us to incur additional costs in replacing the defaulting subcontractor or carrying out rectification works.

During the Track Record Period, most of our contracts were determined on a fixed-price basis upon the signing of the contract. If we cannot maintain our costs within our original estimations throughout the course of carrying out the contract, or pass on our customers any increases in costs, our business, financial condition and result of operation may be materially and adversely affected.

Availability and performance of our subcontractor and our ability to complete works time

During the Track Record Period, we may subcontract some of our works to other subcontractors after taking into consideration our available labour resources and the cost of performing the works with our own resources. For each of FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, our subcontracting charges were approximately S$12.7 million, S$23.9 million, S$38.7 million and S$24.8 million, representing approximately 34.6%, 47.2%, 54.8% and 66.4% of our total cost of services, respectively.

When preparing our tenders or quotations, subcontracting cost is one of the factors to estimate our project costs. We cannot guarantee that the cost of engaging subcontractors will always remain stable. Any unexpected fluctuations in subcontracting charges during the course of execution of our projects will thus have a negative impact on our profitability.

Besides, there is no assurance that our subcontractors will always provide services to us at an acceptable standards, and we may incur additional time and costs in rectifying substandard work, if any, which may cause cost overrun or delay to the completion. As such, our business, financial condition and results of operations may be materially and negatively affected.

Fluctuation in our construction costs

Our construction costs mainly comprise (i) staff costs; (ii) subcontracting charges; and (iii) material costs. Our main purchases include subcontracting services as well as material costs. Please refer to the section headed "Business – Our Suppliers" in this prospectus for further details on our suppliers and subcontractors.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of subcontracting charges, staff costs and material costs (being the major components of our construction costs) on our profit before taxation during the Track Record Period. The hypothetical fluctuation rates for subcontracting charges and staff costs are set at 1.2% and 15.7%, which correspond to the approximate minimum and maximum percentage changes in the average monthly wages of construction workers in Singapore from 2013 to 2018 as stated in the Ipsos Report (see "Industry overview – Potential challenges – 3. Labour shortage" in this prospectus) and are therefore considered reasonable for the purpose of this sensitivity analysis. The hypothetical fluctuation rates for material costs are set at 0.5% and 4.4%, which correspond to the approximate CAGR in the price of steel bars and the price of ready-mixed concrete (being the major components of our material costs) in Singapore from 2013 to 2018 as stated in the Ipsos Report (see "Industry overview – Potential challenges – 4. Fluctuating cost of raw materials in Singapore" in this prospectus) and are therefore considered reasonable for the purpose of this sensitivity analysis.

Hypothetical fluctuations in our subcontracting charges	–1.2%	–15.7%	+1.2%	+15.7%
Increase/(decrease) in profit before taxation *(Note)*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
FY2015/16	153	2,001	(153)	(2,001)
FY2016/17	287	3,754	(287)	(3,754)
FY2017/18	464	6,076	(464)	(6,076)
For the five months ended 28 February 2019	298	3,901	(298)	(3,901)

Hypothetical fluctuations in our staff costs	–1.2%	–15.7%	+1.2%	+15.7%

Increase/(decrease) in profit before taxation *(Note)*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
FY2015/16	69	900	(69)	(900)
FY2016/17	82	1,071	(82)	(1,071)
FY2017/18	85	1,109	(85)	(1,109)
For the five months ended 28 February 2019	34	448	(34)	(448)

Hypothetical fluctuations in our material costs	–0.5%	–4.4%	+0.5%	+4.4%
Increase/(decrease) in profit before taxation *(Note)*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
FY2015/16	68	598	(68)	(598)
FY2016/17	74	647	(74)	(647)
FY2017/18	67	593	(67)	(593)
For the five months ended 28 February 2019	26	227	(26)	(227)

Note: Our profit before taxation was approximately S$3.1 million, approximately S$4.5 million, approximately S$8.0 million and approximately S$2.8 million for each of FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, respectively.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Please refer to note 2 of the accountants' report set out in Appendix I to this prospectus.

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 prospectus.

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 judgements made in applying our accounting policies are set forth in note 5 to the accountants' report set out in Appendix I to this prospectus.

Revenue recognition

(i) Revenue from provision of construction services

Our Group provides construction services (including civil engineering works and building construction works) under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, our Group is contractually required to perform the services at the customers' specified sites that our Group's performance creates or enhances an asset that the customer controls as we perform. Revenue from provision of such services is therefore recognised over time using input method, i.e. based on the actual costs incurred by the Group to date compare with the total budgeted cost for the project to estimate the revenue recognised during the period. Our Group considers that input method would faithfully depict our performance towards complete satisfaction of these performance obligation under IFRS 15.

Our Directors consider that the adoption of IFRS 15 did not have significant impact on our financial position and performance when compared to that of IAS 18 during the Track Record Period.

(ii) Revenue from provision of other ancillary services

Our revenue from provision of other ancillary services is mainly logistics and transportation services of construction materials and recognised at a point in time upon delivering the materials to our customers' designated delivery point.

Adoption of IFRS 9 on 1 October 2018

Impairment under expected credit loss ("ECL") model

Our Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, other receivables and deposits, bank deposits and bank balances) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on our Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

Our Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets is assessed individually for debtors based on internal credit rating, our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, our Group measures the loss allowance equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, our Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring since initial recognition.

Our Directors consider that the adoption of IFRS 9 did not have significant impact on our financial position and performance when compared to that of IAS 39 during the Track Record Period.

Estimated impairment of trade receivables and contract assets

Prior to 1 October 2018, our executive Directors assess at the end of each reporting period whether there is any objective evidence that trade receivables and contract assets are impaired. If there is objective evidence that an impairment loss on trade 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. Where the actual future cash flows are less than expected, including unbilled revenue where the actual collection of receivables upon billing to customers are less than expected, an impairment loss may arise.

As at 30 September 2016, 2017 and 2018, the carrying amounts of our trade receivables are approximately S$6.3 million, approximately S$3.7 million and approximately S$11.3 million, respectively, while the carry amount of our contract assets are approximately S$14.6 million, approximately S$9.1 million and approximately S$25.5 million, respectively.

Starting from 1 October 2018, our Group estimates lifetime ECL for trade receivables and contract assets using individual assessment, based on the internal credit rating, our Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to our Group in accordance with the contract and all the cash flows that our Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. As at 28 February 2019, the carrying amount of trade receivables is approximately S$7.6 million, whereas the carrying amount of contract assets is approximately S$25.1 million.

No impairment in respect of trade receivables and contract assets was recognised during the Track Record Period.

As at 28 February 2019, trade receivables which were past due but not impaired are discussed in detail in the paragraph headed "Net current assets – Trade receivables" in this section, and as discussed therein, our executive Directors believe that no impairment allowance for trade receivables were provided since the loss given default and exposure at default are low based on historical credit loss experience.

Fair value measurement of investment properties and properties held under joint operations

Investment properties are properties held to earn rentals. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of our Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Our Group's investment properties amounting to S$6.0 million, approximately S$6.1 million, approximately S$9.2 million and S$9.2 million, and investment properties held under joint operations amounting to approximately S$7.6 million, approximately S$7.1 million, approximately S$6.9 million and approximately S$6.9 million as at 30 September 2016, 2017 and 2018 and 28 February 2019 respectively are measured at fair values. The fair values have been arrived at on the basis of a valuation carried out on the respective dates by an independent valuer. See notes 16 and 17 of the accountants' report set out in Appendix I and the property valuation report set out in Appendix II to this prospectus for further disclosure.

SUMMARY OF RESULTS OF OPERATIONS

The consolidated statements of profit or loss and other comprehensive income during the Track Record Period are summarised below, which have been extracted from the accountants' report set out in Appendix I to this prospectus:

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2018	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Revenue					
Services	44,255	59,870	83,458	23,669	44,719
Rental	485	478	505	242	194
Total revenue	44,740	60,348	83,963	23,911	44,913
Cost of services	(36,820)	(50,626)	(70,664)	(20,252)	(37,434)
Gross profit	7,920	9,722	13,299	3,659	7,479
Other income	403	292	290	103	59
Other gains and losses	(121)	(210)	733	226	130
Administrative expenses	(4,707)	(4,886)	(4,917)	(1,918)	(2,699)
Finance costs	(569)	(471)	(728)	(252)	(404)
Listing expenses	–	–	(631)	–	(1,770)
Share of result of a joint venture	126	58	(27)	(13)	(17)
Profit before taxation	3,052	4,505	8,019	1,805	2,778
Income tax expense	(469)	(550)	(1,239)	(220)	(739)
Profit for the year/period	2,583	3,955	6,780	1,585	2,039
Other comprehensive income:					
Item that will not be reclassified to profit or loss:					
Difference between the carrying amount and the fair value of properties at the date of transfer from the property, plant and equipment to investment properties	–	–	767	767	–
Other comprehensive income for the year/period	–	–	767	767	–
Profit and total comprehensive income for the year/period	2,583	3,955	7,547	2,352	2,039

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was primarily derived from (i) the provision of construction services; and (ii) property investment business. For detailed breakdowns of our revenue during the Track Record Period by our business operations, our customers' type, by sector (private or public), number of projects by range of revenue recognised, please refer to the sections headed "Business – Overview" and "Business – Our construction projects" in this prospectus.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for a discussion of the change in the amount of our revenue during the Track Record Period.

Cost of services

The table below sets forth a breakdown of our cost of services during the Track Record Period:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Material costs										
– Steel bars	2,299	6.2	2,607	5.2	2,757	3.9	818	4.0	922	2.5
– Ready-mixed concrete	2,977	8.1	4,419	8.7	4,123	5.8	1,152	5.7	1,421	3.8
– Other materials*	8,312	22.6	7,679	15.2	6,608	9.4	2,202	10.9	2,823	7.5
	13,588	36.9	14,705	29.1	13,488	19.1	4,172	20.6	5,166	13.8
Subcontracting charges	12,746	34.6	23,912	47.2	38,702	54.8	11,043	54.5	24,848	66.4
Staff costs	5,731	15.6	6,823	13.5	7,064	10.0	2,390	11.8	2,853	7.6
Depreciation	2,038	5.5	1,832	3.6	2,021	2.8	741	3.7	700	1.9
Machinery and equipment expenses	1,289	3.5	915	1.8	2,664	3.8	718	3.5	884	2.4
Rental of plant and machinery and trucks	583	1.6	927	1.8	1,325	1.9	344	1.7	162	0.4
Rental of premises	469	1.3	532	1.1	522	0.7	323	1.6	314	0.8
Transportation expenses	204	0.6	724	1.4	4,495	6.4	359	1.8	2,258	6.0
Upkeep of properties	127	0.3	119	0.2	135	0.2	66	0.3	59	0.2
Other direct costs	45	0.1	137	0.3	248	0.3	96	0.5	190	0.5
Total	36,820	100.0	50,626	100.0	70,664	100.0	20,252	100.0	37,434	100.0

* Other materials mainly include asphalt, pre-cast concrete and various miscellaneous materials used for our works.

Our cost of services during the Track Record Period comprised:

(a) material costs, which mainly represent costs for purchasing materials used for our civil engineering and building construction works such as ready-mixed concrete and steel bars;

(b) Subcontracting charges, which are costs for engaging subcontractors for carrying out certain civil engineering and building construction works undertaken by us such as electrical and mechanical works, concrete reinforcement works and drainage works. As disclosed in the section headed "Business – Our subcontractors – Reasons for subcontracting arrangement" in this prospectus, we may subcontract some of our works to other subcontractors, depending on the availability of our labour resources and the cost of performing the works with our own resources;

(c) staff costs, which are salaries and benefits provided to our staff who are directly involved in carrying out our civil engineering works and building construction works;

(d) depreciation, which represents depreciation charges for our property, plant and machinery and trucks;

(e) machinery and equipment expenses, which represents costs in relation to the use of machinery and equipment for carrying out our site works;

(f) rental of plant and machinery and trucks, which are rental expenses for machinery and equipment and trucks used for the provision of our site works;

(g) rental of premises, which mainly represents rental expenses for dormitories for our workers and site offices;

(h) transportation expenses, which mainly represent expenses for transporting away excavated materials and other construction wastes resulting from our construction works and fees for transporting our construction materials and machinery to or from work sites;

(i) upkeep of properties, which mainly include repair and maintenance expenses for our investment properties;

(j) other direct costs, which include various miscellaneous expenses relevant to the provision of our works.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for a discussion of material fluctuations in our cost of services.

Gross profit and gross profit margin

Our gross profit and gross profit margin during the Track Record Period by reference to the business segments were as follows:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Construction services										
Civil engineering works	5,400	18.2	6,187	14.7	11,112	15.8	3,177	13.8	6,670	18.2
Building construction works	1,994	14.3	3,010	17.1	1,581	12.7	128	28.3	256	3.4
	7,394	16.9	9,197	15.4	12,693	15.3	3,305	14.1	6,926	15.7
Other ancillary services	169	28.3	166	91.7	237	32.2	178	96.7	418	79.5
	7,563	17.1	9,363	15.6	12,930	15.5	3,483	14.7	7,344	16.4
Property investment	357	73.7	359	75.2	369	73.2	176	72.8	135	69.5
Total	7,920	17.7	9,722	16.1	13,299	15.8	3,659	15.3	7,479	16.7

For each of FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, our Group achieved gross profit margin of approximately 17.7%, 16.1%, 15.8% and 16.7% respectively. For construction services segment, we recorded gross profit margin of approximately 17.1%, 15.6%, 15.5% and 16.4% respectively for FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019. For property investment segment, we recorded gross profit margin of approximately 73.7%, 75.2%, 73.2% and 69.5% respectively for FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, respectively.

Our gross profit and gross profit margin for construction services (except for other ancillary services) during the Track Record Period by reference to our role in the projects were as follows:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
							(unaudited)			
Main contractor	727	12.3	4,837	13.5	7,106	11.1	1,475	8.6	3,584	10.9
Subcontractor	6,667	17.7	4,360	18.3	5,587	30.1	1,830	28.5	3,342	29.2
Total	7,394	16.9	9,197	15.4	12,693	15.3	3,305	14.1	6,926	15.7

For the projects where we acted as a main contractor, we recorded gross profit margin of approximately 12.3%, 13.5%, 11.1% and 10.9% respectively for FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, while for the projects that we acted as a subcontractor, we recorded gross profit margin of approximately 17.7%, 18.3%, 30.1% and 29.2% respectively for FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, respectively.

Our gross profit and gross profit margin for construction services (except for other ancillary services) during the Track Record Period by reference to the nature of projects were as follows:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
							(unaudited)			
Public sector projects	11	6.4	2,043	10.4	5,548	10.7	1,369	8.2	3,345	13.2
Private sector projects	7,383	17.0	7,154	17.8	7,145	23.1	1,936	28.7	3,581	18.9
Total	7,394	16.9	9,197	15.4	12,693	15.3	3,305	14.1	6,926	15.7

For the public sector projects, we recorded gross profit margin of approximately 6.4%, 10.4%, 10.7% and 13.2% respectively for FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, while for the private sector projects, we recorded gross profit margin of approximately 17.0%, 17.8%, 23.1% and 18.9% respectively for FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, respectively.

For fluctuation of gross profit and gross profit margin during the Track Record Period, please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section.

Other income

The table below sets forth a breakdown of our other income during the Track Record Period:

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2018	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Government grants	126	57	64	11	–
Rental income from renting properties to shareholders	132	132	132	55	55
Rental income from renting equipment	50	31	11	5	1
Interest income from advances to shareholders	63	67	70	29	–
Interest income from bank deposit	1	1	1	negligible	negligible
Others	31	4	13	3	3
Total	403	292	291	103	59

Our other income during the Track Record Period mainly comprised:

(a) Government grants, which mainly comprise of the Wage Credit Scheme, the Special Employment Credit, the Temporary Employment Credit, and the Workforce Training and Upgrading Grant received by our Group, details of which please refer to note 7 to the accountants' report set out in Appendix I to this prospectus;

(b) rental income from renting properties to shareholders, which represents rental income for renting two properties owned by our Group to Mr. Poon and Mr. Teo;

(c) rental income from renting equipment, which mainly represents income generated from the lease of equipment to our subcontractors;

(d) interest income from advances to shareholders, which represents interest income derived from advances to our shareholders that were non-trade related and interest bearing with 5% per annum;

(e) others, which mainly includes charges on late repayment of rental income from tenants.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for a discussion of material fluctuations in other income.

Other gains and losses

The table below sets forth a breakdown of our other income during the Track Record Period:

	FY2015/16	**FY2016/17**	**FY2017/18**	**For the five months ended 28 February 2018**	**For the five months ended 28 February 2019**
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Net gain on disposal of property, plant and equipment	476	153	165	200	–
Gain from sale of scrap materials	68	37	237	30	50
Fair value (losses) gains on investment properties	(190)	120	480	–	40
Fair value (losses) gains on investment properties held under joint operations	(475)	(520)	(180)	–	40
Loss on revaluation of property, plant and equipment	–	–	(4)	(4)	–
Recovery of debts which written off in prior years	–	–	35	–	–
Total	(121)	(210)	733	226	130

Our other gains and losses during the Track Record Period mainly comprised:

(a) net gain on disposal of property, plant and equipment, which was recognised due to the disposal of our plant and machinery and motor vehicles due to replacement during the Track Record Period;

(b) gain from sale of scrap materials, which represents gain from sale of scrap materials mainly include scrap metal for recycling purposes;

(c) fair value (losses) gains on investment properties, which represent the change of fair value on the investment properties as at the end of each reporting period;

(d) fair value (losses) gains on investment properties held under joint operations, which represents the change of fair value on interests in jointly-owned investment properties. We have two properties which we owned as to 50% of the interest. For details, please refer to the section headed "Business – Property investment" and note 17 to the accountants' report set out in Appendix I to this prospectus.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for a discussion of material fluctuations in our other gains or losses.

Administrative expenses

The table below sets forth a breakdown of our administrative expenses during the Track Record Period:

	FY2015/16		FY2016/17		FY2017/18		For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Staff costs (including directors' emoluments)	2,119	45.0	2,277	46.6	1,937	39.4	623	32.5	1,215	45.0
Depreciation	662	14.1	552	11.3	760	15.4	393	20.5	534	19.8
Motor vehicle expenses	1,043	22.1	1,131	23.1	1,067	21.7	431	22.5	486	18.0
Insurance	265	5.6	244	5.0	244	5.0	191	10.0	129	4.8
Office utilities	211	4.5	316	6.5	413	8.4	167	8.7	166	6.2
Professional fees	126	2.7	113	2.3	201	4.1	11	0.5	27	1.0
Others	281	6.0	254	5.2	295	6.0	102	5.3	142	5.2
	4,707	100.0	4,887	100.0	4,917	100.0	1,918	100.0	2,699	100.0

Our administrative expenses during the Track Record Period comprised:

(a) staff costs (including directors' emoluments), which include salaries and benefits provided to our Directors and our administrative and back office staff;

(b) depreciation, which mainly represents depreciation charges for our office building, leasehold improvement and motor vehicles;

(c) motor vehicle expenses, which mainly represent repair and maintenance costs and parking fee in relation to the use of our motor vehicles;

(d) insurance, which represent insurance premiums for insurance policies maintained by our Group;

(e) office utilities, which mainly include costs for printing, stationery, telephone and fax and other utilities;

(f) professional fees, which mainly include ISO certification fees and fees incurred for audit and taxation services and secretarial services; and

(g) others, which mainly include expenses incurred for travelling, donation and advertising.

Finance costs

Our finance costs during the Track Record Period mainly represented interest expenses on bank borrowings, bank overdrafts and obligations under finance leases of our plant and machinery and motor vehicles, details of which are disclosed in the paragraph headed "Indebtedness" in this section.

Income tax expense

Singapore corporate income tax ("**CIT**") is calculated at 17% of the estimated assessable profit and the subsidiaries in Singapore further eligible for CIT rebate of 50%, capped at S$25,000 for the year of assessment 2017 (i.e. FY2015/16), 40%, capped at S$15,000 for the year of assessment 2018 (i.e. FY2016/17), adjusted to 20%, capped at S$10,000 for the year of assessment 2019 (i.e. FY2017/18) and adjusted to nil for the year of assessment 2020 (i.e. FY2018/19), determined based on financial year end date of the group companies. Companies subject to Singapore CIT 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 for the year of assessment 2017, 2018 and 2019, and adjusted to 75% tax exemption on the first S$10,000 and a further 50% tax exemption on the next S$190,000 for the year of assessment 2020.

Our Group is entitled additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the Production and Innovative Credit ("**PIC**") scheme in Singapore for the years of assessment of 2016, 2017 and 2018. The PIC scheme has been lapsed after year of assessment 2018.

The taxation for the Track Record Period can be reconciled to the profit before taxation as follows:

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2018	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Profit before taxation	3,052	4,505	8,019	1,805	2,778
Tax at the applicable tax rate of 17%	519	766	1,363	307	472
Adjustments:					
Tax effect of income not taxable for tax purpose	(4)	(7)	(46)	–	(13)
Tax effect of expenses not deductible for tax purpose	235	189	245	67	367
Tax effect of share of result of joint venture	(21)	(10)	5	2	3
Tax effect on tax concession and exemption	(308)	(333)	(336)	(156)	(90)
Tax effect of utilisation of tax losses and deductible temporary differences previously not recognised	–	(96)	–	–	–
Tax effect of unused tax losses and deductible temporary differences not recognised	56	41	8	–	–
Over provision of current tax in prior years/period	(8)	–	–	–	–
Taxation for the year/period	469	550	1,239	220	739

Difference between the net income tax paid for FY2016/17 and tax payable as at the beginning of FY2016/17

General rules for tax filing in Singapore

In Singapore, companies are required by the Income Tax Act (Cap. 134) to report an estimated tax payable within three months after the financial year end. The estimation is based on the company's knowledge and the available accounting information (without the need of audited figures) on the date of filing (hereafter known as: "**Initial Filing**"). After filing of such an estimate, the Inland Revenue Authority of Singapore ("**IRAS**") will subsequently issue an original notice of assessment based on the Initial Filing. The company would then have to settle the outstanding payment of taxes within one month from the date of issuance of the original notice of assessment, unless instalments are granted. After the Initial Filing, the company is required to submit the tax return, tax computation and audited accounts to the IRAS by 30 November of the year following the end of its financial year (hereafter known as: "**Final Filing**"). For example, the Group was required to submit its Final Filing by 30 November 2017 to report its taxable income in relation to their FY2015/16. Once the Final Filing is submitted to the IRAS, the IRAS will issue an additional or amended notice of assessment (i.e. additional tax or tax refund) if there are any discrepancies between the Initial Filing and the Final Filing. After receiving the additional or amended notice of assessment, the company should settle the outstanding payments (if any) within one month from the date of issuance of the additional or amended notice of assessment.

The tax filing procedures of our Group

In order to meet the statutory deadlines mentioned above, our Group generally submits the Initial Filing, based on the latest available accounting information, within 3 months after the financial year end. Subsequently, our Group will engage a local auditor and tax representative for the preparation of the audited financial statements and the Final Filing. Our Group will settle the tax payments within the specified time frame according to the notice of assessments issued by the IRAS.

The cash outflow for tax for FY2016/17

The net income tax paid of approximately S$90,000 in FY2016/17 represents (i) an income tax refund for the financial year ended 30 September 2015 ("**FY2014/15**") of approximately S$87,000 as agreed with the IRAS, which was due to the difference in tax payable between Sing Tec Development's Final Filing submitted to the Singapore tax authority on 3 November 2016 and the Initial Filing submitted to the Singapore tax authority on 29 December 2015. The difference was due to certain adjustments made in the Final Filing which was prepared by the tax representative of our Group as the Initial Filing was computed based on Sing Tec Development's estimation; (ii) the total additional tax payments for the financial year ended 30 September 2012 and 2014 of approximately S$56,000 as agreed with the IRAS. Such additional tax payment arose from the routine compliance reviews by the IRAS for Sing Tec Development's tax computations for the relevant years. Based on the review by IRAS, certain tax allowance in relation to the capital expenditure has been treated as non-qualifying and certain expenses have been treated as private expenses and non-deductible; and (iii) an estimated tax payable for FY2015/16 of approximately S$120,000 as stated on the original notice of assessments issued by the IRAS based on our Initial Filing in respect of FY2015/16 submitted on 20 December 2016.

Tax payable as at the beginning of FY2016/17

The tax payable of our Group as at the beginning of FY2016/17 of approximately S$1.1 million mainly include (i) the retained earnings adjustments of approximately S$697,000 mainly due to (a) the cut-off adjustments on the construction revenue and costs for FY2015/16 and FY2016/17; and (b) the reversal of depreciation charges on investment properties for which are measured at fair value model. The fair value model also leads to fair value gain while such gain is capital in nature and is non-taxable in Singapore and therefore such fair value gain has no impact on the tax payable of our Group as at the beginning of FY2016/17; and (ii) the tax provision of approximately S$498,000 for FY2015/16. The difference between the tax payable as at the beginning of FY2016/17 (i.e. approximately S$1.1 million) and actual tax paid (i.e. approximately S$120,000) was mainly due to (a) the cut-off adjustments as mentioned above (i.e. timing difference). The cut-off adjustments mainly arose from the difference of the calculation on the percentage of completion resulting in the adjustments on revenue and certain expenses in relation to subcontracting fee, direct labour costs and direct material costs, mainly as a result of under accrual of certain direct expenses (i.e. subcontracting fee, direct labour costs and direct material costs) for certain projects in the preparation of the original financial statement for FY2015/16 and FY2016/17. Such under accrual affected the calculation on the percentage of completion. In preparation of the Listing, after taking into account the advice from the relevant professional parties, the management consider that revenue and certain expenses recorded in the original financial statement did not completely align with the market practice and the international accounting standard might not have been thoroughly applied, resulting in cut-off adjustments on the construction revenue and costs; and (b) different interpretations on the tax allowance in relation to the capital expenditure between Baker Tilly TFW LLP (the "**Tax Adviser**") and the tax representative who prepared the previous tax returns for our Group. As advised by the Tax Adviser, the above timing difference adjustments will not materially affect the overall tax position.

Set out below is the reconciliation of our Group's actual tax paid during FY2016/17 and the income tax payable as at the beginning of FY2016/17:

	S$'000
Actual tax paid during FY2016/17	120
Adjustments:	
(i) Cut-off adjustments on the revenue and costs	739
(ii) Adjustments for depreciation charges and tax allowance in relation to capital expenditure	214
Income tax payable as at the beginning of FY2016/17	1,073

Opinion from Tax Advisers

The Directors respectfully submit that the revised tax computations for FY2014/15, FY2015/16 and FY2016/17 together with the audited financial statements for FY2017/18 have been submitted to the IRAS. Our Group has also applied for the IRAS voluntary disclosure programme together with the tax refiling. Under this programme, no penalty will be imposed if the voluntary disclosure is made within the grace period of one year from the date of the Final Filing, while a 5% penalty on the income tax undercharged will be imposed if the disclosure of error is made after the one-year grace period.

As advised by the Tax Adviser, they do not foresee that the IRAS will impose penalties for the timing difference adjustments. For the differences due to the different interpretations on the tax allowance in relation to the capital expenditure between the Tax Advisers and the tax representative, if the IRAS agrees with the revised tax computations submitted by our Group under the IRAS voluntary disclosure programme, the penalty to our Group will be 5% on the income tax undercharged (i.e. approximately S$4,547) under the IRAS voluntary disclosure programme.

Indemnity given by our Controlling Shareholders

Our Controlling Shareholders have entered into a Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of any potential penalties which may arise to our Group on or before the date on which the Share Offer becomes unconditional. Further details of the Deed of Indemnity are set out in the section headed "E. Other information – 1. Estate duty, tax and other indemnities" in Appendix V to this prospectus.

Fluctuation in our Group's effective tax rates during Track Record Period

Singapore corporate income tax is calculated at 17% of the estimated assessable profit and each corporation in Singapore is eligible for the tax rebate of 50%, capped at S$25,000 for the year of assessment 2017 (i.e. FY2015/16), 40%, capped at S$15,000 for the year of assessment 2018 (i.e. FY2016/17), and adjusted to 20%, capped at S$10,000 for the year of assessment 2019 (i.e. FY2017/18). Corporations subject to Singapore corporate income tax 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. Our Group is also entitled to an additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the Productivity and Innovation Credit scheme (the "**PIC scheme**") in Singapore for FY2015/16 and FY2016/17. Therefore, the effective tax rates of the Group during the Track Record Period were lower than the Singapore corporate income tax rate (i.e. 17%).

Our Group's effective tax rate decreased from approximately 15.4% for FY2015/16 to approximately 12.2% for FY2016/17 and increased to approximately 14.3% for FY2017/18. The lower effective tax rate for FY2016/17 was mainly attributable to the fact that (i) our Group has recognised more expenses not deductible for tax purpose for FY2015/16 as compared to FY2016/17 mainly due to the difference in the recognition of fair value on investment properties for the two financial years (i.e. FY2015/16: losses of approximately S$190,000; FY2016/17: gains of approximately S$120,000); (ii) our Group has recognised more non-deductible depreciation expenses in relation to our Group's newly acquired office building in FY2017/18 as compared to that in FY2016/17; and (iii) the utilisation of tax losses previously not recognised by Sing Tec Construction for FY2016/17.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Five months ended 28 February 2019 compared with five months ended 28 February 2018

Revenue

The following table sets out the breakdown of our revenue for the five months ended 28 February 2018 and the five months ended 28 February 2019 by reference to the business segments:

	For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	S$'000 (unaudited)	*%*	*S$'000*	*%*
Construction services				
Civil engineering works	23,033	96.3	36,593	81.5
Building construction works	451	1.9	7,600	16.9
	23,484	98.2	44,193	98.4
Other ancillary services	184	0.8	526	1.2
	23,668	99.0	44,719	99.6
Property investment	243	1.0	194	0.4
	23,911	100.0	44,913	100.0

Our revenue for provision of construction services increased from approximately S$23.5 million for the five months ended 28 February 2018 to approximately S$44.2 million for the five months ended 28 February 2019, representing an increase of 88.2%. Such increase was mainly because:

(i) There was an increase in the number of sizable projects with revenue contribution of S$5 million or above during the five months ended 28 February 2019, as demonstrated in the below table:

	For the five months ended 28 February 2018 *Number of projects*	For the five months ended 28 February 2019 *Number of projects*
Revenue recognised		
S$5 million or above	–	4
S$1 million to below S$5 million	6	7
Below S$1 million	45	40
	51	51

(ii) In particular, the increase in the revenue was mainly driven by the revenue contributed by some of our major projects undertaken or commenced during the five months ended 28 February 2019, including (a) a private project providing building construction works commenced in May 2018 (i.e. Project 11 as referred to the table of "Business – Our construction projects – Our major projects" for the five months ended 28 February 2019) with revenue contribution of approximately S$7.2 million for the five months ended 28 February 2019 (five months ended 28 February 2018: nil); (b) a public project providing civil engineering works (i.e. Project 9 as referred to the table of "Business – Our construction projects – Our major projects" for the five months ended 28 February 2019) commenced in January 2018 with revenue contribution of approximately S$6.9 million during the five months ended 28 February 2019 (the five months ended 28 February 2018: approximately S$1.1 million); and (c) a public project providing civil engineering works (i.e. Project 13 as referred to the table of "Business – Our construction projects – Our major projects" for the five months ended 28 February 2019) with revenue contribution of approximately S$6.0 million for the five months ended 28 February 2019 (the five months ended 28 February 2018: nil).

Our revenue for property investment business remained broadly stable at approximately S$243,000 for the five months ended 28 February 2018 and approximately S$194,000 for the five months ended 28 February 2019.

Cost of services

Our cost of services increased from approximately S$20.2 million for the five months ended 28 February 2018 to approximately S$37.4 million for the five months ended 28 February 2019, representing an increase of 84.8%, which was generally in line with the increase in our revenue. Our cost of services mainly include subcontracting charges, staff costs, direct material costs, machinery and equipment expenses, rental of plant and machinery and others.

The following is a discussion of the changes in the key components of our cost of services for the five months ended 28 February 2018 compared to the five months ended 28 February 2019:

(i) Our subcontracting charges increased from approximately S$11.0 million for the five months ended 28 February 2018 to approximately S$24.8 million for the five months ended 28 February 2019, representing an increase of approximately 125.0%. Such significant increase was mainly due to (i) the increase in amount of works outsourced to subcontractors having considered our available resources as a result of our growth in business during the five months ended 28 February 2019; and (ii) we acted as main contractor for Project 11 as referred to the table of "Business – Our construction projects – Our major projects" for the five months ended 28 February 2019 and we subcontracted out substantial part of works (including the responsibility to bear the costs of relevant construction materials) to subcontractors as well as additional costs incurred for the execution of variation order requested by Customer A in relation to this project, resulting in subcontracting charges incurred by us for this project during the five months ended 28 February 2019 that amounted to approximately S$5.9 million.

(ii) Our direct material costs increased from approximately S$4.2 million for the five months ended 28 February 2018 to approximately S$5.2 million for the five months ended 28 February 2019, representing an increase of approximately 23.8%. Such increase was mainly due to the increase in our revenue. Depending on the contract terms agreed with our subcontractors, construction materials may be procured by us on our own account or provided by our subcontractors to us at the cost our subcontractors. Costs agreed to be borne by our subcontractors are generally reflected in the prices that our subcontractors charged us. The less-than-proportionate increase in our direct material costs was mainly due to the increase in our use of subcontractors which purchase materials at their own costs.

(iii) Our staff costs increased from approximately S$2.4 million for the five months ended 28 February 2018 to approximately S$2.9 million for the five months ended 28 February 2019, representing an increase of approximately 19.4%. The increase in our direct staff costs was mainly due to the increase in the number of employees for supporting our business growth.

Gross profit and gross profit margin

Our gross profit and gross profit margin by reference to the business segments for the five months ended 28 February 2018 and the five months ended 28 February 2019 respectively were as follows:

	For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*
	(unaudited)			
Construction services	3,483	14.7	7,344	16.4
Property investment	176	72.8	135	69.5
Total	3,659	15.3	7,479	16.7

Our gross profit amounted to approximately S$3.7 million and approximately S$7.5 million for the five months ended 28 February 2018 and the five months ended 28 February 2019 respectively, representing an increase of approximately 104.4%, primarily due to the increase in revenue as discussed above. Our gross profit margin increased from approximately 15.3% for the five months ended 28 February 2018 to approximately 16.7% for the five months ended 28 February 2019, which was mainly due to the increase in gross profit and gross profit margin for the projects that we acted as main contractor as well as the public sector projects as discussed in this section below.

Our gross profit and gross profit margin for construction services (except for other ancillary services) by reference to our role in the projects for the five months ended 28 February 2018 and the five months ended 28 February 2019 respectively were as follows:

	For the five months ended 28 February 2018		For the five months ended 28 February 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*
	(unaudited)			
Main contractor	1,475	8.6	3,584	10.9
Subcontractor	1,830	28.5	3,342	29.2
Total	3,305	14.1	6,926	15.7

Our gross profit margin for projects which we acted as main contractor increased from approximately 8.6% for the five months ended 28 February 2018 to approximately 10.9% for the five months ended 28 February 2019, which was mainly due to higher gross profit margin recognised for Project 13 as referred to the table of "Business – Our construction projects – Our major projects" for the five months ended 28 February 2019. We recorded gross profit margin of approximately 27.9% for Project 13 for the five months ended 28 February 2019 and such project had revenue contribution of approximately S$6.0 million for the five months ended 28 February 2019 (the five months ended 28 February 2018: nil). We recorded a higher profit margin for Project 13 mainly because we have modified our working procedures during the execution of certain earthworks resulting in the decrease of transportation costs and subcontracting fee which have originally included in our fee quotation provided to the customer. Our gross profit margin for projects which we acted as subcontractor increased from approximately 28.5% for the five months ended 28 February 2018 to approximately 29.2% for the five months ended 28 February 2019, which was mainly due to higher gross profit margin recognised for two projects during the five months ended 28 February 2019 that we set our price at a relatively higher expected margin having considered the tight delivery schedule of such projects. We acted as subcontractor and provided civil engineering works for such private sector projects and the gross profit margin was approximately 29.2% for the five months ended 28 February 2019.

Our gross profit and gross profit margin for construction services (except for other ancillary services) for construction services (except for other ancillary services) by reference to the nature of projects for the five months ended 28 February 2018 and the five months ended 28 February 2019 respectively were as follows:

	For the five months ended 28 February 2018		**For the five months ended 28 February 2019**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	S$'000	*%*	*S$'000*	*%*
	(unaudited)			
Public sector projects	1,369	8.2	3,345	13.2
Private sector projects	1,936	28.7	3,581	18.9
Total	3,305	14.1	6,926	15.7

Our gross profit margin for public sector projects increased from approximately 8.2% for the five months ended 28 February 2018 to approximately 13.2% for the five months ended 28 February 2019, which was mainly due to higher gross profit margin recognised for Project 13 as referred to the table of "Business – Our construction projects – Our major projects" for the five months ended 28 February 2019 as discussed above. We recorded gross profit margin of approximately 27.9% for Project 13 for the five months ended 28 February 2019 and such project had revenue contribution of approximately S$6.0 million for the five months ended 28 February 2019 (the five months ended 28 February 2018: nil).

Our gross profit margin for private sector projects decreased from approximately 28.7% for the five months ended 28 February 2018 to approximately 18.9% for the five months ended 28 February 2019, which was mainly due to lower gross profit margin recognized for Project 11 as referred to the table of "Business – Our construction projects – Our major projects" for the five months ended 28 February 2019. We recorded gross profit margin of approximately 3.4% for Project 11 for the five months ended 28 February 2019 and such project had revenue contribution of approximately S$7.2 million for the five months ended 28 February 2019 (the five months ended 28 February 2018: nil). We recorded a lower profit margin for Project 11 mainly because (i) we acted as main contractor for such project and subcontracted out substantial part of works (including the responsibility to bear the costs of relevant construction materials) to subcontractors; and (ii) we incurred additional costs for the execution of variation order requested by Customer A in relation to Project 11 and the works for such variation order are under progress. Therefore, the fee for such variation order is still under negotiation with Customer A. Having considered our relationship with Customer A and Customer A was one of our major customers during the Track Record Period, we have performed the works in advance in order to maintain the relationship with Customer A.

Other income

Our other income amounted to approximately S$103,000 for the five months ended 28 February 2018 and approximately S$59,000 for the five months ended 28 February 2019, which was mainly due to the decrease in interest income from advances to shareholders and the decrease in government grants received.

Other gains and losses

Our other gains and losses decreased from approximately S$226,000 for the five months ended 28 February 2018 to approximately S$130,000 for the five months ended 28 February 2019. Such difference was mainly attributable to the decrease in net gain on disposal of property, plant and equipment net off with increase in fair value gains on investment properties and investment properties held under joint operations.

Administrative expenses

Our administrative expenses increased from approximately S$1.9 million for the five months ended 28 February 2018 to approximately S$2.7 million for the five months ended 28 February 2019. Such increase was mainly due to the increase in our staff costs as a result of the increase in number of employees.

Finance costs

Our finance costs increased from approximately S$252,000 for the five months ended 28 February 2018 to approximately S$404,000 for the five months ended 28 February 2019, which was mainly due to the increase in our bank borrowings and bank overdrafts for supporting our business operation.

Income tax expense

Our profit before taxation increased from approximately S$1.8 million for the five months ended 28 February 2018 to approximately S$2.8 million for the five months ended 28 February 2019, which was mainly due to the increase in our revenue as discussed above. Our income tax expense increased from approximately S$220,000 for the five months ended 28 February 2018 to approximately S$739,000 for the five months ended 28 February 2019 as a result of (i) the increase in profit before tax; and (ii) the tax effect of the non-deductible listing expense incurred for the five months ended 28 February 2019.

Profit and total comprehensive income for the period

Our profit and total comprehensive income for the period decreased from approximately S$2.4 million for the five months ended 28 February 2018 to approximately S$2.0 million for the five months ended 28 February 2019, which was mainly due to the net effect of (i) the increase in revenue and gross profit as discussed above; (ii) the recognition of other comprehensive income during the five months ended 28 February 2018 in relation to the transfer of two properties from property, plant and equipment to investment properties; and (iii) the recognition of listing expenses of approximately S$1.8 million during the five months ended 28 February 2019 while no such expenses were recognised during the five months ended 28 February 2018.

FY2017/18 compared with FY2016/17

Revenue

The following table sets out the breakdown of our revenue during FY2016/17 and FY2017/18 by reference to the business segments:

	FY2016/17		FY2017/18	
	S$'000	*%*	*S$'000*	*%*
Construction services				
Civil engineering works	42,076	69.7	70,229	83.6
Building construction works	17,613	29.2	12,494	14.9
	59,689	98.9	82,723	98.5
Other ancillary services	181	0.3	735	0.9
	59,870	99.2	83,458	99.4
Property investment	478	0.8	505	0.6
Total	60,348	100.0	83,963	100.0

Our revenue for provision of construction services increased from approximately S$59.9 million for FY2016/17 to approximately S$83.5 million for FY2017/18, representing an increase of 39.4%. Such increase was mainly because:

(i) There was an increase in the number of sizable projects with revenue contribution of S$10 million or above during FY2017/18, as demonstrated in the below table:

	FY2016/17	FY2017/18
	Number of projects	*Number of projects*
Revenue recognised		
S$10 million or above	1	3
S$5 million to below S$10 million	3	2
S$1 million to below S$5 million	8	11
Below S$1 million	45	47
	57	63

(ii) In particular, the increase in the revenue was mainly driven by the revenue contributed by some of our major projects undertaken or commenced during FY2017/18, including (a) a public project providing civil engineering works (i.e. Project 9 as referred to the table of "Business – Our construction projects – Our major projects" for FY2017/18) commenced in January 2018 with revenue contribution of approximately S$13.5 million during FY2017/18 (FY2016/17: nil); (b) a public project providing civil engineering works (i.e. Project 10 as referred to the table of "Business – Our construction projects – Our major projects" for FY2017/18) with revenue contribution of approximately S$12.0 million for FY2017/18 (FY2016/17: approximately S$0.2 million); and (c) a private project providing building construction works commenced in May 2018 (i.e. Project 11 as referred to the table of "Business – Our construction projects – Our major projects" for FY2017/18) with revenue contribution of approximately S$11.4 million for FY2017/18 (FY2016/17: nil).

Our revenue for property investment business remained relatively stable at approximately S$478,000 for FY2016/17 and approximately S$505,000 for FY2017/18.

Cost of services

Our cost of services increased from approximately S$50.6 million for FY2016/17 to approximately S$70.7 million for FY2017/18, representing an increase of 39.6%, which was generally in line with the increase in our revenue. Our cost of services mainly include subcontracting charges, staff costs, direct material costs, machinery and equipment expenses and others.

The following is a discussion of the changes in the key components of our cost of services in FY2016/17 compared to FY2017/18:

(i) Our subcontracting charges increased from approximately S$23.9 million for FY2016/17 to approximately S$38.7 million for FY2017/18, representing an increase of approximately 61.8%. Such significant increase was mainly due to the increase in amount of works outsourced to subcontractors having considered our available resources as a result of our growth in business during FY2017/18 as illustrated by the significant increase in our revenue as discussed above, in particular the increase in the number of relatively larger scale projects undertaken during FY2017/18 as illustrated above.

(ii) Our direct material costs decreased from approximately S$14.7 million for FY2016/17 to approximately S$13.5 million for FY2017/18, representing a decrease of approximately 8.3%. Depending on the contract terms agreed with our subcontractors, construction materials may be procured by us on our own account or provided by our subcontractors to us at the cost of our subcontractors. The decrease in our direct material costs was mainly due to the different stage of the projects as well as the increase in our use of subcontractors which purchase of materials on their own costs.

(iii) Our direct staff costs increased from approximately S$6.8 million for FY2016/17 to approximately S$7.1 million for FY2017/18, representing an increase of approximately 3.5%. The less-than-proportionate increase in our direct staff costs was mainly due to the increase in the use of subcontractors during FY2017/18 as compared with FY2016/17.

Gross profit and gross profit margin

Our gross profit and gross profit margin by reference to the business segments for FY2016/17 and FY2017/18 respectively were as follows:

	FY2016/17		**FY2017/18**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	S$'000	*%*	*S$'000*	*%*
Construction services	9,363	15.6	12,930	15.5
Property investment	359	75.2	369	73.2
Total	9,722	16.1	13,299	15.8

Our gross profit amounted to approximately S$9.7 million and approximately S$13.3 million for FY2016/17 and FY2017/18 respectively, representing an increase of approximately 36.8%, primarily due to the increase in revenue as discussed above. Our gross profit margin slightly decreased from approximately 16.1% for FY2016/17 to approximately 15.8% for FY2017/18, which was mainly due to the slightly increase in our use of subcontractors. Our Directors consider that holding all else the same, the engagement of subcontractors would generally lead to a lower profit margin for our Group, as a profit markup is generally factored in the fees charged by subcontractors.

Our gross profit and gross profit margin for construction services (except for other ancillary services) by reference to our role in the projects for FY2016/17 and FY2017/18 respectively were as follows:

	FY2016/17		**FY2017/18**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	S$'000	*%*	*S$'000*	*%*
Main contractor	4,837	13.5	7,106	11.1
Subcontractor	4,360	18.3	5,587	30.1
Total	9,197	15.4	12,693	15.3

Our gross profit margin for projects which we acted as main contractor decreased from approximately 13.5% for FY2016/17 to approximately 11.1% for FY2017/18, which was mainly due to lower gross profit margin recognised for Project 10 as referred to the table of "Business – Our construction projects – Our major projects" for FY2017/18. We recorded gross profit margin of approximately 1.8% for Project 10 in FY2017/18 and such project had revenue contribution of approximately S$12.0 million for FY2017/18 (FY2016/17: approximately S$0.2 million). We recorded a lower profit margin for Project 10 mainly because we assigned additional project management team and site workers having regard to the complexity of the project. Our gross profit margin for projects which we acted as subcontractor increased from approximately 18.3% for FY2016/17 to approximately 30.1% for FY2017/18. The gross profit margin for the five largest projects in terms of gross profit that we acted as subcontractors ranged from approximately 16.1% to approximately 33.3% in FY2016/17 and ranged from approximately 24.4% to approximately 38.3% in FY2017/18. The gross profit margin for the top two projects in terms of gross profit were approximately 16.1% and 23.6% in FY2016/17, and approximately 28.4% and 28.4% in FY2017/2018. The increase in our gross profit margin in FY2017/18 was mainly due to an increase in the gross profit margin in our top five projects in terms of gross profit as compared to FY2016/17, in particular, there were (i) two projects (i.e. the top two projects in terms of gross profit) in FY2017/18 that we set our price at a relatively higher expected margin having considered the tight delivery schedule of such projects. We acted as subcontractor and provided civil engineering works for such private sector projects and such projects with revenue contribution of approximately S$6.1 million in aggregate and gross profit of approximately S$1.7 million in aggregate in FY2017/18; and (ii) a project (i.e. the fourth largest project in FY2017/18 in terms of gross profit) that had an increase in gross profit margin from approximately 5.8% in FY2016/17 to approximately 36.7% in FY2017/18. Such project was one of our projects in FY2016/17 and FY2017/18, with revenue contribution of approximately S$3.5 million in FY2016/17 and approximately S$1.1 million in FY2017/18 and gross profit of approximately S$205,000 in FY2016/17 and approximately S$397,000 in FY2017/18. The reason for such increase in gross profit margin was mainly because we incurred costs for the execution of the variation orders as requested by Customer H and the works for such variation order were still under progress in FY2016/17. Therefore, the fee for such variation order was still under negotiation with Customer H in FY2016/17. Having considered our relationship with Customer H (i.e. for 7 years) and Customer H was one of our major customers during the Track Record Period, we had performed the works in advance in order to maintain the relationship with Customer H. We had reached a consensus with Customer H on the fee of variation order in FY2017/18, and the variation order was recognised as revenue in FY2017/18.

Our gross profit and gross profit margin for construction services (except for other ancillary services) by reference to the nature of projects for FY2016/17 and FY2017/18 respectively were as follows:

	FY2016/17		FY2017/18	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	S$'000	*%*	*S$'000*	*%*
Public sector projects	2,043	10.4	5,548	10.7
Private sector projects	7,154	17.8	7,145	23.1
Total	9,197	15.4	12,693	15.3

Our gross profit margin for public sector projects remained relatively stable for FY2016/17 and FY2017/18. Our gross profit margin for private sector projects increased from approximately 17.8% for FY2016/17 to approximately 23.1% for FY2017/18, which was mainly due to higher gross profit margin recognised for two projects in FY2017/18 that we set our price at a relatively higher expected margin having considered the tight delivery schedule of such projects. We acted as subcontractor and provided civil engineering works for such private sector projects and the gross profit margin was approximately 28.4% for FY2017/18.

Other income

Our other income amounted to approximately S$292,000 for FY2016/17 and approximately S$291,000 for FY2017/18, which was relatively stable.

Other gains and losses

Our other gains and losses increased from a net loss of approximately S$210,000 for FY2016/17 to a net income of approximately S$733,000 for FY2017/18. Such increase was mainly because the increase in gain from sale of scrap materials such as scrap metal for recycling purpose and the increase in fair value gain on investment properties and decrease in fair value losses on investment properties held under joint operations.

Administrative expenses

Our administrative expenses remained relatively stable at approximately S$4.9 million for FY2016/17 and FY2017/18.

Finance costs

Our finance costs increased from approximately S$471,000 for FY2016/17 to approximately S$728,000 for FY2017/18, which was mainly due to the increase in our bank borrowings for the mortgage loan for the purchase of our office and increase in interest incurred for bank overdrafts during FY2017/18.

Income tax expense

Our profit before tax increased from approximately S$4.5 million for FY2016/17 to approximately S$8.0 million for FY2017/18, which was mainly due to the increase in our revenue as discussed above. Our income tax expense increased from approximately S$550,000 for FY2016/17 to approximately S$1.2 million for FY2017/18 as a result of (i) the increase in our profit before tax; and (ii) the tax effect of the non-deductible listing expense incurred for FY2017/18.

Profit and total comprehensive income for the year

As a result of the aforesaid our profit and total comprehensive income for the year increased from approximately S$4.0 million for FY2016/17 to approximately S$7.5 million for FY2017/18, representing an increase of approximately 90.8%.

FY2016/17 compared with FY2015/16

Revenue

The following table sets out the breakdown of our revenue during FY2015/16 and FY2016/17 by reference to the business segments:

	FY2015/16		**FY2016/17**	
	S$'000	*%*	*S$'000*	*%*
Construction services				
Civil engineering works	29,672	66.3	42,076	69.7
Building construction works	13,986	31.3	17,613	29.2
	43,658	97.6	59,689	98.9
Other ancillary services	598	1.3	181	0.3
	44,256	98.9	59,870	99.2
Property investment	484	1.1	478	0.8
Total	44,740	100.0	60,348	100.0

Our revenue for provision of construction services increased from approximately S$44.3 million for FY2015/16 to approximately S$59.9 million for FY2016/17, representing an increase of 35.3%. Such increase was mainly because:

(i) The increase in the number of sizeable projects with revenue contribution of S$5 million or above during FY2016/17, as demonstrated in the below table:

	FY2015/16	**FY2016/17**
	Number of projects	*Number of projects*
Revenue recognised		
S$10 million or above	–	1
S$5 million to below S$10 million	2	3
S$1 million to below S$5 million	10	8
Below S$1 million	55	45
	67	57

(ii) In particular, the increase in the revenue of construction services was mainly driven by the revenue contributed by some of our major projects undertaken or commenced during FY2016/17, including (a) a private project providing building construction works (i.e. Project 3 as referred to in the table of "Business – Our construction projects – Our major projects" for FY2016/17) with revenue contribution of approximately S$15.9 million during FY2016/17 (FY2015/16: approximately S$3.8 million); and (b) a public project providing civil engineering works commenced in February 2017 (i.e. Project 6 as referred to in the table of "Business – Our construction projects – Our major projects" for FY2016/17) with revenue contribution of approximately S$8.4 million for FY2016/17 (FY2015/16: nil).

Our revenue for property investment business remained relatively stable at approximately S$484,000 for FY2015/16 and approximately S$478,000 for FY2016/17.

Cost of services

Our cost of services increased from approximately S$36.8 million for FY2015/16 to approximately S$50.6 million for FY2016/17, representing an increase of 37.5%, which was higher than the increase in our revenue (and thus resulted in our lower gross profit margin for FY2016/17). Our cost of services mainly include subcontracting charges, direct staff costs, direct material costs, machinery and equipment expenses and others.

The following is a discussion of the changes in the key components of our cost of services in FY2015/16 compared to FY2016/17:

(i) Our subcontracting charges increased from approximately S$12.7 million for FY2015/16 to approximately S$23.9 million for FY2016/17, representing an increase of approximately 87.6%. Such significant increase was mainly due to the increase in the use of our subcontractors having considered our resources as a result of our growth in business during FY2016/17 as illustrated by the increase in our revenue as discussed above.

(ii) Our direct material costs increased from approximately S$13.6 million for FY2015/16 to approximately S$14.7 million for FY2016/17, representing an increase of approximately 8.2%. Such increase was mainly due to the increase in our revenue. Depending on the contract terms agreed with our subcontractors, construction materials may be procured by us on our own account or provided by our subcontractors to us at the cost of our subcontractors. The less-than-proportionate increase in our direct material costs was mainly due to the increase in our use of subcontractors which purchase of materials on their own costs.

(iii) Our direct staff costs increased from approximately S$5.7 million for FY2015/16 to approximately S$6.8 million for FY2016/17, representing an increase of approximately 19.1%. The less-than-proportionate increase in our direct staff costs was mainly due to the increase in the use of subcontractors during the FY2015/16 as compared with FY2016/17 as explained in (i) above.

Gross profit and gross profit margin

Our gross profit and gross profit margin by reference to the business segments for FY2015/16 and FY2016/17 respectively were as follows:

	FY2015/16		**FY2016/17**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	S$'000	*%*	*S$'000*	*%*
Construction services	7,563	17.1	9,363	15.6
Property investment	357	73.7	359	75.2
Total	7,920	17.7	9,722	16.1

Our gross profit increased from approximately S$7.9 million for FY2015/16 to approximately S$9.7 million for FY2016/17, representing an increase of approximately 22.8%, primarily due to the increase in revenue as discussed above. Our gross profit margin decreased from approximately 17.7% for FY2015/16 to approximately 16.1% for FY2016/17, which was mainly due to the increase in our use of subcontractors evidenced by our subcontracting charges accounted for approximately 34.6% of our total cost of services for FY2015/16 and increased to approximately 47.2% for FY2016/17. Our Directors consider that holding all else the same, the engagement of subcontractors would generally lead to a lower profit margin for our Group, as a profit markup is generally factored in the fees charged by subcontractors.

Our gross profit and gross profit margin for construction services (except for other ancillary services) by reference to our role in the projects for FY2015/16 and FY2016/17 respectively were as follows:

	FY2015/16		**FY2016/17**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	S$'000	*%*	*S$'000*	*%*
Main contractor	727	12.3	4,837	13.5
Subcontractor	6,667	17.7	4,360	18.3
Total	7,394	16.9	9,197	15.4

Our gross profit margin for projects which we acted as main contractor increased from approximately 12.3% for FY2015/16 to approximately 13.5% for FY2016/17, which was mainly due to relatively higher gross profit margin recognised for Project 6 as referred to the table of "Business – Our construction projects – Our major projects" for FY2016/17. We recorded gross profit margin of approximately 17.4% for Project 6 in FY2017/18 and such project had revenue contribution of approximately S$8.4 million for FY2016/17 (FY2015/16: approximately S$0.1 million). We recorded a higher profit margin for Project 6 mainly because we have achieved certain cost-saving by adopting an alternative way of performing certain work steps (i.e. canal diversion works) in such project. Our gross profit margin for projects which we acted as subcontractor amounted to approximately 17.7% for FY2016/17 and approximately 18.3% for FY2017/18, which remained broadly stable.

Our gross profit and gross profit margin for construction services (except for other ancillary services) by reference to the nature of projects for FY2015/16 and FY2016/17 respectively were as follows:

	FY2015/16		FY2016/17	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*
Public sector projects	11	6.4	2,043	10.4
Private sector projects	7,383	17.0	7,154	17.8
Total	7,394	16.9	9,197	15.4

Our gross profit margin for public sector projects increased from approximately 6.4% for FY2015/16 to approximately 10.4% for FY2016/17, which was mainly due to relatively higher gross profit margin recognised for Project 6 as referred to the table of "Business – Our construction projects – Our major projects" for FY2016/17. We recorded gross profit margin of approximately 17.4% for Project 6 in FY2017/18 and such project had revenue contribution of approximately S$8.4 million for FY2016/17 (FY2015/16: approximately S$0.1 million). We recorded a higher profit margin for Project 6 mainly because we have achieved cost-saving by adopting an alternative way of performing certain work steps (i.e. canal diversion works) in such project. Our gross profit margin for private sector projects remained broadly stable for FY2015/16 and FY2016/17.

Other income

Our other income decreased from approximately S$403,000 for FY2015/16 to approximately S$292,000 for FY2016/17, which was mainly due to the decrease in government grants received.

Other gains and losses

Our other losses increased from approximately S$121,000 for FY2015/16 to approximately S$210,000 for FY2016/17. Such difference was mainly due to the decrease in gain on disposal of property, plant and equipment from approximately S$476,000 for FY2015/16 to approximately S$153,000 for FY2016/17.

Administrative expenses

Our administrative expenses remained relatively stable at approximately S$4.7 million for FY2015/16 and approximately S$4.9 million for FY2016/17.

Finance costs

Our finance costs decreased from approximately S$569,000 for FY2016/17 to approximately S$471,000 for FY2017/18, which was mainly due to the decrease in the outstanding balances of our finance leases liabilities upon our repayment.

Income tax expense

Our profit before tax increased from approximately S$3.1 million for FY2015/16 to approximately S$4.5 million for FY2016/17. Our income tax expense increased from approximately S$469,000 for FY2015/16 to approximately S$550,000 for FY2016/17 as a result of the increase in profit before tax.

Profit and total comprehensive income for the year

As a result of the aforesaid, our profit and total comprehensive income for the year increased from approximately S$2.6 million for FY2015/16 to approximately S$4.0 million for FY2016/17, representing an increase of approximately 53.1%.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of funds have historically been our equity capital, cash generated from our operations and borrowings. Our primary liquidity requirements are to finance our working capital needs, and fund our capital expenditures and growth of our operations. Going forward, we expect these sources to continue to be our principal sources of liquidity, and we may use a portion of the proceeds from the Share Offer to finance a portion of our liquidity requirements.

As at 30 June 2019, being the most recent practicable date for the purpose of the disclosure of our liquidity position, we had cash and bank balances of approximately S$1.5 million and we had banking facilities of approximately S$1.6 million available for cash drawdown.

Cash flows

The following table sets forth a summary of our cash flows for the periods indicated:

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2018	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Operating cashflow before movement in working capital	6,320	7,480	11,022	2,979	4,352
Net cash from (used in) operating activities	3,208	15,717	(3,736)	(2,952)	766
Net cash used in investing activities	(209)	(10,681)	(2,774)	(1,892)	(107)
Net cash (used in) from financial activities	(2,510)	(2,700)	6,009	2,943	(2,756)
Net increase (decrease) in cash and cash equivalents	489	2,336	(501)	(1,901)	(2,097)
Cash and cash equivalents at beginning of year/period	1,336	1,825	4,161	4,161	3,660
Cash and cash equivalents at end of year/period	1,825	4,161	3,660	2,260	1,563

Cash flows from operating activities

Our operating cash inflows is primarily derived from our revenue from the provision of construction services and property investment, whereas our operating cash outflows mainly includes payment for purchase of direct materials, subcontracting charges, staff costs, as well as other working capital needs. Net cash generated from operating activities primarily consisted of profit before income tax adjusted for depreciation of property, plant and equipment, fair value losses or gains on investment properties, fair value losses on investment properties held under joint operations, finance costs, interest income, loss on revaluation of property, plant and equipment, gain on disposal of property, plant and equipment, share of result of a joint venture and the effect of changes in working capital such as changes in trade receivables, other receivables, contract assets, amounts due from/to related parties, trade and other payables, contract liabilities, and income taxes paid.

We recorded net cash used in operating activities of approximately S$3.7 million for FY2017/18, which was mainly attributable to the amount and timing of billing to and receipts from our customers and the amount and timing of payments to our suppliers. In view of our cash outflow in operating activities for FY2017/18, our Directors consider that, going forward, our Group shall adopt a prudent treasury management policy to (i) manage our Group's funds ensuring that there is no material shortfall in cash which may cause interruption to our Group's obligations arising from daily business needs; (ii) maintain sufficient level of funds to settle our Group's commitment as and when they fall due; (iii) maintain adequate liquidity to cover our Group's operation cash flow, project expenditures and administrative expenses; and (iv) maintain the relevant financing costs at a reasonable level. In particular, our Group has adopted certain measures including (i) analyse historical timing of payment approval and settlement patterns related to our customers and historical credit terms granted by our suppliers and/or subcontractors; and (ii) prepare an analysis of the forecasted amount and timing of cash inflows and outflows in relation to the project as well as our other liquidity requirements; (iii) our finance manager is responsible for the overall monitoring of our current and expected liquidity requirements on a monthly basis to ensure that we maintain sufficient financial resources to meet our liquidity requirements; and (iv) if, based on the regular monitoring of our finance manager there is any expected shortage of internal financial resources, we would consider different financing alternatives, including but not limited to obtaining adequate committed lines of funding from banks and other financial institutions.

The following table sets forth a reconciliation of our profit before taxation to net cash from operating activities:

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2018	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Profit before taxation	3,052	4,504	8,019	1,804	2,778
Adjustments for:					
Depreciation of property, plant and equipment	2,700	2,384	2,780	1,134	1,233
Fair value losses (gains) on investment properties	190	(120)	(480)	–	(40)
Fair value losses (gains) on investment properties held under joint operations	475	520	180	–	(40)
Finance costs	569	471	728	252	404
Interest income	(64)	(68)	(71)	(29)	–*
Loss on revaluation of property, plant and equipment	–	–	4	4	–
Net gain on disposal of property, plant and equipment	(476)	(153)	(165)	(200)	–
Share of result of a joint venture	(126)	(58)	27	14	17

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2018	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Operating cash flow before movement in working capital	6,320	7,480	11,022	2,979	4,352
Movements in working capital:					
(Increase) decrease in trade receivables	(4,208)	2,585	(7,508)	(1,917)	3,607
(Increase) decrease in other receivables	(1,990)	1,603	759	629	(309)
Decrease in amounts due from related parties	640	58	116	–	–
(Increase) decrease in contract assets	(3,878)	5,519	(16,355)	(940)	373
Increase (decrease) in contract liabilities	1,071	(472)	(896)	200	168
Increase (decrease) in trade and other payables	5,223	(1,011)	10,773	(3,340)	(6,739)
(Decrease) increase in amounts due to related parties	(44)	45	(191)	44	–
Cash generated from (used in) operations	3,134	15,807	(2,280)	(2,345)	1,452
Income tax paid	(173)	(177)	(1,456)	(607)	(900)
Income tax refunded	247	87	–	–	214
Net cash from (used in) operating activities	3,208	15,717	(3,736)	(2,952)	766

* *Amount less than S$1,000.*

For FY2015/16, FY2016/17, FY2017/18, the five months ended 28 February 2018, and the five months ended 28 February 2019, the respective differences between our profit before tax and net cash flows from operating activities were mainly due to the amount and timing of billing to and receipts from our customers and the amount and timing of payments to our suppliers.

Cash flows from investing activities

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2018	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Proceeds from disposal of property, plant and equipment	1,201	264	332	200	–
Purchase of property, plant and equipment	(1,074)	(10,024)	(1,666)	(1,536)	(107)
Dividends received from a joint venture	–	–	500	500	–
Advance to related parties	(265)	(309)	(2,150)	(668)	–
Repayment of advance to related parties	108	–	–	–	–
Repayment of advance to shareholders	–	–	950	–	–
Advance to shareholders	(179)	(612)	(740)	(388)	–
Net cash used in investing activities	(209)	(10,681)	(2,774)	(1,892)	(107)

During the Track Record Period, our cash inflows from investing activities primarily includes proceeds from disposal of property, plant and equipment, dividends received from a joint venture and repayment of advance to related parties and shareholders, whereas our cash outflows from investing activities primarily includes purchase of property, plant and equipment, advance to related parties and advance to shareholders.

For FY2015/16, we recorded net cash used in investing activities of approximately S$209,000, which was primarily attributable to net effect of our purchase of property, plant and equipment such as motor vehicles and machinery, advance to related parties, repayment of advance to related parties and the proceeds from disposal of property, plant and equipment as a result of the replacement.

For FY2016/17, we recorded net cash used in investing activities of approximately S$10.7 million, which was primarily attributable to net effect of our purchase of property, plant and equipment due to the acquisition of our office and advance to shareholders and related parties.

For FY2017/18, we recorded net cash used in investing activities of approximately S$2.8 million, which was primarily attributable to advance to related parties and shareholders and purchase of property, plant and equipment such as motor vehicles and machinery.

For the five months ended 28 February 2018, we recorded net cash used in investing activities of approximately S$1.9 million, which was primarily attributable to net effect of our purchases of property, plant and equipment such as motor vehicles and machinery, advance to related parties and dividends received from a joint venture.

For the five months ended 28 February 2019, we recorded net cash used in investing activities of approximately S$107,000, which was primarily attributable to our purchases of property, plant and equipment such as motor vehicles.

Cash flows from financing activities

	FY2015/16	**FY2016/17**	**FY2017/18**	**For the five months ended 28 February 2018**	**For the five months ended 28 February 2019**
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Dividends paid	(1,300)	–	–	–	–
Issue costs paid	–	–	–	–	(552)
Interest paid	(568)	(471)	(728)	(253)	(404)
Repayment of obligations under finance leases	(2,335)	(1,933)	(1,315)	(681)	(580)
(Repayment) drawdown of bank overdrafts	(3,359)	(832)	5,325	3,494	(91)
Repayment of bank borrowings	(3,528)	(2,383)	(1,699)	(1,116)	(4,814)
Proceeds from bank borrowings	3,892	7,557	3,376	449	3,948
Advance from related parties	5,037	2,561	1,050	1,050	–
Repayment of advance from related parties	(349)	(7,199)	–	–	–
Repayment of advance from shareholders	–	–	–	–	(263)
Net cash flows (used in) generated from financing activities	(2,510)	(2,700)	6,009	2,943	(2,756)

During the Track Record Period, our cash inflows from financing activities primarily include proceeds from bank borrowings and advance from related parties, whereas our cash outflows from financing activities primarily include dividend paid, interest paid, repayment of obligations under finance leases, repayment or drawdown of bank overdrafts, repayment of bank borrowings and repayment of advance from related parties.

For FY2015/16, we recorded net cash used in financing activities of approximately S$2.5 million, which was mainly attributable to the net effect of advance from related parties and proceeds from bank borrowings, our repayment of bank overdrafts and our repayment of bank borrowings and repayment of obligations under finance leases.

For FY2016/17, we recorded net cash used in financing activities of approximately S$2.7 million, which was mainly attributable to the net effect of our repayment of advance from related parties, advance from related parties, repayment of bank borrowings, and proceeds from bank borrowings.

For FY2017/18, we recorded net cash generated from financing activities of approximately S$6.0 million, which was mainly attributable to the net effect of the proceeds received from bank borrowings, our drawdown of bank overdrafts, advance from related parties, our repayment of bank borrowings and repayment of obligations under finance leases.

For the five months ended 28 February 2018, we recorded net cash generated from financing activities of approximately S$2.9 million, which was mainly attributable to net effect of drawdown of bank overdrafts, repayment of bank borrowings and advance from related parties.

For the five months ended 28 February 2019, we recorded net cash used in financing activities of approximately S$2.8 million, which was mainly attributable to net effect of repayment of bank borrowings, proceeds from bank borrowings and repayment of obligations under finance leases.

Capital expenditures

For each of FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019, our Group incurred capital expenditures of approximately S$3.5 million, S$10.5 million, S$3.8 million and S$107,000 respectively, as set out below:

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*
Leasehold properties	–	8,337	–	–
Motor vehicles	1,207	925	1,238	100
Plant and machinery	2,266	1,148	1,483	–
Office equipment	36	93	68	7
Furniture and fittings	5	–	65	–
Leasehold improvement	10	–	971	–
	3,524	10,503	3,825	107

Our Group's capital expenditures primarily consisted of purchase of leasehold properties, motor vehicles, plant and machinery, office equipment, furniture and fittings and leasehold improvement for use in our business operations. The capital expenditure on leasehold properties of approximately S$8.3 million for FY2016/17 was due to the acquisition of our office building located at 16 Kian Teck Way, Singapore 628749. Our Directors consider that capital investment are necessary in order to cope with our business development and increase our overall efficiency and capacity in performing works. As such, we plan to acquire additional investment properties, motor vehicles and machinery in the future, further information of which is disclosed in the sections "Business – Business strategies" and "Future plans and use of proceeds" in this prospectus. Our Group plans to finance future capital expenditures primarily through the net proceeds from the Share Offer, finance lease arrangement as well as from cash flows generated from operations.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration the resources presently available to our Group, including our internal resources, cash generated from our operations, banking facilities and the estimated net proceeds to be received by us from the Listing, our Group has sufficient working capital for our present requirements for at least 12 months from the date of this prospectus.

NET CURRENT ASSETS

The following table sets forth a breakdown of our Group's current assets and liabilities as at the dates indicated:

	As at 30 September 2016	As at 30 September 2017	As at 30 September 2018	As at 28 February 2019	As at 30 June 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
					(unaudited)
Current assets					
Trade receivables	6,332	3,747	11,255	7,648	9,808
Other receivables, deposits and prepayments	4,704	3,100	2,342	3,644	2,653
Amounts due from shareholders	2,267	2,947	–	–	–
Amounts due from related parties	439	690	–	–	3
Contract assets	14,627	9,108	25,463	25,090	32,990
Income tax recoverable	–	–	214	–	–
Bank balances and cash	1,825	4,161	3,660	1,563	1,516
Total current assets	30,194	23,753	42,934	37,945	46,970
Current liabilities					
Trade and other payables	11,681	10,670	23,052	15,257	23,244
Amounts due to shareholders	392	392	392	128	1,638
Amounts due to related parties	4,958	366	1,225	1,225	1,225
Income tax payable	1,073	1,466	1,452	1,316	966
Contract liabilities	1,596	1,123	227	395	–
Bank overdrafts	832	–	5,326	5,235	5,334
Bank borrowings	1,845	1,581	4,271	3,822	1,924
Bank borrowings held under joint operations	3,591	3,413	3,232	3,159	3,101
Obligations under finance leases	1,782	826	1,009	957	831
Total current liabilities	27,750	19,837	40,186	31,494	38,263
Net current assets	2,444	3,916	2,748	6,451	8,707

As at 30 September 2016 and 2017, our net current assets amounted to approximately S$2.4 million and approximately S$3.9 million, respectively. The increase in our net current assets was mainly due to the decrease in our current liabilities, in particular the settlement of the amounts due to related parties of approximately S$4.6 million in light of our profitable operation in FY2016/17, partially offset by the decrease in contract assets and trade receivables during FY2016/17.

Our net current assets decreased from approximately S$3.9 million as at 30 September 2017 to approximately S$2.7 million as at 30 September 2018. Such decrease was mainly due to the payment of dividend to our Shareholders (i.e. Mr. Poon and Mr. Teo) of approximately S$2.8 million. Such dividend was paid by setting off against the amount due from Mr. Poon and Mr. Teo.

Our net current assets increased from approximately S$2.7 million as at 30 September 2018 to approximately S$6.5 million as at 28 February 2019, which was mainly due to our profitable operation during such period. We recorded approximately S$2.0 million net profit during the five months ended 28 February 2019.

As at 30 June 2019, being the latest practicable date for ascertaining our net current assets position, our net current assets amounted to approximately S$8.7 million, which was higher than our net current assets as at 28 February 2019 due to the net effect of increase in our current assets as a result of the increase in contract assets and the increase in our current liabilities as a result of increase in amount due to Shareholders and trade and other payables.

DISCUSSION ON SELECTED STATEMENT OF FINANCIAL POSITION ITEMS

Further discussions of the fluctuations in the key components of our net current assets are set forth in the following paragraphs.

Trade receivables

Our trade receivables decreased from approximately S$6.3 million as at 30 September 2016 to approximately S$3.7 million as at 30 September 2017, increased to S$11.3 million as at 30 September 2018 and then decreased to approximately S$7.6 million as at 28 February 2019. Such fluctuation was primarily due to (i) our business growth as evidenced by our increase in revenue; and (ii) the fluctuation of the amount settled by different customers to us as at the respective reporting dates due to the actual works progress of our ongoing projects, the amounts certified and settled by the relevant customers as at the respective reporting dates.

Concentration

As at 30 September 2016, 2017 and 2018 and 28 February 2019, 84.5%, 86.7%, 85.6% and 87.8% of our total trade receivables were due from our five largest customers, respectively. For further information regarding our customer concentration risk and our Directors' view as to the sustainability of our business model in view of our customer concentration, please refer to the section headed "Business – Our customers – Customer concentration" in this prospectus.

Trade receivables turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period:

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2019
Trade receivables turnover days *(Note)*	34.5 days	30.5 days	32.6 days	31.8 days

Note: Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables (not including retention receivables, other receivables, deposits and prepayments) divided by revenue during the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 151 days for the five months ended and 28 February 2019).

The credit period that we typically granted to customers is 30 to 35 days from the invoice date. Our trade receivables turnover days were approximately 34.5 days for FY2015/16, approximately 30.5 days for FY2016/17, approximately 32.6 days for FY2017/18, and approximately 31.8 days for the five months ended 28 February 2019, which was generally in line with the credit period we granted to our customers. The fluctuation of our trade receivable turnover days was mainly due to the different settlement practices of our customers.

Trade receivables ageing analysis and subsequent settlement

Our Group grants credit terms to customers typically ranging from 30 to 35 days from the invoice date for trade receivables. The following is an aging analysis of trade receivables presented based on the invoice date at the end of each reporting period:

	As at 30 September 2016	As at 30 September 2017	As at 30 September 2018	As at 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within 30 days	2,564	967	7,702	1,880
31 days–60 days	2,268	1,084	2,439	3,951
61 days–90 days	203	12	25	34
91 days–180 days	48	112	68	60
181 days to 1 year	141	56	398	20
Over 1 year	171	61	39	55
	5,395	2,292	10,671	6,000

The following is an aging analysis of trade receivables that are past due but not impaired, presented based on the due date at the end of each reporting period:

	As at 30 September 2016	As at 30 September 2017	As at 30 September 2018
	S$'000	*S$'000*	*S$'000*
Neither past due nor impaired	2,564	967	7,702
Within 30 days past due	2,268	1,084	2,439
31 days–60 days past due	203	12	25
61 days–90 days past due	48	112	68
91 days–180 days past due	141	56	398
Over 180 days past due	171	61	39
	5,395	2,292	10,671

Up to the Latest Practicable Date, S$5,140,644 (representing approximately 85.7%) of our trade receivables based on the invoice date as at 28 February 2019 had been settled:

	Trade receivables as at 28 February 2019	**Subsequent settlement up to the Latest Practicable Date**	
	S$'000	*S$'000*	*%*
Within 30 days	1,880	1,812	96.4
31 days–60 days	3,951	3,230	81.8
61 days–90 days	34	30	88.2
91 days–180 days	60	54	90.0
180 days to 1 year	20	3	15.0
Over 1 year	55	12	21.8
	6,000	5,141	85.7

No impairment was made for trade receivables as at 30 September 2016, 2017 and 2018. Since the adoption of IFRS 9 on 1 October 2018, our Group estimates ECL for trade receivables on an individual basis. ECL is estimated based on the internal credit rating, our Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. No lifetime ECL was made for trade receivables as at 1 October 2018 and 28 February 2019. Our Directors consider that the adoption of IFRS 9 did not have significant impact on our financial position and performance when compared to that of IAS 39 during the Track Record Period.

Other receivables, deposits and prepayments

Our other receivables, deposits and prepayments mainly comprised sundry debtors, prepayments, deposits, goods and services tax receivable, prepaid listing expenses and deferred issue costs and rental receivable. Our other receivables, deposits and prepayments decreased from approximately S$4.7 million as at 30 September 2016 to approximately S$3.1 million as at 30 September 2017 and further decreased to approximately S$2.3 million as at 30 September 2018. Such decrease was primarily due to the decrease in sundry debtors and prepayments such as prepayment for insurance. Our other receivables, deposits and prepayments then increased from S$2.3 million as at 30 September 2018 to S$3.6 million as at 28 February 2019, which was mainly attributable to the increase in prepayments such as advance payment to subcontractors.

Contract assets and liabilities

The contract assets primarily represent our Group's rights to considerations from customers for the provision of construction services, which arise when: (i) our Group completed the relevant services under such contracts; and (ii) our customers withhold certain amounts payable to our Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defects liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to our customer.

Our Group's contract assets are analysed as follows:

	As at 30 September 2016	**As at 30 September 2017**	**As at 30 September 2018**	**As at 28 February 2019**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Construction contracts – current				
Retention receivables	3,877	3,668	4,479	4,753
Others *(Note)*	10,750	5,440	20,984	20,337
	14,627	9,108	25,463	25,090

Note: Others represented the revenue not yet been billed to our customers which our Group have completed the relevant services under such contracts but yet certified by representatives appointed by the customers.

The contract liabilities represent our Group's obligation to transfer services to customers for which our Group has received consideration (or an amount of consideration is due) from our customers.

Our Group's contract liabilities are analysed as follows:

	As at 30 September 2016	**As at 30 September 2017**	**As at 30 September 2018**	**As at 28 February 2019**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Construction contracts – current	1,596	1,123	227	395

Our contract assets decreased from approximately S$14.6 million as at 30 September 2016 to approximately S$9.1 million as at 30 September 2017, such decrease was mainly due to the different work progress of Project 2 (as referred to the table of "Business – Our construction projects – Our major projects" for FY2015/16) as at each year end date, with approximately S$5.7 million contract assets as at 30 September 2016 while nil contract assets as at 30 September 2017.

Our contract assets increased from approximately S$9.1 million as at 30 September 2017 to approximately S$25.5 million as at 30 September 2018. The significant increase was mainly due to the increase in the size and number of contract works that the relevant services were completed but were not yet certified at the end of each reporting period. In particular, some of the works of our major projects were performed or commenced close to the end of FY2017/18 and such works were not yet certified as at 30 September 2018, such as Project 9 and Project 11 (as referred to the table of "Business – Our construction projects – Our major projects" for FY2017/18), resulting in the increase in the contract assets as at 30 September 2018 as compared to that in 2017. Out of approximately S$21.0 million contract assets (excluding retention receivables) as at 30 September 2018, approximately S$9.2 million was related to Project 9 and Project 11. In addition, approximately S$2.7 million was related to Project 15. It was mainly because Customer I, a subsidiary owned by a company listed on the Stock Exchange, took a relatively longer period for going through its internal process for certification. Our contract assets remained relatively high at approximately S$25.1 million as at 28 February 2019. It was mainly because (i) we have recognised revenue of approximately S$44.9 million during the five months ended 28 February 2019; (ii) some of the works of Project 9 and Project 13 were performed close to 28 February 2019 and such works were not yet certified as at 28 February 2019. We recognised revenue of approximately S$6.9 million and S$6.0 million for Project 9 and Project 13 respectively during the five months ended 28 February 2019; and (iii) the contract assets of Project 15 remained high as at 28 February 2019 having considered that we have recognised revenue of approximately S$4.5 million for Project 15 for the five months ended 28 February 2019 and Customer I took a relatively longer period for going through its internal process for certification.

The following is a breakdown of the Group's contract assets (excluding retention receivables) as at 30 September 2018 and 28 February 2019 by projects:

Project code	Customer	Type of project	As at 30 September 2018	As at 28 February 2019
			S$'000	*S$'000*
Project 11	Customer A	Building construction works	4,154	1,924
Project 9	Customer F	Civil engineering works	5,056	5,245
Project 15	Customer I	Civil engineering works	2,671	4,534
Project 6	Customer F	Civil engineering works	2,181	927
Project 10	Customer F	Civil engineering works	1,564	148
Project 13	Customer F	Civil engineering works	1,478	3,370
Other projects (more than 15 projects for both years)			3,880	4,189
Total			20,984	20,337

No impairment was made for contract assets as at 30 September 2016, 2017 and 2018. Since the adoption of IFRS 9 on 1 October 2018, our Group estimates ECL for contract assets on an individual basis. ECL is estimated based on the internal credit rating, our Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. No lifetime ECL was made for contract assets as at 1 October 2018 and 28 February 2019. Our Directors consider that the adoption of IFRS 9 did not have significant impact on our financial position and performance when compared to that of IAS 39 during the Track Record Period.

The following is an aging analysis of contract assets (excluding retention receivables) as at 28 February 2019:

	As at 28 February 2019
	S$'000
Within one month	5,998
One to three month(s)	11,684
More than three months but within one year	2,655
More than one year	–
	20,337

As shown in the above aging analysis of contract assets (excluding retention receivables) of our Group as at 28 February 2019, 29.5% of contract assets were aged within one month, 57.5% of contract assets were aged one to three month(s), 13.0% of contract assets were aged more than three months but within one year, and nil of contract assets were aged more than one year. Our contract assets (excluding retention receivables) aged more than three months but within one year were mainly derived from Project 15. It was because Customer I took a relatively longer period for going through its internal process for certification. As at the Latest Practicable Date, approximately S$2,579,000 of our contract assets as at 28 February 2019 which were aged more than three months but within one year had been billed.

Subsequent settlement of contract assets (excluding retention receivables)

Up to the Latest Practicable Date, S$18,008,946 (representing approximately 88.6%) of our contract assets (excluding retention receivables) as at 28 February 2019 had been billed and S$12,502,582 (representing approximately 61.5%) of our contract assets (excluding retention receivables) as at 28 February 2019 had been settled.

The following is a breakdown of our Group's subsequent billing and settlement of our contract assets (excluding retention receivables) as at 28 February 2019 up to the Latest Practicable Date by projects:

Project code	Contract assets (excluding retention receivables) as at 28 February 2019	Subsequent billing up to the Latest Practicable Date		Subsequent settlement up to the Latest Practicable Date	
	S$'000	*S$'000*	*%*	*S$'000*	*%*
Project 9	5,245	5,103	25.1	5,103	25.1
Project 13	3,370	3,370	16.6	3,370	16.6
Project 15	4,534	4,534	22.3	528	2.6
Project 6	927	592	2.9	592	2.9
Project 11	1,924	405	2.0	47	0.2
Project 10	148	148	0.7	148	0.7
Other projects (more than 15 projects)	4,189	3,857	19.0	2,715	13.4
Total	20,337	18,009	88.6	12,503	61.5

Our Directors confirm that with respect to the amounts of our Group's revenue and contract assets, there is no material amount that was (i) in dispute with our customers for each of the financial years during the Track Record Period; and (ii) reversed subsequent to customer certification for each of the financial years during the Track Record Period.

Amounts due from shareholders

Our Group had amounts due from Mr. Poon and Mr. Teo of approximately S$2.3 million, S$2.9 million, nil and nil as at 30 September 2016, 2017 and 2018 and 28 February 2019, respectively. The amounts due from shareholders were cash advanced to Mr. Poon and Mr. Teo by our Group for their personal use. The balances as at 30 September 2016 and 2017 are non-trade related, unsecured, repayable on demand and interest bearing with 5% per annum. Such accounts have been fully settled during FY2017/18.

Amounts due from related parties

Our Group had amounts due from related parties of approximately S$439,000, S$690,000, nil and nil as at 30 September 2016, 2017 and 2018 and 28 February 2019, respectively. The amounts due from related parties were mainly cash advanced by our Group to certain related companies mainly for working capital purpose as well as amount arisen from related party transactions before the Track Record Period. Such amount have been fully settled during FY2017/18. For details, please refer to note 21 of the accountants' report set out in Appendix I to this prospectus.

Trade and other payables

Our trade and other payables as at 30 September 2016, 2017 and 2018 and 28 February 2019 amounted to approximately S$11.7 million, approximately S$10.7 million, approximately S$23.1 million and approximately S$15.3 million respectively. The following table sets forth a breakdown of our trade and other payables:

	As at 30 September 2016	**As at 30 September 2017**	**As at 30 September 2018**	**As at 28 February 2019**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Trade payables	3,560	3,143	8,597	4,541
Trade accruals	5,662	4,322	8,557	4,269
Retention payables	1,226	1,701	2,115	3,373
	10,448	9,166	19,269	12,183
Payroll and CPF payables	902	1,160	1,389	577
Deposits	116	147	43	81
Sundry creditors	87	118	223	169
GST payable	64	33	233	62
Deferred rental income	37	19	49	–
Accrued share issue costs	–	–	–	53
Accrued listing expenses	–	–	119	314
Accrued expenses	27	27	118	48
Dividend payable	–	–	1,609	500
Listing expenses payables	–	–	–	1,270
	1,233	1,504	3,783	3,074
	11,681	10,670	23,052	15,257

Trade payables

Our trade payables mainly comprised payables to subcontractors and material suppliers.

Our trade payables remained broadly stable at approximately S$3.6 million as at 30 September 2016 and approximately S$3.1 million as at 30 September 2017. Our trade payables increased to approximately S$8.6 million as at 30 September 2018, which was mainly due to our business growth as evidenced by our increase in revenue and different amounts of work performed and billed by our subcontractors or different amounts of materials purchased from our materials suppliers for each financial year. Our trade payables decreased to approximately S$4.5 million as at 28 February 2019, which was primarily because, as a result of our business growth and profitable operation during the five months ended 28 February 2019, we expedited the process of settling our trade payables in order to enhance business relationship with various suppliers and subcontractors, evidenced by the decrease in our trade payables turnover days.

Trade payables turnover days

The following table sets out our trade payables turnover days during the Track Record Period:

	FY2015/16	**FY2016/17**	**FY2017/18**	**For the five months ended 28 February 2019**
Trade payables turnover days *(Note)*	28.9 days	24.2 days	30.3 days	26.5 days

Note: Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables (not including accruals and other payables) divided by cost of services for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 151 days for the five months ended 28 February 2019).

Our trade payables turnover days decreased from approximately 28.9 days for FY2015/16 to approximately 24.2 days for FY2016/17, increased to approximately 30.3 days for FY2017/18, and decreased to 26.5 days for the five months ended 28 February 2019, which was primarily because (i) we expedited the process of settling our trade payables in order to enhance business relationship with various suppliers; and (ii) different credit periods granted by different suppliers. The credit period of purchases from our suppliers is payable upon delivery or between 30 to 60 days.

Trade payables ageing analysis and subsequent settlement

The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 30 September 2016	As at 30 September 2017	As at 30 September 2018	As at 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within 30 days	1,990	1,700	5,580	2,749
31 days to 60 days	1,472	1,055	1,683	1,493
61 days to 90 days	69	332	1,010	196
Over 90 days	29	56	324	103
	3,560	3,143	8,597	4,541

Up to the Latest Practicable Date, S$4,232,556 (representing approximately 93.2%) of our trade payables as at 28 February 2019 had been settled.

Trade accruals

Our trade accruals refers to costs of services relating to civil engineering and building construction works which had been recognised but for which we had not yet received invoices from our subcontractors as at 30 September 2016, 2017 and 2018 and 28 February 2019, respectively. Typically, such amounts arose when services had been performed and rendered by subcontractors as at year-end but we had not yet received invoices from them. Our trade accruals amounted to approximately S$5.7 million as at 30 September 2016, approximately S$4.3 million as at 30 September 2017, approximately S$8.6 million as at 30 September 2018 and approximately S$4.3 million as at 28 February 2019.

Retention payables

The retention payables to subcontractors are interest-free and payable after the completion of maintenance period or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works.

Our retention payables increased from approximately S$1.2 million as at 30 September 2016 to approximately S$1.7 million as at 30 September 2017, approximately S$2.1 million as at 30 September 2018 and further increased to approximately S$3.4 million as at 28 February 2019. The increase was mainly due to the increase in the use of subcontractors.

Other payables and accruals

Other payables and accruals (including payroll and CPF payables, deposits, sundry creditors, GST payable, deferred rental income, accrued share issued costs accrued listing expenses, accrued expenses, dividend payable and listing expenses payables in aggregate) increased from approximately S$1.2 million as at 30 September 2016 to approximately S$1.5 million as at 30 September 2017 and further increased to approximately S$3.8 million as at 30 September 2018. Such increase was mainly due to the increase in our payroll and CPF payables and GST payable and the dividend payable of approximately S$1.6 million as at 30 September 2018. Our other payables and accruals decreased to approximately S$3.1 million as at 28 February 2019, which was mainly attributable to the net effect of the decrease in dividend payables, the decrease in payroll and CPF payables and the increase in listing expenses payables.

Investment properties and investment properties held under joint operations

Our Group's investment properties amounting to S$6.0 million, approximately S$6.1 million, approximately S$9.2 million and approximately S$9.2 million, and investment properties held under joint operations amounting to approximately S$7.6 million, approximately S$7.1 million, approximately S$6.9 million and approximately S$6.9 million as at 30 September 2016, 2017 and 2018 and 28 February 2019 respectively are measured at fair values. The significant increase in the investment properties was mainly contributed by the transfer of two properties, plant and equipment with fair value of approximately S$2.6 million to investment property as the Group has changed the use of the properties in FY2017/18.

The fair values of our investment properties as at 30 September 2016, 2017, 2018 and 28 February 2019 have been arrived at on the basis of a valuation carried out on the respective dates by an independent valuer. For further information on the valuation of the investment properties, please refer to Appendix III to this prospectus.

The table below shows a reconciliation of the fair value of our investment properties and investment properties held under joint operations as reflected in our consolidated financial information as at 28 February 2019 as set out in Appendix I to this prospectus with the fair values of our investment properties as at 31 May 2019 as set out in Appendix III to this prospectus:

	S$'000
Fair value of our investment properties as at 28 February 2019	9,200
Net gain from change in fair value	20
Fair value of our investment properties as at 31 May 2019	9,220
Fair value of our investment properties held under joint operations as at 28 February 2019	6,935
Net gain from change in fair value	75
Fair value of our investment properties held under joint operations as at 31 May 2019	7,010

During the Track Record Period, our investment properties were leased out for rental income. For the details of our investment properties, please refer to section headed "Business – Our properties – Owned property" in this prospectus.

INDEBTEDNESS

The following table sets forth our Group's indebtedness as at the respective dates indicated. As of 30 June 2019, being the Latest Practicable Date for this indebtedness statement, save as disclosed below, we do not have any debt securities, term loans, borrowings or indebtedness in the nature of borrowing, mortgages, charges, contingent liabilities or guarantees. 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 covenants related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since 30 June 2019 and up to the date of this prospectus. Our Directors confirmed that as at the Latest Practicable Date, we did not have any immediate plan for additional material external debt financing.

	As at 30 September 2016	As at 30 September 2017	As at 30 September 2018	As at 28 February 2019	As at 30 June 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000* (unaudited)
Non-current liabilities					
Bank borrowings	4,565	10,283	9,548	9,252	9,015
Bank borrowings held under joint operations	1,258	1,158	1,060	1,014	975
Obligations under finance leases	856	356	1,017	876	711
Current liabilities					
Amounts due to shareholders	392	392	392	129	1,638
Amounts due to related parties	4,958	366	1,225	1,225	1,225
Bank overdrafts	832	–	5,326	5,235	5,334
Bank borrowings	1,845	1,581	4,271	3,822	1,924
Bank borrowings held under joint operations	3,591	3,413	3,232	3,159	3,101
Obligations under finance leases	1,782	826	1,009	957	831
	20,079	18,375	27,080	25,669	24,754

Note: Our bank borrowings in relation to the mortgage loans of our investment properties, office building and the two properties rented to our Directors (including bank borrowings held under joint operations) amounted to approximately S$10.3 million, approximately S$15.9 million, approximately S$14.7 million, approximately S$14.2 million and approximately S$13.8 million as at 30 September 2016, 2017 and 2018, 28 February 2019 and 30 June 2019, respectively.

Amounts due to shareholders

Our Group had amounts due to Mr. Poon and Mr. Teo of approximately S$392,000, S$392,000, S$392,000, S$129,000 and S$1.6 million as at 30 September 2016, 2017 and 2018, 28 February 2019 and 30 June 2019, respectively. The amounts due to shareholders were cash advanced by Mr. Poon and Mr. Teo to our Group for working capital purpose. The amounts due to shareholders were non-trade related, unsecured and unguaranteed, repayable on demand and non-interest bearing. All outstanding balance will be fully settled before the Listing.

Amounts due to related parties

A breakdown and analysis of our amounts due to related parties are set out in note 21 to the accountants' report contained in Appendix I to this prospectus.

Amounts due to related parties comprised both trade related and non-trade related amounts. Trade related amounts were arisen from the related party transactions conducted between our Group and such related companies. Such related party transactions mainly included purchase of upkeep services of motor vehicles and machinery and renting equipment services by our Group. For further details of such related party transactions, please refer to the paragraph headed "Related party transactions" below. Non-trade related amounts were unsecured and unguaranteed and mainly cash advanced by a company jointly controlled by our Group to us for working capital purpose. Such amounts will be settled before the Listing.

Banking Facilities

Our bank borrowings represent (i) mortgage loans in relation to our six investment properties, two investment properties held under joint operations, two properties rented to our executive Directors and one property used as our office, which were obtained to finance the purchase of our such properties; and (ii) trust receipt loans to finance our payments to our suppliers. Our bank borrowings are secured and guaranteed by: (a) first legal mortgage over owner-occupied properties and investment properties as set out in notes 15 and 16 to the accountants' report set out in Appendix I to this prospectus; (b) first legal mortgage over investment properties held under joint operations as set out in note 17 to the accountants' report set out in Appendix I to this prospectus as well as joint and several guarantees are provided by our Controlling Shareholders, and the joint partners; (c) joint and several guarantees from our Controlling Shareholders in their personal capacities; and (d) bank deposits pledged to banks to secure banking facilities, granted to our Group, amounting to approximately S$224,700, approximately S$224,000, approximately S$225,000 and approximately S$225,000 as at 30 September 2016, 2017 and 2018 and 28 February 2019. The guarantee in relation to personal guarantee of our Controlling Shareholders will be replaced by our Company's corporate guarantee or the borrowings secured by such personal guarantee will be repaid before or upon Listing.

Our bank overdraft facilities are to the total extent of approximately S$7.0 million as at 30 September 2016, 2017 and 2018 and 31 October 2018. Our utilised bank overdrafts amounted to approximately S$0.8 million, nil, approximately S$5.3 million, approximately S$5.2 million and approximately S$5.3 million as at 30 September 2016, 2017 and 2018, 28 February 2019 and 30 June 2019 respectively. Our principal business objectives are to (i) further strengthen our market position in the construction industry in Singapore and (ii) further expand our property investment business in Singapore so as to further diversify our revenue stream. Our revenue increased from approximately S$44.7 million for FY2015/16 to approximately S$60.3 million for FY2016/17, and further increased to approximately S$84.0 million for FY2017/18. The increase of our bank overdrafts from 30 September 2017 to 30 September 2018 was mainly used as upfront costs for our projects, having considered our available financial resources. In particular, certain large projects in the early stages such as Project 9 and Project 11 as referred to the table of "Business – Our construction projects – Our major projects" for FY2017/18 have incurred approximately S$5.9 million upfront costs in aggregate as at 30 September 2018. Our bank overdrafts carry interests at market rates of 5.5%, 5.5% and 5.5% per annum as at 30 September 2016 and 2018 and 28 February 2019. The bank overdraft balances are unsecured and guaranteed by our Controlling Shareholders. All such personal guarantee will be replaced by our Company's corporate guarantee or the borrowings secured by such personal guarantee will be repaid before or upon Listing. For further details, please refer to the note 25 of the Accountants' Report in Appendix I to this prospectus.

As at 30 June 2019, being the most recent practicable date for the purpose of the disclosure of our liquidity position, we had cash and bank balances of approximately S$1.5 million and we had unutilised banking facilities of approximately S$1.6 million available for cash drawdown.

Obligation under finance leases

During the Track Record Period, we have certain machinery and motor vehicles by way of finance lease arrangements. Under these finance lease arrangements, our creditors purchased the machinery and motor vehicles from the suppliers or us (as the case may be) and leased back those machinery and motor vehicles to us at stipulated monthly rents in a fixed term. Under such arrangements, we were given the options to purchase the machinery and motor vehicles for nominal amounts at the end of the respective lease terms. Since the terms of these finance leases transfer substantially all the risks and rewards of ownership of the machinery and motor vehicles to our Group as the lessee, the relevant machinery and motor vehicles were accounted for as our Group's assets under the category of property, plant and equipment. The finance lease obligation were secured by leased assets and personal guarantees of our Controlling Shareholders, namely Mr. Poon and Mr. Teo. All such personal guarantees will be released and replaced by our Company's corporate guarantee or the finance lease obligation secured by such guarantees will be repaid before or upon Listing.

	Minimum lease payments					Present value of minimum lease payments				
	As at 30 September 2016	As at 30 September 2017	As at 30 September 2018	As at 28 February 2019	As at 30 June 2019	As at 30 September 2016	As at 30 September 2017	As at 30 September 2018	As at 28 February 2019	As at 30 June 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000* (unaudited)
Amounts payable under finance leases										
– Within one year	1,847	854	1,067	1,008	870	1,782	827	1,009	957	831
– more than one year but not more than two years	683	270	583	540	489	671	250	552	513	472
– more than two years but not more than five years	191	110	447	349	230	184	106	428	336	221
– more than five years	–	–	38	27	19	–	–	37	27	18
	2,721	1,234	2,135	1,924	1,608	2,637	1,183	2,026	1,833	1,542
Less: future finance charges	(84)	(51)	(109)	(91)	(66)					
Present value of lease obligations	2,637	1,183	2,026	1,833	1,542					
Less: Amounts due for settlement within one year (shown under current liabilities)						(1,781)	(827)	(1,009)	(957)	(831)
Amounts due for settlement after one year						856	356	1,017	876	711

As at 30 September 2016, 2017 and 2018, 28 February 2019 and 30 June 2019, the effective interest rates ranged from 2.4% to 6.5% per annum for our finance leases facilities.

Our finance leases were secured by certain machinery and motor vehicles. As at 30 September 2016, 2017 and 2018, 28 February 2019 and 30 June 2019, the net book value of our plant and machinery and motor vehicles under finance leases amounted to approximately S$4.0 million, approximately S$2.8 million, approximately S$3.0 million, approximately S$2.6 million and approximately S$2.4 million respectively, representing approximately 69.8%, 49.6%, 51.2%, 51.2% and 45.6% respectively of the total net book value of our plant and machinery and motor vehicles as at the respective dates.

Operating lease commitments

The Group as lessee

Our Group had commitments for future minimum lease payments under non-cancellable operating leases as at the end of each reporting period which fall due as follows:

	As at 30 September 2016	As at 30 September 2017	As at 30 September 2018	As at 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within one year	324	309	320	291
In the second to fifth years, inclusive	18	291	285	254
More than five years	–	67	–	–
	342	667	357	545

Our leases have tenures ranging from one to six years. The lease payments are fixed over the lease term and no contingent rent provisions is included in the contracts.

The Group as lessor

The details of rental income earned on buildings and freehold land and investment properties are disclosed per notes 15, 16 and 17 to the accountants' report set out in Appendix I to this prospectus.

At the end of reporting period, our Group had contracted with tenants for the following future minimum lease receivables:

	As at 30 September 2016	As at 30 September 2017	As at 30 September 2018	As at 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000*
Within one year	433	481	173	589
In the second to fifth years, inclusive	929	631	39	395
	1,362	1,112	212	984

Our leases have tenures ranging from one to five years. The lease receivables are fixed over the lease term and no contingent rent income is included in the contracts.

Performance bonds

As at 30 September 2016, 2017 and 2018 and 28 February 2019, performance bonds of S$3.1 million, S$6.6 million, S$7.5 million and S$7.6 million, respectively, were given by a bank and insurance companies in favour of our customers as security for the due performance and observance of our obligations under the contracts entered into between our Group and our customers. If we fail to provide satisfactory performance to our customers to whom performance bonds have been given, such customers may demand the bank and insurance companies to pay to them the sum or sum stipulated in such demand. In the event of the non-performance, our Group will only become liable to compensate such customers for any performance obligations over and above the performance bond amounts given to them. The performance guarantees will be released upon completion of the contract.

Off-balance sheet arrangements and commitments

As at the Latest Practicable Date, we did not have any off-balance sheet arrangements or commitments.

KEY FINANCIAL RATIOS

	FY2015/16 or as at 30 September 2016	FY2016/17 or as at 30 September 2017	FY2017/18 or as at 30 September 2018	For the five months ended 28 February 2018 or as at 28 February 2018	For the five months ended 28 February 2019 or as at 28 February 2019
Revenue growth	N/A	34.9%	39.1%	N/A	87.8%
Net profit growth	N/A	53.1%	71.4%	N/A	28.7%
Gross profit margin	17.7%	16.1%	15.8%	15.3%	16.7%
Net profit margin before interest and tax	8.1%	8.2%	10.4%	8.6%	7.1%
Net profit margin	5.8%	6.6%	8.1%	6.6%	4.5%
Return on equity	11.6%	15.0%	25.4%	5.5%	6.8%
Return on total assets	4.5%	6.8%	8.6%	2.6%	2.8%
Current ratio	1.1	1.2	1.1	1.2	1.2
Quick ratio	1.1	1.2	1.1	1.2	1.2
Inventories turnover days	N/A	N/A	N/A	N/A	N/A
Trade receivables turnover days	34.5 days	30.5 days	32.6 days	29.7 days	31.8 days
Trade payables turnover days	28.9 days	24.2 days	30.3 days	19.3 days	26.5 days
Gearing ratio	89.9%	69.9%	101.4%	80.0%	86.0%
Net debt to equity ratio	81.7%	54.1%	87.7%	72.1%	80.8%
Interest coverage	6.4	10.6	12.0	8.1	7.9

Revenue growth

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for the reasons for the fluctuation in our revenue.

Net profit growth

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for the reasons for the fluctuation in our net profit.

Gross profit margin

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for the reasons for the fluctuation in our gross profit margin.

Net profit margin before interest and tax

Our net profit margin before interest and tax remained relatively stable at approximately 8.1% for FY2015/16 and approximately 8.2% for FY2016/17. Our net profit margin before interest and tax increased from approximately 8.2% for FY2016/17 to approximately 10.4% for FY2017/18, which was mainly due to the net effect of (i) the increase in our other gains and losses; and (ii) the recognition of listing expenses during FY2017/18.

Our net profit margin before interest and tax decreased from approximately 8.6% for the five months ended 28 February 2018 to approximately 7.1% for the five months ended 28 February 2019. Such decrease was primarily due to the recognition of listing expenses of approximately S$1.8 million for the five months ended 28 February 2019.

Net profit margin

Our net profit margin increased from approximately 5.8% for FY2015/16 to approximately 6.6% for FY2016/17 and further increased to approximately 8.1% for FY2017/18, which was mainly due to the increase in our net profit margin before interest and tax as mentioned above, partially offset by the tax effect of the non-deductible listing expenses recognised in FY2017/18.

Our net profit margin decreased from approximately 6.6% for the five months ended 28 February 2018 to approximately 4.5% for the five months ended 28 February 2019. Such decrease was mainly due to the decrease of net profit margin before interest and tax as discussed above.

Return on equity

Return on equity is calculated as profit for the year divided by the ending total equity as at the respective reporting dates.

Our return on equity increased from approximately 11.6% for FY2015/16 to approximately 15.0% for FY2016/17, and further increased to approximately 25.4% for FY2017/18, which was mainly due to increase in revenue and gross profit as discussed in the paragraph headed "Period-to-period comparison of results of operations" above in this section.

Our return on equity increased from approximately 5.5% for the five months ended 28 February 2018 to approximately 6.8% for the five months ended 28 February 2019, which was primarily due to increase in revenue and gross profit as discussed in the paragraph headed "Period-to-period comparison of results of operations" above in this section, offset by the recognition of the listing expenses of approximately S$1.8 million for the five months ended 28 February 2019.

Return on total assets

Return on total assets is calculated as profit for the year divided by the ending total assets as at the respective reporting dates.

Our return on total assets increased from approximately 4.5% for FY2015/16 to approximately 6.8% for FY2016/17, and further increased to approximately 8.6% for FY2017/18. The increase in our return on total assets over the Track Record Period was mainly due to reasons similar to those for the increase in our return on equity mentioned above.

Our return on total assets increased from approximately 2.6% for the five months ended 28 February 2018 to approximately 2.8% for the five months ended 28 February 2019, which was primarily due to the reason similar to those for the increase in our return on equity mentioned above.

Current ratio

Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

Our current ratio remained broadly stable at approximately 1.1 times as at 30 September 2016, approximately 1.2 times as at 30 September 2017, approximately 1.1 times as at 30 September 2018 and approximately 1.2 times as at 28 February 2019.

Quick ratio

Quick ratio is calculated as current assets minus inventories, then divided by current liabilities as at the respective reporting dates. Due to the nature of our business model, we did not have any inventories during the Track Record Period. As such, our quick ratio was the same as our current ratio.

Inventories turnover days

Due to the nature of our business model, we did not maintain any inventories during the Track Record Period. As such, analysis of inventories turnover days is not applicable.

Trade receivables turnover days

Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables (not including other receivables, deposits and prepayments) divided by revenue for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 151 days for the five months ended 28 February 2019).

Please refer to the section "Financial information – Net current assets – Trade receivables" for the reasons for the change in our trade receivables turnover days.

Trade payables turnover days

Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables (not including trade accruals or retention payables) divided by direct costs for the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 151 days for the five months ended 28 February 2019).

Please refer to the paragraph headed "Net current assets – Trade and other payables" in this section for the reasons for the change in our trade payables turnover days.

Gearing ratio

Gearing ratio is calculated as total borrowings (including bank borrowings, bank overdrafts, obligations under finance lease, amounts due to shareholders and amounts due to related parties) divided by the total equity as at the respective reporting dates.

Our gearing ratio was approximately 89.9%, approximately 69.9%, approximately 101.4% and approximately 86.0% as at 30 September 2016, 2017 and 2018 and 28 February 2019, respectively. The fluctuation in our gearing ratio during the Track Record Period was mainly due to the change in our total bank borrowings and bank overdrafts during the Track Record Period having considered our working capital needs during each of the financial year.

Net debt to equity ratio

Net debt to equity ratio is calculated as net debts (i.e. total borrowings net of cash and cash equivalents) divided by total equity as at the respective reporting dates.

Our net debt to equity ratio was approximately 81.7%, approximately 54.1%, approximately 87.7% and approximately 80.8% as at 30 September 2016, 2017 and 2018 and 28 February 2019, respectively. The fluctuation in our net debt to equity ratio during the Track Record Period was mainly due to reasons similar to those for the change in our gearing ratio discussed above.

Interest coverage

Interest coverage is calculated as profit before finance costs and income tax divided by finance costs of the respective reporting years.

Our interest coverage increased from approximately 6.4 times as at 30 September 2016 to approximately 10.6 times as at 30 September 2017, and further increased to approximately 12.0 times as at 30 September 2018, mainly due to our increase in finance costs as a result of the increase in our bank borrowings and bank overdrafts during the Track Record Period.

Our interest coverage was approximately 8.1 times as at 28 February 2018 and remained relatively stable at approximately 7.9 times as at 28 February 2019.

FINANCIAL RISK AND CAPITAL MANAGEMENT

Our Group is exposed to interest rate risk, credit risk and liquidity risk in the normal course of business. For further details of our financial risk management, please refer to "Business – Risk management and internal control systems" and note 32 of the accountants' report set out in Appendix I to this prospectus.

We manage our capital to ensure that entities in the Group 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 overall strategy remains unchanged during the Track Record Period.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted net tangible assets, which was prepared to illustrate the effect of the Share Offer on the audited consolidated net tangible assets of our Group attributable to owners of our Company as of 28 February 2019 as if the Share Offer had taken place on 28 February 2019, was approximately HK$0.57 per Share and HK$0.59 per Share, respectively, based on the indicative Offer Price Range of HK$1.05 per Offer Share to HK$1.15 per Offer Share. Please refer to Appendix II to this prospectus for the bases and assumptions in calculating the unaudited pro forma adjusted net tangible assets figure.

LISTING EXPENSES

Our Directors estimate that the total amount of expenses in relation to the Listing is approximately HK$37.7 million. Out of the amount of approximately HK$37.7 million, approximately HK$17.8 million is directly attributable to the issue of the Listing and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately HK$19.9 million, which cannot be so deducted, shall be charged to profit or loss. Of the approximately HK$19.9 million that shall be charged to profit or loss, approximately S$2.4 million (approximately HK$13.7 million) has been charged during the Track Record Period, and approximately HK$6.2 million is expected to be incurred for the remaining seven months ending 30 September 2019. Expenses in relation to the Listing are non-recurring in nature. Our Group's financial performance and results of operations for FY2018/19 will be adversely affected by the estimated expenses in relation to the Listing.

DIVIDEND

During FY2015/16, Sing Tec Development declared and paid a dividend of S$1.3 million to our then shareholders in respect of FY2015/16.

During FY2017/18, Sing Tec Development and Sing Tec Construction declared dividends of approximately S$5.7 million and S$1.4 million respectively to our then shareholders in respect of FY2017/18. Approximately S$5.5 million was offset against amounts owing from Mr. Poon and Mr. Teo during FY2017/18 as detailed in note 21 of the accountants' report set out in Appendix I to this prospectus. In respect of the remainder of the dividend payable of approximately S$1.6 million as at 30 September 2018, having considered our available financial resources, our business growth and the needs for our business operation, on 20 December 2018, Mr. Poon and Mr. Teo decided to further invest in our Group and waived the dividend payable of our Group of S$1.1 million in aggregate. The remainder of such dividend payable of approximately S$0.5 million shall be paid to Mr. Poon by using our internal resources before the Listing.

The declaration and payment of future dividends will be subject to the decision of the Board having regard to various factors, including but not limited to our operation and financial performance, profitability, business development, prospect, capital requirements, and economic outlook. It is also subject to any applicable laws. The historical dividend payments may not be indicative of future dividend trends. We do not have any predetermined dividend payout ratio.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 17 September 2018. As at 30 September 2016, 2017 and 2018 and 28 February 2019, our Company had no reserves available for distribution to our Shareholders.

RELATED PARTY TRANSACTIONS

Our related party transactions during the Track Record Period are summarised in note 34 to the accountants' report set out in Appendix I to this prospectus. During the Track Record Period, our transactions with related parties comprise the following:

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2018	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Provision of building construction services by our Group					
A company jointly controlled by our Group	5,746	1,254	–	–	–
Sale of motor vehicles to Directors by our Group					
Mr. Poon	–	–	31	–	–
Mr. Teo	–	–	20	–	–
	–	–	51	–	–
Rental income for renting properties to our Directors					
Mr. Poon	72	72	72	30	30
Mr. Teo	60	60	60	25	25
	132	132	132	55	55
Purchase of upkeep services of motor vehicles and machinery by our Group					
ST Horizon Pte Ltd	107	95	34	26	–
Initial Shore Solutions Pte Ltd	50	22	6	–	–
	157	117	40	26	–

	FY2015/16	FY2016/17	FY2017/18	For the five months ended 28 February 2018	For the five months ended 28 February 2019
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000*
Purchase of renting equipment services by our Group					
Initial Shore Solutions Pte Ltd	14	6	–	–	–

The natures of the related party transactions shown in the above table were as follows:

a. Provision of building construction services by our Group

The company jointly controlled by our Group is a private company limited by shares incorporated in Singapore, which is owned by Sing Tec Development and an independent third party, who is also our customer during the Track Record Period the principal activities of which include general contractors services. During the Track Record Period, we provided building construction services to such company. Our Directors consider that such company engaged us to perform construction works in FY2015/16 and FY2016/17 mainly due to the availability of its resources and the nature and schedule of the works. Our Directors confirmed that such related party transaction was 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) the rates offered by our Group to such company were comparable to the then prevailing market rates or rates offered by us to other customers at that time; and (ii) the aggregate amount of the revenue derived from such related party transactions accounted for approximately 13.0%, 2.1%, nil and nil of our revenue for provision of construction services for each of the FY2015/16, FY2016/17, FY2017/18 and the five months ended 28 February 2019. Our Directors confirm that the abovementioned transactions with the company jointly controlled by our Group have ceased in FY2017/18.

b. Sale of motor vehicles to our Directors by our Group

During FY2017/18, we sold motor vehicles to our Directors at net book value for their personal use. Our Directors confirmed that such related party transaction was conducted on arm's length basis and on normal commercial terms and would not distort our results during the Track Record Period.

c. Rental income for renting properties to our Directors

During the Track Record Period, we rented properties to our Directors, Mr. Poon and Mr. Teo. Having regard to the then prevailing market rent as assessed by an independent valuer, our Directors are of the view that the rental transactions were conducted on arm's length basis and would not distort our results during the Track Record Period. The rental transactions with our Directors are expected to continue following the Listing. Details of which are disclosed in the section headed "Connected Transactions" in this prospectus.

d. Purchase of upkeep services of motor vehicles and machinery and renting equipment services by our Group

ST Horizon Pte Ltd ("**ST Horizon**") is a private company limited by shares incorporated in Singapore, which is owned as to 50% by Mr. Poon and as to 50% by Mr. Teo, the principal activities of which include retail sale of tyres and batteries. Initial Shore Solutions Pte Ltd ("**Initial Shore**") is a private company limited by shares incorporated in Singapore, which is owned as to 50% by Mr. Poon and as to 50% by Mr. Teo, the principal activities of which include recycling of non-metal waste. During the Track Record Period, we mainly purchased upkeep services from ST Horizon for our motor vehicles and machinery and rented a lorry from Initial Shore for our project use. Our Directors confirmed that the abovementioned related party transactions were conducted on arm's length basis and on normal commercial terms during the Track Record Period. Our Directors confirm that the abovementioned transactions with ST Horizon and Initial Shore will cease upon Listing.

RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirmed that, as at the Latest Practicable Date, they were not aware of any circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

OUR PROPOSED AUDITOR AFTER THE LISTING

Under Rule 19.20 of the Listing Rules, we, as an overseas issuer, must have our annual accounts audited by a person, firm or company who must be a practicing accountant of good standing, and that such person, firm or company must also be independent to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the statements on independence issued by the International Federation of Accountants. In addition, the firm of accountants must be either (i) qualified under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) for appointment as an auditor of a company; or (ii) acceptable to the Stock Exchange which has an international name and reputation and is a member of a recognised body of accountants. After the Listing, Deloitte & Touche LLP ("**Deloitte Singapore**") will be the proposed auditor of our Group and our Company intends to continue engaging Deloitte Singapore as our auditor after 1 October 2019. We consider that

Deloitte Singapore is a firm of accountants acceptable to the Stock Exchange in accordance with the requirements of Rule 19.20 of the Listing Rules on the basis that:

(i) Deloitte Singapore is affiliated to a member firm of the Deloitte Touche Tohmatsu Limited network of firms;

(ii) Deloitte Singapore is a firm registered with the Accounting and Corporate Regulatory Authority ("**ACRA**"), the national regulator of public accountants in Singapore. Deloitte Singapore is subject to ACRA's annual practice monitoring programme. ACRA reviews the firm and a selection of partners every year to evaluate as to whether they have complied with professional standards; and

(iii) Deloitte Singapore is independent of our Group in accordance with ACRA's Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, developed largely based on the Code of Ethics for Professional Accountants, 2016 Edition promulgated by the International Ethics Standards Board for Accountants.

The audit partners of Deloitte Singapore are members of the Institute of Singapore Chartered Accountants ("**ISCA**"), the national accountancy body of Singapore. ISCA is a member of the International Federation of Accountants, a global organisation for the accountancy profession. Our annual accounts will be prepared in accordance with IFRS. Such annual accounts will be audited under International Standards on Auditing issued by the International Auditing and Assurance Standards Board as required by Rule 19.21 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save for the expenses in connection with the Listing, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospect since 28 February 2019, and there had been no events since 28 February 2019 which would materially affect the information shown in our consolidated financial statements included in the accountants' report set out in Appendix I to this prospectus.

BUSINESS STRATEGIES

Our principal business objectives are to (i) further strengthen our market position in the construction industry in Singapore and (ii) further expand our property investment business in Singapore so as to further diversify our revenue stream.

Under our expansion plan, we currently intend to (i) strengthen our financial position; (ii) enhance our machinery fleet; (iii) strengthen our manpower; (iv) develop a production area for steel bar fabrication for our own usage; (v) invest in BIM and ERP systems; and (vi) acquire more investment properties. For details of our business strategies, please refer to the section headed "Business – Business strategies" in this prospectus.

REASONS FOR THE LISTING

Our Directors believe that the Listing in Hong Kong will facilitate us to implement our future plans as well as realise our business strategies at all, for the following reasons:

Satisfying our genuine funding need for the implementation of our future plans

Our principal sources of funds have historically been our equity capital, cash generated from our operations and borrowings. As at 28 February 2019, we had net current assets of approximately S$6.5 million (including cash and bank balances of approximately S$1.6 million). Based on the current scale of our operations and the costs incurred by us for FY2017/18, our Directors estimate that currently we have to incur an average monthly expense of approximately S$6.1 million, primarily comprising subcontracting charges, staff costs, material costs, other administrative expenses and finance costs for our daily operations. There is no assurance that we will receive payments from our customers before we are required to settle our suppliers' invoices and other current liabilities, which may result in possible cash flow mismatch. Therefore, our Directors consider that, in order to meet our operational needs, we shall maintain a minimum cash balance equivalent to one month of our average monthly operational costs (i.e. approximately S$6.1 million), as we sought to achieve during the Track Record Period. Although at some point in time during the Track Record Period, we might only be able to maintain a cash level lower than one month of our average monthly operational costs due to factors such as our expansion plan, settling our upfront costs for undertaking projects and the acquisition of our machinery and motor vehicles, our Directors consider that such level of minimum cash balance is preferable, having considered that (i) there is timing difference between the completion of works and issuance of the payment certificate as well as the payment of our customers and there is no assurance that our customers will pay us in a timely manner as stipulated under contracts; (ii) some of our operating costs, such as staff costs and rental of properties, are independent from our working schedule and we are required to incur them regularly; and (iii) we shall pay our subcontractors in accordance with the payment terms under our subcontracts regardless of the timing of payment by our customers and the trade payable turnover days for FY2017/18 was approximately 30.3 days. Our Directors further consider that the monthly operational costs as well as our minimum cash balance will further increase correspondingly if the number of sizeable projects we undertake increases along with our expansion plan and our trade receivable turnover days and trade payable turnover days may fluctuate going forward depending on the payment terms we agreed with our customers and subcontractors. For instance, for the five months ended 28 February 2019, we had experienced a business growth by recording revenue of approximately S$44.9 million (as compared to approximately S$23.9 million for the five months ended 28 February 2018) and being awarded contracts with an aggregate contract value of approximately S$56.5 million. Following our business growth, our average monthly operation costs had reached approximately S$7.8 million. As a result, our Directors believe that the reservation of cash balance equivalent to one month of our average monthly operational costs is essential to our capital sufficiency and business operation and are further of the view that we shall be more prudent when the scale of our projects becomes larger in the future as the commitments required will also be larger accordingly. Therefore, our Directors consider that our existing financial resources would affect our ability to further expand by undertaking more sizeable projects.

As at 30 September 2018, we had contract assets of approximately S$25.5 million. The increase in our contract assets as compared to that as at 30 September 2017 was mainly due to (i) the increase in the size and number of contract works that the relevant services were completed but were not yet certified at the end of FY2017/18; and (ii) some of the works of our major projects were performed or commenced close to the end of FY2017/18 and such works were not yet certified as at 30 September 2018, such as Project 9 and Project 11 as referred to the table of "Business – Our construction projects – Our major projects" for FY2017/18 resulting in the increase in the contract assets as at 30 September 2018 as compared to that in 2017. The contract assets remained stable as at 28 February 2019 and amounted to approximately S$25.1 million. Although the fluctuation of our contract assets going forward will mainly depend on the timing of certification of our services from our customers, based on our Director' experience, it is estimated that our contract assets will be consistent with our scale of operation. On the other hand, as illustrated above, our operational costs will increase along with our expansion plan. Therefore, our Directors consider that the cash generated from the subsequent billing and settlement of contract assets as well as the other future cash flows to be generated from our operating activities are not likely to be fully and immediately available for the implementation of our business strategies as they will be needed and used for settling our trade payables, staff costs and other working capital needs. In addition, our Directors consider that future cash flows generated from our operating activities may be used for other purposes to sustain our daily operations, such as (i) the need to maintain a higher level of available cash resources to match with our planned expansion in scale of operations; (ii) reduce our borrowing burden; and (iii) funding needed for further expansion upon the successful implementation of our business strategies.

In addition, our Directors consider that it is necessary to keep surplus cash in our Group as our financial performance and liquidity may be negatively affected if market uncertainty suddenly arises, for instance a rise in interest rate in the United States and any sudden unexpected deterioration in the prevailing market conditions in Singapore leading to imposition of additional requirement to regular repayment of interest and principal to us regardless of the performance of our business.

Therefore, our Directors consider that if we solely rely on future cash flows generated from our operating activities for financing our business strategies, it will be difficult for us to formulate a comprehensive schedule for our expansion plans, since our plan will be largely subject to uncertainties in relation to the timing of generating sufficient cash from our operation for our expansion plans. Further, we may be required to modify our expansion plans from time to time depending on the amount of cash generated from our operation. As a result, we would have less control over the timing of implementing our business strategies, and may fail to fully capture the forecasted increase in demand for construction services.

Besides, our Directors are of the view that it would be unfeasible not to create material adverse impact to our financial performance and liquidity if we choose to implement the entire expansion plan solely with debt financing and our internal resources. As at 28 February 2019, our bank borrowings, bank overdraft and obligation under finance lease amounted to approximately S$24.3 million and our gearing ratio was 86.0%. In particular, although our bank borrowing (including bank borrowings held under joint operations) of approximately S$17.2 million as at 28 February 2019 included mortgage loans in relation to our investment properties, office building and the two properties rented to our Directors which amounted to approximately S$14.2 million which may provide a longer repayment period and led to a seemingly lower gearing ratio (approximately 28.2% if excluding mortgage loans), we are still subject to repayment obligations for the principal amount and interest expenses in relation to the mortgage loans. For each of FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, our repayment obligation including that of bank borrowings and finance leases amounted to approximately S$3.9 million, S$3.2 million, S$3.0 million and S$1.3 million, respectively. Besides, for the five months ended 28 February 2019, our finance costs amounted to approximately 14.5% of our profit before taxation and our Directors consider that further increase in our interest expenses may adversely affect our financial performance and our liquidity position. Further, our Directors consider that financial institutions generally evaluate our financial performance as a whole and therefore our debt financing capacity is heavily limited by our liquidity position regardless of the nature of our liabilities. This is evidenced by the fact that having considered the funding need for our expansion plan, our Directors have attempted to enquire with several financial institutions in Singapore for a banking facility and based on our preliminary discussion with the financial institutions, we are given to understand that it is unlikely that we can obtain a general working capital loan without providing any security or pledged assets, presumably with a similar amount of the loan.

Therefore, in view of the above, our Directors consider that we may not be able to finance sufficient amount of capital from debt financing, including finance leases and mortgage, for our business expansion. On the other hand, taking into account (i) our net current asset of approximately S$6.5 million as at 28 February 2019; (ii) as at the Latest Practicable Date, we had 53 projects in our backlog, with an aggregate total contract sum of approximately S$195.1 million, and it is expected that most of our resources will be allocated to support the operation of these projects; and (iii) our average monthly operational costs (i.e. approximately S$6.1 million) of our current operation scale (as discussed above), our Directors consider that our current liquidity position may not be able to support our further expansion.

Our Directors have further examined in detail the viability of implementing our expansion plan solely with debt financing and internal resources and have taken into account, among others, (i) our growth prospects as illustrated in the section headed "Business – Business strategies – Further strengthen our market position in the construction industry" in this prospectus; (ii) the estimated upcoming upfront cost requirements as illustrated in the section headed "Business – Business strategies – Further strengthen our market position in the construction industry – Strengthening our financial position" in this prospectus; (iii) the other business strategies (except the upfront cost requirements) as mentioned in the section headed "Business – Business strategies" in this prospectus; (iv) our operational costs going forward which will increase along with our expansion plan; (v) as illustrated above, it is unlikely for us to obtain additional loan especially with an amount equivalent to the net proceed from the Listing (i.e. approximately HK$94.3 million or S$16.5 million, based on the Offer Price of HK$1.10 per Offer Share, being the mid-point of the indicative Offer Price range) since it would not be feasible for our Controlling Shareholders to provide such amount of securities; and (vi) we are subject to monthly repayment obligations in relation to our bank borrowings and finance lease (as discussed above) and therefore if there is any timing mismatch between our cash inflow from operating activities and our payment to the bank and we do not have available cash at the relevant period, an event of default may occur and we will be subject to, among others, termination of the relevant facilities and immediate repayment or return of the properties or machinery. In view of the above, our Directors estimated that if we decide to implement the expansion plan without the additional funding from the Listing, our financial resources as well as our existing banking facilities will not be sufficient to support our expansion, not to mention any unexpected adverse changes to our business operation or financial position. Accordingly, our Directors consider that it is not commercially justifiable for us to implement the expansion plan solely with debt financing and internal resources.

In addition, our financial standing is one of the major consideration for our customers during the tender assessment process. To commence a new project, we are generally required to incur significant upfront costs in the early stage before such costs can be recovered from our customers as works progress. Therefore, our Directors believe that, in order to avoid any consequences of delayed project executions, our customers will generally assess whether a contractor has sufficient financial resources to undertake a project on top of the other projects on hand.

Enhancing our corporate profile, brand awareness and competitiveness

Our Directors consider that Hong Kong is an international financial centre and the stock market in Hong Kong is well established and highly recognised internationally. In recent years, there was an increasing number of contractors in the Singapore construction industry listed in Hong Kong. As such, our Directors are of the view that the Listing in Hong Kong will enhance our corporate profile and recognition and reinforce our brand awareness and image, which may assist us to further develop our customer base. In particular, our Directors consider that a public listing status on the Main Board in Hong Kong can attract potential customers who are more willing to establish business relationship with companies having a well-established internal control and corporate governance system.

Besides, our Directors believe that a public listing status will enhance our competitiveness in the market since some customers and suppliers may prefer to work with contractors with more transparent financial disclosure and regulatory supervision. In particular, given that our major customers during the Track Record Period include Singapore statutory boards and sizeable corporations, our Directors consider that the Listing in an international capital market, such as the Stock Exchange, will boost their confidence in our Group's financial position, credibility, corporate governance and internal control and thus may further enhance our business relationship with them. In addition, as illustrated above, the Listing in Hong Kong will also provide us additional working capital to implement our future plans which will further strengthen our market position in the construction industry in Singapore. As a result, our Directors consider that we can maintain our competitiveness among the industry peers and differentiate ourselves from other competitors which are private companies in order to enhance our opportunity in securing sizeable projects.

Enabling us to raise funds for future business development more easily

Taking into account the liquidity of the stock market in Hong Kong, our Directors consider that, on top of the net proceeds from the Listing, the Listing will also enable us to have access to the capital market more easily for fundraising at later stages through the issuance of equity and debt securities for the implementation of business strategies in long run.

Our Directors believe that the level of trading activities on a stock exchange is one of the key factors indicating the ease of conducting secondary fund raising exercises after a listing. For instance, a more liquid market generally means that there are more ready and willing buyers (who may invest in the shares under the fund raising exercise) and sellers (who may realise their investment subsequently) in the market. As such, a secondary fund raising exercise, such as a secondary placement of shares, in a more liquid market would be generally easier.

According to the data compiled by the World Bank, in 2018, the turnover ratio of stocks traded in the Hong Kong stock market was 59.4%. By comparison, according to the data compiled by the World Bank, the turnover ratio of stocks traded in the Singapore stock market in 2018 was 31.9%. Based on the higher average daily turnover of stocks in Hong Kong compared to Singapore, our Directors consider that the Hong Kong stock market has a higher liquidity than the Singapore stock market. As a result, our Directors consider that the Listing in Hong Kong will enable us to have access to the capital market more easily for fundraising at later stages through the issuance of equity and debt securities for the implementation of business strategies in long run. Our Directors also believe that a public listing status in Hong Kong will allow us to have greater exposure to international financial market and investment community, which may open up a new channel of financing.

Besides, our Directors are of the view that a public listing status can also assist us in any future debt financing, if necessary. Being a group of private companies without a listing status, our Directors consider it would be difficult for us to obtain debt financing without guarantees or other collateral to be provided by our Controlling Shareholders. However, the continuous reliance on our Controlling Shareholders for provision of personal guarantee and other form of financial assistance would be a hindrance to us in achieving financial independence. In addition, the regular financial report requirements under the Listing Rules can enable the bank to evaluate and monitor our financial position more effectively and therefore it is expected that the approval process for any future bank borrowings can be smoothened. The better accessibility to banking facilities allow us more flexibility in management of our cash flow.

Enhancing work morale to nurture an integrated workforce

To effectively implement our business strategies, our Directors are of the view that a public listing status allows us to retain our existing staff and attract talent more easily. Our Directors consider that we will become more appealing to both local and foreign talents by becoming listed on the Hong Kong stock market. Access to a larger pool of talents will improve our service quality and facilitate our recruitment of additional manpower under our expansion plans. In addition, the status of being a listed company will also facilitate our in-house talent management, through staff retention and development, whereby our existing staff may be motivated to further develop their career with us in view of the perceived status associated with working for a company listed on the Hong Kong stock market.

Benefits of choosing the Hong Kong stock market as the listing venue

Our Directors had considered and evaluated different listing venues including Hong Kong and Singapore. Our Directors are of the view that, with the information technology and retail stock trading platforms that cater to multiple stock exchanges, the location of our operations in Singapore should not be the deciding factor of where we pursue a listing. Further, our Directors have concluded that Hong Kong is the suitable venue to pursue a listing, after taking into account the liquidity of the stock market, level of internationalism, sound legal system and regulatory framework, mature financial system, reputation in the global financial market, established international institutional investor base, volume and liquidity of funds and capital available for investment in the equity market in Hong Kong.

USE OF PROCEEDS

The net proceeds to be received from the Share Offer based on the Offer Price of HK$1.10 per Offer Share, being the mid-point of the indicative Offer Price range, after deducting related expenses in connection with the Share Offer and assuming Over-allotment Option is not exercised, are estimated to be approximately HK$94.3 million (equivalent to approximately S$16.5 million). Our Directors presently intend to apply the net proceeds from the Share Offer as follows:

– approximately HK$23.9 million (equivalent to approximately S$4.2 million), representing approximately 25.3% of the net proceeds will be used to strengthen our financial position in order to pay for upfront costs for additional new construction projects on top of our current scale of operation (for the estimated amount of our upcoming total upfront costs, please refer to the section headed "Business – Business strategies – Further strengthen our market position in the construction industry – Strengthening our financial position" in this prospectus);

– approximately HK$34.0 million (equivalent to approximately S$6.0 million), representing approximately 36.0% of the net proceeds will be used to enhance our machinery fleet, by acquiring additional hydraulic excavators, crusher, articulated dump trucks, road graders and trucks and lorries in the next two years in order to cater for more construction works of different scales and complexity. In this connection, we plan to apply this portion of the net proceeds to acquire machinery as follows:

Type of machinery	**Number of units to be acquired**	**Amount**
Hydraulic excavators with different operating weights	16	HK$14.2 million (equivalent to approximately S$2.5 million)
Crusher	1	HK$3.7 million (equivalent to approximately S$0.7 million)
Articulated dump trucks	2	HK$5.1 million (equivalent to approximately S$0.9 million)
Trailer *(Note)*	1	HK$1.4 million (equivalent to approximately S$0.2 million)
Trucks and lorries for transportation of site workers and construction materials	7	HK$9.6 million (equivalent to approximately S$1.7 million)

Note: Trailer is a construction machine designed to haul heavy construction equipment.

– approximately HK$12.6 million (equivalent to approximately S$2.2 million), representing approximately 13.4% of the net proceeds will be used to strengthen our workforce by recruiting four, three and two additional staff members for our project management, safety and administration and finance departments, respectively, as well as 40 site workers in the next two years in order to cope with our business development and future expansion. The following table sets out particulars of additional staff that we plan to employ:

Role	**Number of staff to be recruited**
Project management	
Project manager	1
Tender engineer	1
BIM engineer	1
Draughtsman	1
Safety	
Work safety health officer	1
Work safety health coordinator	2
Administration and finance	
IT manager	1
IT executive	1
Site workers	
Site engineer	2
Land surveyor	1
Machinery mechanic	3
Truck drivers	7
Trailer driver	1
Excavator operators	6
General workers	20
Total	49

– approximately HK$2.2 million (equivalent to approximately S$0.4 million), representing approximately 2.3% of the net proceeds will be used to develop the production area in our headquarters for steel bar fabrication for our own usage, of which:

  – approximately HK$0.5 million (equivalent to approximately S$0.1 million) will be used to acquire additional machinery and equipment, such as punching machines, air compressors, cutting machines, bending machine, welding machines, storage rack and some programming accessories. In this connection, we plan to apply this portion of the net proceeds to acquire machinery and equipment as follows:

Type of machinery or equipment	**Number of units to be acquired**	**Amount**
Punching machine	1	HK$0.1 million (equivalent to approximately S$23,000)
Air compressors	2	HK$86,000 (equivalent to approximately S$15,000)
Bending machine	1	HK$28,000 (equivalent to approximately S$5,000)
Cutting machines	2	HK$0.1 million (equivalent to approximately S$19,000)
Welding machines	2	HK$28,000 (equivalent to approximately S$5,000)
Storage racks	2	HK$91,000 (equivalent to approximately S$16,000)
Programming accessories	2	HK$28,000 (equivalent to approximately S$5,000)

  – approximately HK$1.7 million (equivalent to approximately S$0.3 million) will be used to recruit eight addition staff to be responsible for steel bar fabrication. The following table sets out particulars of additional staff that we plan to employ:

Role	**Number of staff to be recruited**
Welders	5
Supervisors	2
Storekeeper	1

- approximately HK$5.7 million (equivalent to approximately S$1.0 million), representing approximately 6.1% of the net proceeds will be used to invest in BIM and ERP systems to enhance our information technology capability and project implementation efficiency; and

- approximately HK$15.9 million (equivalent to approximately S$2.8 million), representing approximately 16.9% of the net proceeds will be used to acquire two addition investment properties for our property investment business.

In the event that the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds to be received from the Share Offer will increase or decrease by approximately HK$5.5 million, respectively. In such event, the net proceeds will be used in the same proportions as disclosed above.

If the Over-allotment Option is exercised in full, the estimated net proceeds from the Share Offer will increase to approximately HK$112.3 million, assuming an Offer Price of HK$1.10 per Share, being the mid-point of the indicative Offer Price range. If the Offer Price is set at the high end or low end of the indicative Offer Price range, the estimated net proceeds from the Share Offer, including the net proceeds from the exercise of the Over-allotment Option, will be approximately HK$118.6 million or HK$106.0 million, respectively. In each of these events, we will adjust the intended use of the net proceeds for the above purposes on a pro-rata basis.

We will issue an announcement in the event that there is any material change in the use of proceeds from the Share Offer as described above.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purpose, it is the present intention of our Directors that such proceeds will be placed on short-term interest bearing deposits or treasury products with authorised financial institutions for so long as it is in our best interests.

IMPLEMENTATION PLAN

The following tables set out a summary of our implementation plan:

	From the Listing Date to 30 September 2019	From 1 October 2019 to 30 September 2020	Total	
	HK$'000	*HK$'000*	*HK$'000*	*%*
Strengthening our financial position	7,932	15,964	23,896	25.3
Enhancing our machinery fleet	4,915	19,067	33,982	36.0
Strengthening our workforce	168	12,406	12,574	13.4
Developing production area for steel bar fabrication	–	2,156	2,156	2.3
Investing in BIM and ERP systems	–	5,749	5,749	6.1
Acquiring investment properties	–	15,943	15,943	16.9
		Total	**94,300**	**100.0**

THE SOLE BOOKRUNNER

Head & Shoulders Securities Limited

THE JOINT LEAD MANAGERS

Head & Shoulders Securities Limited
Astrum Capital Management Limited
Ever Joy Securities Limited

UNDERWRITERS

Public Offer Underwriters

Head & Shoulders Securities Limited
Astrum Capital Management Limited
Ever Joy Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription by the public in Hong Kong of 12,000,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed, on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, without limitation:

(a) the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus; and

(b) the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe for, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer

Underwriters) shall have the absolute discretion to terminate the Public Offer Underwriting Agreement forthwith by notice in writing to our Company given at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date if:

(i) there shall develop, occur, exist or come into effect:

(a) any new law or regulation or any material change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the Cayman Islands, the BVI or any relevant jurisdiction relevant to the business of our Group;

(b) any adverse change (whether or not permanent) in local, national or international stock market conditions;

(c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;

(d) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, the Cayman Islands, the BVI or any relevant jurisdiction;

(e) any adverse change in the business or in the financial or trading position of our Group or otherwise;

(f) any change or development (whether or not permanent), or any event or series of events resulting in any change in the financial, legal, political, economic, military, industrial, fiscal, regulatory, market (including stock market) or currency matters or condition in Hong Kong, the Cayman Islands, the BVI, or any relevant jurisdiction;

(g) a general moratorium on commercial banking business activities in Hong Kong, the Cayman Islands, the BVI or any relevant jurisdiction declared by the relevant authorities; or

(h) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, natural disaster or outbreak of infectious diseases, which in the absolute opinion of the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters):

(a) might be materially adverse to the business, financial condition or prospects of our Group taken as a whole; or

(b) might have a material adverse effect on the success of the Share Offer or might have the effect of making any part of the Public Offer Underwriting Agreement incapable of implementation or performance in accordance with its terms; or

(c) makes it inadvisable or inexpedient to proceed with the Share Offer.

(ii) Without prejudice to the paragraph (i) above, if, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, it comes to the notice of the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters):

(a) any matter or event showing any of the warranties to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been any breach of any of the warranties or any other provision of the Public Offer Underwriting Agreement which is considered, in the absolute opinion of the Sponsor and the Sole Bookrunner, to be material in the context of the Public Offer;

(b) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted a material omission in the absolute opinion of the Sponsor and the Sole Bookrunner in the context of the Public Offer; or

(c) any statement contained in this prospectus and the Application Forms considered to be material by the Sponsor and the Sole Bookrunner which is discovered to be or becomes untrue, incorrect or misleading and in the absolute opinion of the Sponsor and the Sole Bookrunner to be material in the context of the Public Offer; or

(d) any event, act or omission which gives rise or is likely to give rise to any material liability of any of our Company, the Executive Directors and our Controlling Shareholders pursuant to the indemnities contained in the Public Offer Underwriting Agreement,

the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters) shall be entitled (but not bound) by notice in writing to our Company on or prior to such time to terminate the Public Offer Underwriting Agreement.

Undertakings to the Public Offer Underwriters

Undertakings by our Company

Our Company has undertaken to the Sponsor, the Joint Lead Managers, the Public Offer Underwriters and the Sole Bookrunner, and each of our Controlling Shareholders and executive Directors has undertaken to and covenanted with the Sponsor, the Joint Lead Managers, the Public Offer Underwriters and the Sole Bookrunner that he/it will procure our Company that:

(a) except pursuant to the Share Offer, the Capitalisation Issue the Over-allotment Option, the exercise of the subscription rights attaching to the Over-allotment Option or any share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules, not without the prior written consent of the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters), and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six-month Period**");

(b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or the exercise of the share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules or under Note (2) to Rule 10.07 of the Listing Rules;

(c) not at any time within the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-month Period**") do any of the acts set out in (a) and (b) above such that our Controlling Shareholders, directly or indirectly, would cease to be a group of controlling shareholders of our Company (within the meaning defined in the Listing Rules); and

(d) in the event that our Company does any of the acts set out in clause (a) or (b) after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company's ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that subsidiary ceasing to be a subsidiary of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders represents, warrants and undertakes to our Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Public Offer Underwriters that:

(a) he or it shall not, without the prior written consent of the Sponsor and the Sole Bookrunner (for itself and on behalf of the Public Offer Underwriters), directly or indirectly, and shall procure that none of his or its close associates (as defined in the Listing Rules) or companies controlled by him or it or any nominee or trustee holding in trust for him or it shall, during the First Six-month Period, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest therein or any of the voting or other rights attaching thereto) in respect of which he or it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest therein or any of the voting or other rights attaching thereto); and

(b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities, at any time during the First Six-month Period, save as provided under Note (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules, and in the event of a disposal of any Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities at any time during the Second Six-month Period, (1) such disposal shall not result in any of the Controlling Shareholders ceasing to be our controlling shareholder of our Company at any time during the Second Six-month Period; and (2) he or it shall take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Without prejudice to the Controlling Shareholders' undertaking above, each of the Controlling Shareholders undertakes to the Sponsor, the Sole Bookrunner and our Company that within the First Six-month Period and the Second Six-month Period he or it shall:

(a) if and when he or it pledges or charges, directly or indirectly, any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company beneficially owned by him or it (or any beneficial interest therein), immediately inform our Company, the Sponsor and the Sole Bookrunner in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(b) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities in our Company (or any beneficial interest therein) pledged or charged by him or it will be disposed of, immediately inform our Company, the Sponsor and the Sole Bookrunner in writing of such indications.

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the Listing Rules.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and our Company that save in connection with the transactions contemplated under the Share Offer, it or he shall not, and shall procure that the relevant registered holder(s) shall not:

(i) in the period commencing on the date by reference to which disclosure of its or his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or other securities of our Company in respect of which it or he is shown by this prospectus to be the beneficial owner; and

(ii) in the period of six months from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would cease to be our Controlling Shareholder.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his/its shareholdings is made in this prospectus and to the date which is 12 months from the Listing Date, he/it will:

(a) when he/it pledges or charges any securities of our Company or interests therein beneficially owned by him/it in favour of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and

(b) when he/it receives indications, either verbal or written, from the pledgee or chargee that any of the securities of our Company pledged or charged will be disposed of, immediately inform our Company of such indications.

Our Company shall inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by our Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the Listing Rules as soon as possible.

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement or arrangement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Share Offer and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08 of the Listing Rules which includes the grant of options and the issue of Shares pursuant to the Share Option Scheme.

Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company, our Controlling Shareholders and executive Directors will enter into the Placing Underwriting Agreement with the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Placing Underwriters and other parties (if any) on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters is expected to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed "Undertakings to the Public Offer Underwriters" above in this section.

Our Company is expected to grant to the Placing Underwriters the Over-allotment Option. The Sole Bookrunner or its agent, on behalf of the Placing Underwriters, can exercise the Over-allotment Option to require our Company to allot and issue up to an aggregate of 18,000,000 additional Shares, representing 15% of the Offer Shares, at the Offer Price per Placing Share, solely to cover over-allocations, if any, in the Placing.

The Over-allotment Option may be exercised by the Sole Bookrunner at any time from the Listing Date and until the 30th day after the last day for the lodging of applications under the Public Offer. The purpose of the exercise of the Over-allotment Option is to settle any over-allocations in the Placing, if any. For further details of the Over-allotment Option, please refer to the section headed "Structure and conditions of the Share Offer" in this prospectus.

Commission, fees and expenses

The Public Offer Underwriters will receive a gross underwriting commission of 9% of the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer. For unsubscribed Public Offer Shares reallocated to the Placing and any Placing Shares reallocated from the Placing to the Public Offer, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Placing Underwriters and not the Public Offer Underwriters.

Assuming the Offer Price of HK$1.10 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), the aggregate commission, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately HK$37.7 million in total (assuming that the Over-allotment Option is not exercised), and are payable by our Company.

SPONSOR AND UNDERWRITERS' INTEREST IN OUR COMPANY

The Sponsor will receive a sponsorship fee to the Share Offer. The Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed "Commission, fees and expenses" above in this section.

We have appointed Grande Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sponsor, the Joint Lead Managers, the Sole Bookrunner or the Underwriters is interested legally or beneficially in any Shares or other securities of our Company or any members of our Group or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase any Shares or other securities of our Company or any members of our Group or has any interest in the Share Offer.

Following the completion of the Share Offer, the Public Offer Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Public Offer Underwriting Agreement and/or the Placing Underwriting Agreement.

The Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

MINIMUM PUBLIC FLOAT

Our Directors and the Sole Bookrunner will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer.

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer consists of:

(a) the Public Offer of 12,000,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described below under the paragraph headed "The Public Offer" below; and

(b) the Placing of 108,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) which will conditionally be placed with selected professional, institutional and other investors under the Placing.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Placing Shares under the Placing, but may not do both.

The number of Offer Shares to be offered under the Public Offer and the Placing may be subject to reallocation as described in the section headed "The Public Offer – Reallocation" below.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

THE PUBLIC OFFER

Number of Shares initially offered

Our Company is initially offering 12,000,000 Public Offer Shares for subscription (subject to reallocation) at the Offer Price by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares initially available under the Share Offer. The Public Offer Shares initially offered under the Public Offer, subject to any reallocation of Offer Shares between the Placing and the Public Offer, will represent 2.5% of our Company's enlarged issued share capital after completion of the Capitalisation Issue and Share Offer.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Share Offer" in this section.

Allocation

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The total number of Public Offer Shares available under the Public Offer (after taking into account any reallocation as referred to below) is to be divided equally (to the nearest board lot) into two pools for allocation purposes: 6,000,000 Offer Shares for pool A initially and 6,000,000 Offer Shares for pool B initially. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) or less. The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) and up to the total value in pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Public Offer within either pool or between pools and any application for more than 6,000,000 Public Offer Shares, being 50% of the 12,000,000 Public Offer shares initially available under the Public Offer are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to reallocation under the Listing Rules. Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Public Offer Shares to certain percentages of the total number of Offer Shares offered in the Share Offer if certain prescribed total demand levels are reached. If the number of Offer Shares validly applied for under the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Public Offer, then the Offer Shares will be reallocated to the Public Offer from the Placing. As a result of such reallocation, the total number of Offer Shares available under the Public Offer will be increased to 36,000,000 Offer Shares (in the case of (i)), 48,000,000 Offer Shares (in the case of (ii)) and 60,000,000 Offer

Shares (in the case of (iii)), representing 30%, 40%, and 50% of the Offer Shares initially available under the Share Offer, respectively.

In each case, the additional Offer Shares reallocated to the Public Offer will be allocated between Pool A and Pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced in such manner as the Sole Bookrunner deems appropriate. In addition, the Sole Bookrunner may reallocate the Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

The Offer Shares to be offered in the Public Offer and the Offer Shares to be offered in the Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Bookrunner.

In the event of reallocation of Offer Shares between the Placing and the Public Offer in the circumstances where (a) the Placing Shares are fully subscribed or oversubscribed and the Public Offer Shares are fully subscribed or oversubscribed by less than 15 times, or (b) the Placing Shares are undersubscribed and the Public Offer Shares are fully subscribed or oversubscribed, then up to 12,000,000 Offer Shares may be reallocated from the Placing to the Public Offer, so that the total number of Offer Shares available for subscription under the Public Offer will increase up to 24,000,000 Offer Shares, representing approximately 20% of the number of the Offer Shares initially available under the Share Offer, and the Offer Price shall be fixed at HK$1.05 per Offer Share (being the low-end of the indicative Offer Price range stated in this prospectus) in accordance with Guidance Letter HKEX-GL91-18.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he or she has been or will be placed or allocated Placing Shares under the Placing.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sponsor. Applicants under the Public Offer are required to pay, on application, the maximum Offer Price of HK$1.15 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$2,323.18 for one board lot of 2,000 Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed "Pricing and allocation" in this section below, is less than the maximum Offer Price of HK$1.15 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to apply for the Public Offer Shares" in this prospectus.

THE PLACING

Number of the Offer Shares offered

Subject to reallocation as described above, the Placing will consist of 108,000,000 Shares, representing approximately 90% of the total number of Offer Shares initially available under the Share Offer, assuming the Over-allotment Option is not exercised. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Offer Shares initially offered under the Placing will represent approximately 22.5% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and Share Offer (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of our Company by the Placing Underwriters or through selling agents appointed by them. The Placing Shares will be selectively placed to certain professional, institutional and other investors who generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the "book-building" process based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit, of our Company and our Shareholders as a whole.

The Sole Bookrunner (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Sole Bookrunner so as to allow it to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement described in the paragraph headed "The Public Offer – Reallocation" in this section above, and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, we are expected to grant the Over-allotment Option to the Placing Underwriters, exercisable by the Sole Bookrunner on behalf of the Placing Underwriters.

Pursuant to the Over-allotment Option, the Placing Underwriters will have the right, exercisable by the Sole Bookrunner (for itself and on behalf of the Placing Underwriters) at any time from the Listing Date and until the 30th day after the last day for the lodging of applications under the Public Offer to require our Company to allot and issue, at the Offer Price, up to an aggregate of 18,000,000 additional Shares, representing 15% of the number of Offer Shares initially being offered under the Share Offer, on the same terms and conditions as those applicable to the Share Offer, to cover over-allocations in the Placing and/or the obligations of the Stabilising Manager to return securities borrowed under the Stock Borrowing Agreement. We will make an announcement if the Over-allotment Option is exercised.

If the Over-allotment Option is exercised in full, the additional Offer Shares allotted and issued will represent approximately 3.61% of the enlarged issued share capital of our Company immediately following the completion of the Share Offer and the exercise of the Over-allotment Option.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocation in connection with the Share Offer, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates and agents, up to 18,000,000 Shares from HG TEC pursuant to a stock borrowing arrangement (being the maximum number of Shares which may be allotted and issued by our Company upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercise of the Overallotment Option.

If such stock borrowing arrangement with HG TEC is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Share Offer, the Stabilising Manager and/or its affiliates and agents, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period from the Listing Date and until the 30th day after the last day for the lodging of applications under the Public Offer. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or its agent to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued under the Over-allotment Option, namely 18,000,000 Shares, which is 15% of the Offer Shares initially available under the Share Offer.

In Hong Kong, stabilising activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilising actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules include: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of our Shares; (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares; and (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in our Shares should note that:

(a) the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in our Shares;

(b) there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a long position;

(c) liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of our Shares;

(d) no stabilising action can be taken to support the price of our Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on Thursday, 3 October 2019, being the 30th day after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;

(e) the price of our Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and

(f) stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Share Offer, the Stabilising Manager may over-allocate up to and not more than an aggregate of 18,000,000 additional Shares and cover such over-allocations by the exercise of the Over-allotment Option, which will be exercisable by the Sole Bookrunner, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the Placing, the Stabilising Manager may borrow up to 18,000,000 Shares from HG TEC, equivalent to the maximum number of Shares to be allotted and issued by our Company on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. The same number of Shares so borrowed must be returned to HG TEC or its nominees, as the case may be, on or before the third business day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulation requirements.

No payments or other benefit will be made to HG TEC by the Stabilising Manager in relation to the stock borrowing arrangement.

PRICING AND ALLOCATION

Determining the Offer Price

The Sole Bookrunner will solicit from prospective investors the indications of interest in acquiring the Offer Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Share Offer. Pricing for the Offer Shares for the purpose of the Share Offer will be fixed on the Price Determination Date, which is expected to be on or around Tuesday, 3 September 2019, any event on or before Tuesday, 17 September 2019, by agreement between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the Share Offer will be determined shortly thereafter.

If for any reason the Price Determination Date is changed, our Company will as soon as practicable cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.singtec.com.sg** a notice of the change and if applicable the revised date.

Offer Price range

The Offer Price will be not more than HK$1.15 per Offer Share and is expected to be not less than HK$1.05 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Share Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants for Offer Shares under the Public Offer must pay, on application, the maximum Offer Price of HK$1.15 for each Public Offer Share (plus the brokerage, Stock Exchange trading fee and SFC transaction levy payable on each Offer Share), amounting to a total of HK$2,323.18 per board lot of 2,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK$1.15 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

If, for any reason, our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Tuesday, 17 September 2019, the Share Offer will not proceed and will lapse.

Further details are set out in the section headed "How to apply for the Public Offer Shares" in this prospectus.

Change of the Offer Price range

The Sole Bookrunner (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the Placing, and with the consent of our Company, change the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer.

In this case, we shall cause to be published, as soon as practicable following the decision to make such change, and in any event not later than the morning of the last day for lodging applications under the Public Offer:

(a) a notice of the change on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.singtec.com.sg**. The notice will include a confirmation or revision, as appropriate, of the working capital statement and the Public Offering statistics and any other financial information in this prospectus which may change as a result of any such change; and

(b) such supplemental offering documents as may be required by laws of any governmental authority to be published in such manner as the relevant laws or governmental authority may require as soon as practicable following the decision to make the change.

Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics, and any other financial information in this prospectus which may change as a result of any such change.

Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of an extension or reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds and the Share Offer statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. In the absence of any such notice published in relation to the reduction in the Offer Price, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus. If the number of Offer Shares and/or the indicative Offer Price range is reduced, applicants who have submitted an application under the Public Offer will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

ANNOUNCEMENT OF OFFER PRICE AND BASIS OF ALLOCATIONS

Announcement of the final Offer Price, together with the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be published on Wednesday, 18 September 2019 on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.singtec.com.sg**.

UNDERWRITING

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement. We expect to enter into the Placing Underwriting Agreement relating to the Placing on or around 3 September 2019. These underwriting arrangements and the Underwriting Agreements are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, amongst other things, the satisfaction of all the following conditions, in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus:

1. Listing

The Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer (including the Shares which may be allotted and issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange.

2. Placing Underwriting Agreement

The execution and delivery of the Placing Underwriting Agreement on or about 3 September 2019.

3. Obligations under the Underwriting Agreements

The obligations of the Underwriters under each of the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

4. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date.

If, for any reason, the Offer Price is not agreed between our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Tuesday, 17 September 2019, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming and remaining unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by us on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.singtec.com.sg** on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for the Public Offer Shares" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

Share certificates for the Offer Shares are expected to be issued on Wednesday, 18 September 2019 but will only become valid certificates of title at 8:00 a.m. on Thursday, 19 September 2019 provided that (i) the Share Offer has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus has not been exercised.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made for the Shares to be admitted into CCASS.

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 19 September 2019, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 19 September 2019.

The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares is 3928.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Bookrunner, the Joint Lead Managers and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company, the Sponsor, the Sole Bookrunner and the Joint Lead Managers may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares and/or any of the subsidiaries;

- are a Director or chief executive officer of our Company and/or any of the subsidiaries;
- are an associate (as defined in the Listing Rules) of any of the above;
- are a connected person of our Company or will become a connected person of our Company; immediately upon completion of the Share Offer; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, either (i) complete and sign the **YELLOW** Application Form; (ii) or give electronic instructions to HKSCC via CCASS.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 29 August 2019 to 12:00 noon on Tuesday, 3 September 2019 from:

(i) the following offices of the Public Offer Underwriters:

Head & Shoulders Securities Limited	Room 2511, 25th Floor Cosco Tower 183 Queen's Road Central Hong Kong
Astrum Capital Management Limited	Room 2704, 27th Floor, Tower 1 Admiralty Centre 18 Harcourt Road Admiralty Hong Kong

Ever Joy Securities Limited	Unit 2012–2013, 20th Floor China Merchants Tower Shun Tak Centre 168 Connaught Road Central Central Hong Kong

(ii) any of the following branches of **Industrial and Commercial Bank of China (Asia) Limited**, the receiving bank for the Public Offer:

District	**Branch Name**	**Address**
Hong Kong Island	Admiralty Branch	Shop 1013–1014 1/F, United Centre 95 Queensway, Admiralty Hong Kong
	Queen's Road Central Branch	Basement, Ground Floor and First Floor of 122 QRC Nos. 122–126 Queen's Road Central Hong Kong
Kowloon	Yaumatei Branch	542 Nathan Road Yaumatei, Kowloon
	Telford Branch	Shop Units P19–P20 Telford Plaza Kowloon Bay, Kowloon
New Territories	Yan Ching Street Branch	Shops 4 and 5, G/F Tuen Mun Centre 11 Yan Ching Street Tuen Mun New Territories
	Tai Po Branch	Shop F, G/F, Mee Fat Building No 34–38 Tai Wing Lane Tai Po New Territories

(iii) the following office of the Sponsor:

Grande Capital Limited at Room 2701, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 29 August 2019 until 12:00 noon on Tuesday, 3 September 2019 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**ICBC (Asia) Nominee Limited – S&T Holdings Public Offer**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, 29 August 2019	–	9:00 a.m. to 5:00 p.m.
Friday, 30 August 2019	–	9:00 a.m. to 5:00 p.m.
Saturday, 31 August 2019	–	9:00 a.m. to 1:00 p.m.
Monday, 2 September 2019	–	9:00 a.m. to 5:00 p.m.
Tuesday, 3 September 2019	–	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 3 September 2019, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the application lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person of whom you act:

(i) undertake to execute all relevant documents and instruct and authorise our Company, the Sponsor, the Sole Bookrunner and/or the Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) agree that none of our Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any of the Placing Shares nor participated in the Placing;

(viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to deposit any share certificate(s) into CCASS and/or to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company, our Directors, the Sponsor, the Sole Bookrunner and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Bookrunner and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Public Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, our Directors, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Memorandum and Articles of Association of our Company; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Public Offer Shares. Instructions for more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions[(1)]

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 29 August 2019	–	9:00 a.m. to 8:30 p.m.
Friday, 30 August 2019	–	8:00 a.m. to 8:30 p.m.
Monday, 2 September 2019	–	8:00 a.m. to 8:30 p.m.
Tuesday, 3 September 2019	–	8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 29 August 2019 until 12:00 noon on Tuesday, 3 September 2019 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 3 September 2019, the last application day or such later time as described in the paragraph headed "9. Effect of bad weather on the opening of the application lists" in this section.

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed "Personal data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sponsor, the Sole Bookrunner, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sponsor, the Sole Bookrunner, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCAS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 3 September 2019.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the Board of Directors;
- control more than half of the voting power of our Company; or
- hold more than half of the issued share capital of our Company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for the Public Offer Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form service in respect of a minimum of 2,000 Public Offer Shares. Each application or electronic application instruction in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the paragraph headed "Structure and conditions of the Share Offer – Pricing and allocation" in this prospectus.

9. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 3 September 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 3 September 2019 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable" in this prospectus, an announcement will be made in such event.

10. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Wednesday, 18 September 2019 on our Company's website at **www.singtec.com.sg** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers (where appropriate) of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.singtec.com.sg** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Wednesday, 18 September 2019;
- from the designated results of allocations website at **www.ewhiteform.com.hk/results** with a "search by ID" function on a 24-hour basis from 9:00 a.m. on Wednesday, 18 September 2019 to 12:00 midnight on Tuesday, 24 September 2019;
- by telephone enquiry line by calling +852 2153 1688 between 9:00 a.m. and 6:00 p.m. from Wednesday, 18 September 2019 to Tuesday, 24 September 2019 on a business day; and

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 18 September 2019 to Friday, 20 September 2019 at all the receiving bank's designated branches and sub-branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Bookrunner, the Joint Lead Managers, and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division of the Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company, the Sole Bookrunner or the Joint Lead Managers believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

12. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$1.15 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the paragraph headed "Structure and Conditions of the Share Offer – Conditions of the Share Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 18 September 2019.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, 18 September 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 19 September 2019 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from our Company's Hong Kong Branch Share Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 18 September 2019 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Company's Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 18 September 2019, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 18 September 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 18 September 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- If you apply through a designated CCASS participant (other than a CCASS investor participant)

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- If you are applying as a CCASS investor participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 18 September 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via Electronic Application Instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 18 September 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of results" above on Wednesday, 18 September 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 18 September 2019 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 18 September 2019. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 18 September 2019.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-80 received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this prospectus.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF S&T HOLDINGS LIMITED AND GRANDE CAPITAL LIMITED

Introduction

We report on the historical financial information of S&T Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-80, which comprises the consolidated statements of financial position of the Group as at 30 September 2016, 2017, 2018 and 28 February 2019, the statements of financial position of the Company as at 30 September 2018 and 28 February 2019, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 30 September 2018 and the five months ended 28 February 2019 (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-80 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 August 2019 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of 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 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, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the 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 assessment, 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 financial position as at 30 September 2016, 2017, 2018 and 28 February 2019, of the Company's financial position as at 30 September 2018 and 28 February 2019 and of the Group's consolidated financial performance and consolidated 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 consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 28 February 2018 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 International Standard on Review Engagements 2400 *"Engagements to Review Historical Financial Statements"* issued by the International Auditing and Assurance Standards Board. 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 International 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

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which contains information about dividends paid by the Company's subsidiaries in respect of the Track Record Period and states that no dividend have been paid by the Company since its incorporation.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 August 2019

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information of the Group

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 consolidated financial statements of the Company and its subsidiaries for the Track Record Period (the "Underlying Financial Statements"). The Underlying Financial Statements have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and were audited by us in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

The Historical Financial Information is presented in Singapore dollars ("S$").

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 30 September			Five months ended 28 February	
		2016	2017	2018	2018	2019
	NOTES	*S$*	*S$*	*S$*	*S$*	*S$*
					(unaudited)	
Revenue						
Services	6	44,255,280	59,870,463	83,458,630	23,668,460	44,718,978
Rental	6	484,302	477,876	504,694	242,320	194,363
Total revenue		44,739,582	60,348,339	83,963,324	23,910,780	44,913,341
Costs of services		(36,819,891)	(50,625,871)	(70,664,483)	(20,251,562)	(37,434,273)
Gross profit		7,919,691	9,722,468	13,298,841	3,659,218	7,479,068
Other income	7	402,776	291,947	290,574	102,823	59,219
Other gains and losses	8	(121,033)	(209,946)	733,026	225,837	129,809
Administrative expenses		(4,706,825)	(4,886,878)	(4,916,894)	(1,917,596)	(2,699,384)
Finance costs	9	(568,596)	(471,181)	(727,879)	(252,476)	(403,920)
Listing expenses		–	–	(631,200)	–	(1,769,564)
Share of result of a joint venture	18	125,789	58,090	(27,296)	(13,527)	(17,557)
Profit before taxation	10	3,051,802	4,504,500	8,019,172	1,804,279	2,777,671
Income tax expense	11	(468,842)	(550,000)	(1,239,284)	(220,000)	(738,634)
Profit for the year/period		2,582,960	3,954,500	6,779,888	1,584,279	2,039,037
Other comprehensive income:						
Item that will not be reclassified to profit or loss:						
Difference between the carrying amount and the fair value of properties at the date of transfer from property, plant and equipment to investment properties		–	–	767,248	767,248	–
Other comprehensive income for the year/period		–	–	767,248	767,248	–
Profit and total comprehensive income for the year/period		2,582,960	3,954,500	7,547,136	2,351,527	2,039,037
Earnings per share						
– Basic *(S$ cents)*	14	0.72	1.10	1.88	0.44	0.57

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		The Group				The Company	
		As at 30 September			As at 28 February	As at 30 September	As at 28 February
		2016	**2017**	**2018**	**2019**	**2018**	**2019**
	NOTES	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Non-current assets							
Property, plant and equipment	15	11,324,792	19,334,081	18,414,835	17,288,929	–	–
Investment properties	16	6,000,000	6,120,000	9,160,000	9,200,000	–	–
Investment properties held under joint operations	17	7,595,000	7,075,000	6,895,000	6,935,000	–	–
Interest in a joint venture	18	1,539,430	1,597,520	1,070,224	1,052,667	–	–
Investment in a subsidiary		–	–	–	–	–	–*
Bank deposits	23	223,702	224,260	224,821	225,055	–	–
		26,682,924	34,350,861	35,764,880	34,701,651	–	–
Current assets							
Trade receivables	19	6,331,586	3,746,955	11,255,270	7,647,956	–	–
Other receivables, deposits and prepayments	20	4,703,801	3,100,533	2,342,014	3,643,477	173,584	621,872
Amounts due from shareholders	21a	2,267,338	2,946,633	–	–	–	–
Amounts due from related parties	21b	439,361	690,316	–	–	–	–
Contract assets	22	14,626,542	9,107,630	25,463,110	25,090,425	–	–
Income tax recoverable		–	–	214,075	–	–	–
Bank balances and cash	23	1,824,994	4,161,029	3,659,905	1,563,091	–	–
		30,193,622	23,753,096	42,934,374	37,944,949	173,584	621,872

* *The amount is less than S$1.*

		The Group				The Company	
		As at 30 September			As at 28 February	As at 30 September	As at 28 February
		2016	2017	2018	2019	2018	2019
	NOTES	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Current liabilities							
Trade and other payables	24	11,680,897	10,669,662	23,051,836	15,256,552	118,832	366,603
Amounts due to shareholders	21c	391,943	391,943	391,943	128,543	–	–
Amounts due to related parties/a subsidiary	21d	4,957,925	365,677	1,224,792	1,224,792	685,952	2,656,033
Contract liabilities	22	1,595,532	1,123,327	227,246	395,014	–	–
Income tax payable		1,073,435	1,465,866	1,452,269	1,316,382	–	–
Bank overdrafts	25	831,792	–	5,325,553	5,234,792	–	–
Bank borrowings	25	1,845,186	1,581,531	4,271,436	3,821,654	–	–
Bank borrowings held under joint operations	25	3,591,422	3,412,506	3,232,325	3,158,509	–	–
Obligations under finance leases	26	1,781,518	826,595	1,009,223	957,441	–	–
		27,749,650	19,837,107	40,186,623	31,493,679	804,784	3,022,636
Net current assets (liabilities)		2,443,972	3,915,989	2,747,751	6,451,270	(631,200)	(2,400,764)
Total assets less current liabilities		29,126,896	38,266,850	38,512,631	41,152,921	(631,200)	(2,400,764)
Non-current liabilities							
Bank borrowings	25	4,565,379	10,282,727	9,547,734	9,251,838	–	–
Bank borrowings held under joint operations	25	1,258,132	1,157,741	1,059,960	1,013,566	–	–
Obligations under finance leases	26	855,630	356,127	1,016,543	875,944	–	–
Deferred tax liabilities	27	114,000	182,000	193,000	168,000	–	–
		6,793,141	11,978,595	11,817,237	11,309,348	–	–
Net assets (liabilities)		22,333,755	26,288,255	26,695,394	29,843,573	(631,200)	(2,400,764)
Capital and reserves							
Share capital	28	3,470,000	6,895,000	6,895,003	–*	–*	–*
Reserves	28	18,863,755	19,393,255	19,800,391	29,843,573	(631,200)	(2,400,764)
		22,333,755	26,288,255	26,695,394	29,843,573	(631,200)	(2,400,764)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Other reserves	Properties revaluation reserves	Accumulated profits	Total
	S$	*S$*	*S$*	*S$*	*S$*
At 1 October 2015	3,470,000	–	–	17,580,795	21,050,795
Profit and total comprehensive income for the year	–	–	–	2,582,960	2,582,960
Dividends declared *(Note 13)*	–	–	–	(1,300,000)	(1,300,000)
At 30 September 2016	3,470,000	–	–	18,863,755	22,333,755
Profit and total comprehensive income for the year	–	–	–	3,954,500	3,954,500
Shares issued *(Note 28)*	3,425,000	–	–	(3,425,000)	–
At 30 September 2017	6,895,000	–	–	19,393,255	26,288,255
Profit for the year	–	–	–	6,779,888	6,779,888
Other comprehensive income for the year	–	–	767,248	–	767,248
Profit and total comprehensive income for the year	–	–	767,248	6,779,888	7,547,136
Shares issued *(Note 28)*	3	–	–	–	3
Dividends declared *(Note 13)*	–	–	–	(7,140,000)	(7,140,000)
At 30 September 2018	6,895,003	–	767,248	19,033,143	26,695,394
Profit and total comprehensive income for the period	–	–	–	2,039,037	2,039,037
Share issued by the Company on date of incorporation *(Note 28)*	–*	–	–	–	–*
Arising from reorganisation *(Note 2(iii))*	(3)	3	–	–	–
Arising from reorganisation *(Note 2(iv))*	(6,895,000)	6,895,000	–	–	–
Dividends waived *(Note)*	–	1,109,142	–	–	1,109,142
At 28 February 2019	–*	8,004,145	767,248	21,072,180	29,843,573
For the five months ended 28 February 2018 (unaudited)					
At 1 October 2017	6,895,000	–	–	19,393,255	26,288,255
Profit for the period	–	–	–	1,584,279	1,584,279
Other comprehensive income for the period	–	–	767,248	–	767,248
Profit and total comprehensive income for the period	–	–	767,248	1,584,279	2,351,527
At 28 February 2018 (unaudited)	6,895,000	–	767,248	20,977,534	28,639,782

* *The amount is less than S$1.*

Note: On 20 December 2018, the Controlling Shareholders (as defined in Note 2) waived dividend of S$1,109,142 and the amount was recognised as other reserve.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
OPERATING ACTIVITIES					
Profit before taxation	3,051,802	4,504,500	8,019,172	1,804,279	2,777,671
Adjustments for:					
Depreciation of property, plant and equipment	2,699,806	2,383,556	2,780,231	1,134,040	1,233,296
Fair value losses (gains) on investment properties	190,000	(120,000)	(480,000)	–	(40,000)
Fair value losses (gains) on investment properties held under joint operations	475,000	520,000	180,000	–	(40,000)
Finance costs	568,596	471,181	727,879	252,476	403,920
Interest income	(63,816)	(67,942)	(70,680)	(29,450)	(234)
Loss on revaluation of property, plant and equipment	–	–	3,767	3,767	–
Net gain on disposal of property, plant and equipment	(475,823)	(153,494)	(164,760)	(200,000)	–
Share of result of a joint venture	(125,789)	(58,090)	27,296	13,527	17,557
Operating cash flow before movement in working capital	6,319,776	7,479,711	11,022,905	2,978,639	4,352,210
Movements in working capital:					
(Increase) decrease in trade receivables	(4,207,517)	2,584,631	(7,508,315)	(1,916,789)	3,607,314
(Increase) decrease in other receivables	(1,990,155)	1,603,268	758,519	628,680	(309,451)
Decrease in amounts due from related parties	639,871	57,619	116,418	–	–
(Increase) decrease in contract assets	(3,878,062)	5,518,912	(16,355,480)	(940,148)	372,685
Increase (decrease) in contract liabilities	1,070,573	(472,205)	(896,081)	200,372	167,768
Increase (decrease) in trade and other payables	5,223,421	(1,011,235)	10,773,032	(3,340,031)	(6,738,958)
(Decrease) increase in amounts due to related parties	(44,215)	45,395	(191,019)	44,131	–
Cash generated from (used in) operations	3,133,692	15,806,096	(2,280,021)	(2,345,146)	1,451,568
Income tax paid	(172,554)	(176,566)	(1,455,956)	(607,236)	(899,521)
Income tax refunded	247,133	86,997	–	–	214,075
Net cash from (used in) operating activities	3,208,271	15,716,527	(3,735,977)	(2,952,382)	766,122

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment	1,201,199	264,019	331,871	200,000	–
Purchase of property, plant and equipment	(1,074,045)	(10,024,370)	(1,666,004)	(1,535,864)	(107,390)
Dividends received from a joint venture	–	–	500,000	500,000	–
Advance to related parties	(265,324)	(308,574)	(2,150,550)	(667,505)	–
Repayment of advance to related parties	107,591	–	–	–	–
Repayment of advance to shareholders	–	–	950,000	–	–
Advance to shareholders	(178,643)	(611,911)	(739,655)	(388,349)	–
Net cash used in investing activities	(209,222)	(10,680,836)	(2,774,338)	(1,891,718)	(107,390)
FINANCING ACTIVITIES					
Dividends paid	(1,300,000)	–	–	–	–
Issue costs paid	–	–	–	–	(551,596)
Interest paid	(568,596)	(471,181)	(727,879)	(252,476)	(403,920)
Repayment of obligations under finance leases	(2,334,737)	(1,933,426)	(1,315,567)	(681,286)	(579,981)
(Repayment of) drawdown of bank overdrafts	(3,358,934)	(831,792)	5,325,553	3,493,835	(90,761)
Repayment of bank borrowings	(3,527,694)	(2,382,783)	(1,698,592)	(1,116,289)	(4,813,907)
Proceeds from bank borrowings	3,891,489	7,557,169	3,375,542	449,400	3,948,019
Advance from related parties	5,037,011	2,560,909	1,050,134	1,050,134	–
Repayment of advance from related parties	(348,620)	(7,198,552)	–	–	–
Repayment of advance from shareholders	–	–	–	–	(263,400)
Net cash (used in) generated from financing activities	(2,510,081)	(2,699,656)	6,009,191	2,943,318	(2,755,546)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	488,968	2,336,035	(501,124)	(1,900,782)	(2,096,814)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD, represented by bank balances and cash	1,336,026	1,824,994	4,161,029	4,161,029	3,659,905
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, represented by bank balances and cash	1,824,994	4,161,029	3,659,905	2,260,247	1,563,091

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 17 September 2018. The registered office of the Company is located at Cricket Square Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is at 16 Kian Teck Way, Singapore 628749.

The Company is an investment holding company and the principal activities of the operating subsidiaries, as set out in the Note 35, are mainly engaged provision of in construction services primarily including (i) civil engineering works e.g. road works, earthworks, drainage works, earth retaining stabilising structures works and soil improvement works; and (ii) building construction works mainly for industrial buildings which include substructure works, piling works, addition and alteration works and electrical and mechanical works, and (iii) other ancillary services which include logistics and transportation services of construction materials (collectively referred to as "Construction services"), and properties investment business including residential and industrial properties leasing ("Property investment").

The Historical Financial Information are expressed in S$, which is also the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Throughout the Track Record Period, Sing Tec Development Pte. Ltd. ("Sing Tec Development"), Sing Tec Construction Pte. Ltd. ("Sing Tec Construction") and Initial Resources Pte. Ltd. ("Initial Resources") are under the control of Mr. Poon Soon Huat ("Mr. Poon") and Mr. Teo Teck Thye ("Mr. Teo"). Mr. Poon and Mr. Teo are regarded as the controlling shareholders ("Controlling Shareholders").

The Reorganisation comprised of the following steps:

(i) On 4 May 2018, HG TEC Holdings Limited ("HG TEC", a company not forming part of the Group) and Builink Holdings Limited ("Builink") were incorporated in the British Virgin Islands ("BVI") with limited liability. Each of them is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of United States dollar ("US$") 1.00 each. On the same date, HG TEC and Builink issued and allotted one fully paid share at par value to Mr. Poon and Mr. Teo, respectively;

(ii) On 17 September 2018, the Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. The entire issued share capital of the Company, one fully paid share at par, was issued and allotted to the initial subscriber. On the same date, the one share was transferred to HG TEC at par value;

(iii) On 19 November 2018, each of Mr. Poon and Mr. Teo transferred one share, in aggregate representing the entire issued share capital of Builink, to the Company at par value. In consideration of the acquisition, the Company allotted and issued one ordinary shares to each of Mr. Teo and Mr. Poon respectively. On 13 December 2018, each of Mr. Teo and Mr. Poon transferred one share in the Company at par value to HG TEC, respectively;

(iv) On 18 December 2018, Mr. Poon, Mr. Teo, HG TEC, the Company and Builink executed a reorganisation agreement and the relevant instrument of transfer, pursuant to which ("Reorganisation"):

  (a) each of Mr. Poon and Mr. Teo transferred 172,500 shares, being 100% equity interest owned by the Controlling Shareholders, in aggregate representing the entire issued share capital of Sing Tec Construction to Builink;

  (b) each of Mr. Poon and Mr. Teo transferred 3,250,000 shares, being 100% equity interest owned by the Controlling Shareholders, in aggregate representing the entire issued share capital of Sing Tec Development to Builink; and

(c) each of Mr. Poon and Mr. Teo transferred 25,000 shares, being 100% equity interest owned by the Controlling Shareholders, in aggregate representing the entire issued share capital of Initial Resources to Builink.

In consideration of the above transfer, the Company issued and allotted 60 shares, credited as fully paid, to HG TEC on 18 December 2018.

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 the activities that significantly affect the returns of and exposure to variable returns of the Company, Builink, Sing Tec Development, Sing Tec Construction and Initial Resources, they have always been acting in concert. Since the Group, comprising the Company, Builink, Sing Tec Development, Sing Tec Construction and Initial Resources resulting from the Reorganisation has always been under the common control of the Controlling Shareholders throughout the Track Record Period or from the respective date 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 Builink, Sing Tec Development, Sing Tec Construction and Initial Resources throughout the Track Record Period and as at each reporting date taking into account the respective date of incorporation of the group entities. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated 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 consolidated statements of financial position of the Group as at 30 September 2016, 2017 and 2018 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. ADOPTION OF NEW AND AMENDMENTS TO 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 October 2018 and throughout the Track Record Period, including IFRS 15 *Revenue from Contracts with Customers*, except that the Group adopted IFRS 9 *Financial Instruments* since 1 October 2018 and IAS 39 *Financial Instruments: Recognition and Measurement* during the years ended 30 September 2016, 2017 and 2018.

Upon application of IFRS 15, the Group 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 customers. For further details, please refer to Notes 4 and 6. There was no significant impact on the Group's financial position and performance upon adoption of IFRS 15 when compared to that of IAS 18 or IAS 11, as appropriate.

During the five months ended 28 February 2019, the Group has applied IFRS 9 and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit loss ("ECL") for financial assets and contract assets and 3) general hedge accounting.

The Group has applied IFRS 9 in accordance with the transition provision set out in IFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised at 1 October 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 October 2018.

The accounting policies for financial instruments under IFRS 9 are set out in Note 4 below.

Classification and measurement of financial assets

Except for the impairment loss recognised based on ECL model, all financial assets and financial liabilities continue to be measured on the same bases as were previously measured under IAS 39.

The table below illustrates the classification and measurement of financial instruments under IFRS 9 and IAS 39 at the date of initial application, i.e. 1 October 2018.

	Original measurement category under IAS 39	**New measurement category under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
			S$	*S$*
Trade receivables	Loans and receivables	Financial assets at amortised costs	11,255,270	11,255,270
Other receivables and deposits	Loans and receivables	Financial assets at amortised costs	1,851,047	1,851,047
Bank balances and cash	Loans and receivables	Financial assets at amortised costs	3,659,905	3,659,905
Bank deposit	Loans and receivables	Financial assets at amortised costs	224,821	224,821

The Group and the Company have not recognised additional impairment loss allowance upon the initial recognition of IFRS9 on 1 October 2018 as the amounts involved are insignificant.

At the date of this report, the Group has not applied the following new and amendments to IFRSs or International Accounting Standards ("IASs") and a new interpretation that have been issued but not yet effective:

IFRS 16	Leases[1]
IFRS 17	Insurance Contracts[3]
IFRIC 23	Uncertainty over Income Tax Treatments[1]
Amendments to IFRS 3	Definition of a Business[4]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IAS 1 and IAS 8	Definition of Material[5]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after a date to be determined

3 Effective for annual periods beginning on or after 1 January 2021

4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

5 Effective for annual periods beginning on or after 1 January 2020

Except as described below, the management of the Group considers that the application of the other new and amendments to IFRSs, IASs and the new interpretation is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in foreseeable future.

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 upfront prepaid lease payments as investing cash flows in relation to leasehold lands for own use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of 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 by the Group, and upfront prepaid lease payments will continue to be presented as investing or operating cash flows in accordance to the nature, as appropriate.

Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, 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 28 February 2019, the total operating lease commitments of the Group in respect of leased premises of S$544,990 are set out in Note 30. A preliminary assessment indicates that these arrangements will meet the definition of lease. Upon the application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for short-term leases.

In addition, as at 28 February 2019 the Group currently considers refundable rental deposits paid of S$83,870 and refundable rental deposits received of S$80,750 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be considered as additional lease payment and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply IFRS 16 to contracts that were previously identified as lease applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease* and not applying this standard to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. Therefore the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of IFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated profits without restating comparative information. Based on the initial assessment, the management of the Group expects that the adoption of IFRS 16 is unlikely to result in significant impact on the Group's net result nor net financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs issued by the International Accounting Standards Board (the "IASB"). In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for investment properties and investment properties held under joint operations that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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*.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transferred at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equals the transaction price.

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 Group 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 consolidation

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.

Consolidation 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 are included in the consolidated 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.

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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate 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 the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing carrying 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 consolidated statement of profit or loss and other comprehensive income includes 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 this is a shorter period.

Interest in a joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of a joint venture are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, interest in a joint venture is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount.

Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in the profit or loss.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Historical Financial Information only to the extent of interests in the joint venture that are not related to the Group.

Assets and liabilities held under joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Specifically, the Group uses 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

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligation is transferred to customers.

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at point in time when the customer obtains control of the distinct service.

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Specifically, revenue is recognised as follows:

(i) Revenue from provision of construction services

The Group provides Construction services (including civil engineering works and building construction works) under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contracts, the Group is contractually required to perform the services at the customers' specified sites that the Group's performance creates or enhances an asset that the customer controls as the Group performs. Revenue from provision of such services is therefore recognised over time using input method, i.e. based on the actual costs incurred by the Group to date compare with the total budgeted cost for the project to estimate the revenue recognised during the period. The management of the Group considers that input method would faithfully depict the Group's performance towards complete satisfaction of these performance obligation under IFRS 15.

(ii) Revenue from provision of other ancillary services

Revenue from provision of other ancillary services is mainly logistics and transportation services and recognised at a point in time upon delivering the materials to the customers' designated delivery point.

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 lessor

Rental income from operating leases is recognised in other income on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

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 consolidated statements of financial position as obligation under finance lease. 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

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 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 consolidated statements 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.

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 consolidated 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 each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. 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 each 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 each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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 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 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in properties revaluation reserves. Any revaluation increase arising from revaluation of property, plant and equipment is recognised in other comprehensive income and accumulated in properties revaluation reserves, except to the extent that it reverses a revaluation decrease of the same asset previously recognise in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of property, plant and equipment is recognised in profit or loss to the extent that it exceeds the balance, if any, on the properties revaluation reserves relating to a previous revaluation of that asset. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to accumulated profits.

Investment properties

Investment properties are properties held to earn rentals. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of tangible assets

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible 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 immediately in profit or loss.

Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Historical Financial Information in the period in which the dividends are approved by the group companies' shareholders, where appropriate.

Financial instruments

Initial recognition under IAS 39 and IFRS 9

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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 financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Under IAS 39

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 timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs. The Group's financial assets are classified into "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

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 and deposits, amounts due from shareholders/ related parties, bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivable where the recognition of interest would be immaterial.

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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument 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 instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis or debt instruments.

Impairment of 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 investment have been affected.

The objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed on individual 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 average credit period of 30 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is considered 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Upon the adoption of IFRS 9 on 1 October 2018

Classification of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with IFRS 15. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

All recognised financial assets of the Group that are within the scope of IFRS 9 are subsequently measured at amortised cost.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant periods.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (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 debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss using the effective interest method and is included in the "other income" line item.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under IFRS 9 (including trade receivables, other receivables and deposits, bank deposits and bank balances) and contract assets. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets is assessed individually for debtors based on internal credit rating, the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's is ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default (i.e. no default history), ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group also considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

Financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are past due over one year, whichever is earlier. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised directly in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

As at 1 October 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of IFRS 9. No additional impairment allowance has been recognized at the initial application.

Derecognition of financial assets (under both IAS 39 and IFRS 9)

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 party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as a debt or equity instruments

Financial liabilities and equity instruments issued by the Group 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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities including trade and other payables, bank borrowings, bank overdrafts and amounts due to shareholders/related parties are subsequently measured at amortised cost using the effective interest method.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, or 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the 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 periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 amortised cost of a financial liability.

Derecognition of financial liabilities

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, including any non-cash assets transferred or liabilities assumed, 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.

Estimated impairment of trade receivables and contract assets

Prior 1 October 2018, management assesses at the end of each reporting period whether there is any objective evidence that trade receivables and contract assets are impaired. If there is objective evidence that an impairment loss on trade 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. Where the actual future cash flows are less than expected, including unbilled revenue where the actual collection of receivables upon billing to customers are less than expected, an impairment loss may arise.

As at 30 September 2016, 2017 and 2018, the carrying amounts of trade receivables and contract assets are S$6,331,586, S$3,746,955, S$11,255,270, respectively and S$14,626,542, S$9,107,630 and S$25,463,110, respectively.

Starting from 1 October 2018, the Group estimates lifetime ECL for trade receivables and contract assets using individual assessment, based on the internal credit rating, the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise. As at 28 February 2019, the carrying amount of trade receivables is S$7,647,956, whereas the carrying amount of contract assets is S$25,090,425.

No impairment in respect of trade receivables and contract assets was recognised during the Track Record Period.

Revenue recognition from provision of construction services

The Group recognises contract revenue and contract costs using input method, based on the actual costs incurred by the Group to date compared with the total budgeted cost for the project to estimate the revenue recognised during the period.

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 inputs 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 services are disclosed in Note 22.

Fair value measurement of investment properties and properties held under joint operations

The Group's investment properties amounting to S$6,000,000, S$6,120,000, S$9,160,000 and S$9,200,000, and investment properties held under joint operations amounting to S$7,595,000, S$7,075,000, S$6,895,000 and S$6,935,000 as at 30 September 2016, 2017, 2018 and 28 February 2019 respectively are measured at fair values with fair values being determined based on unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these properties. See Notes 16 and 17 for further disclosures.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from provision of construction services (including civil engineering works and building construction works) and other ancillary services by the Group to external customers and property investment (including rental income from investment properties and investment properties held under joint operations.

(i) Disaggregation of revenue from contracts with customers

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Type of services					
Construction services					
– Civil engineering works	29,672,177	42,076,382	70,229,006	23,032,893	36,593,278
– Building construction works	13,985,590	17,612,533	12,494,685	451,493	7,599,492
– Other ancillary services	597,513	181,548	734,939	184,074	526,208
Revenue from contracts with customers	44,255,280	59,870,463	83,458,630	23,668,460	44,718,978
Rental from Property investment	484,302	477,876	504,694	242,320	194,363
Segment revenue *(Note 6(iv))*	44,739,582	60,348,339	83,963,324	23,910,780	44,913,341
Timing of revenue recognition					
At a point in time	597,513	181,548	734,939	184,074	526,208
Over time	43,657,767	59,688,915	82,723,691	23,484,386	44,192,770
	44,255,280	59,870,463	83,458,630	23,668,460	44,718,978
Type of customers					
Corporate	44,087,009	40,282,626	31,647,987	6,928,776	19,449,585
Government	168,271	19,587,837	51,810,643	16,739,684	25,269,393
	44,255,280	59,870,463	83,458,630	23,668,460	44,718,978

(ii) Performance obligations for contracts with customers

The Group derives its revenue from provision of construction services (including civil engineering works and building construction works) are over time whereas the revenue from provision of ancillary services are at a point in time.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Provision of Construction services				
Civil engineering works				
– Within one year	28,671,113	49,221,653	61,522,063	34,387,165
– More than one year but not more than two years	17,073,794	23,151,488	2,959,330	5,784,903
– More than two years but not more than five years	6,631,799	–	721,844	12,919,763
– More than five years	–	–	–	10,126,040
	52,376,706	72,373,141	65,203,237	63,217,871
Building construction works				
– Within one year	17,612,533	707,938	7,927,619	3,897,730
– More than one year but not more than two years	1,911,061	65,474	–	–
– More than two years but not more than five years	65,474	–	–	–
– More than five years	–	–	–	–
	19,589,068	773,412	7,927,619	3,897,730
	71,965,774	73,146,553	73,130,856	67,115,601

During the Track Record Period, majority of the construction contracts for services provided to external customers last over 12 months.

During the Track Record Period, all performance obligations for provision of ancillary services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied performance obligations is not disclosed.

(iv) Segment information

Information is reported to the Controlling Shareholders of the Company, which is also the Chief Operating Decision Maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The CODM reviews segment revenue and results attributable to each segment, which is measured by reference to respective segments' gross profit. The Group has two operating segments as follows:

- Construction services: Engage in provision of civil engineering work and building construction works to government and commercial corporations.
- Property investment: Include residential and industrial properties leasing.

No analysis of the Group's assets and liabilities is regularly provided to the CODM for review.

	Year ended 30 September			Five months ended 28 February	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Segment revenue					
Construction services	44,255,280	59,870,463	83,458,630	23,668,460	44,718,978
Property investment	484,302	477,876	504,694	242,320	194,363
	44,739,582	60,348,339	83,963,324	23,910,780	44,913,341
Segment result					
Construction services	7,562,519	9,363,077	12,929,643	3,482,849	7,343,961
Property investment	357,172	359,391	369,198	176,369	135,107
	7,919,691	9,722,468	13,298,841	3,659,218	7,479,068
Unallocated:					
Other income	402,776	291,947	290,574	102,823	59,219
Other gains and losses	(121,033)	(209,946)	733,026	225,837	129,809
Administrative expenses	(4,706,825)	(4,886,878)	(4,916,894)	(1,917,596)	(2,699,384)
Finance costs	(568,596)	(471,181)	(727,879)	(252,476)	(403,920)
Listing expenses	–	–	(631,200)	–	(1,769,564)
Share of result of a joint venture	125,789	58,090	(27,296)	(13,527)	(17,557)
Profit before taxation	3,051,802	4,504,500	8,019,172	1,804,279	2,777,671

The accounting policies for segment information are the same as Group's accounting policies described in Note 4.

(v) Geographical information

The Group principally operates in Singapore, which is also the place of domicile.

The Group's non-current assets are all located in Singapore.

(vi) Information about major customers

The revenue from customers individually contributing over 10% of the total revenue of the Group during the Track Record Period are as follows:

	Year ended 30 September			Five months ended 28 February	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Customer I**	8,229,116	N/A*	N/A*	N/A*	N/A*
Customer II**	7,468,021	9,397,807	N/A*	N/A*	N/A*
Customer III**	5,746,270	N/A*	N/A*	N/A*	N/A*
Customer IV**	8,734,548	19,014,570	15,305,446	N/A*	7,990,339
Customer V**	N/A*	13,236,024	46,776,756	13,355,057	22,033,398
Customer VI**	N/A*	6,315,813	N/A*	N/A*	N/A*
Customer VII**	N/A*	N/A*	N/A*	N/A*	7,792,990

* *Revenue did not contribute over 10% of the total revenue of the Group for the respective reporting period.*

** *Revenue are from segment of Construction services.*

7. OTHER INCOME

	Year ended 30 September			Five months ended 28 February	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Government grants *(Note)*	126,507	57,290	63,374	10,949	–
Rental income from renting properties to shareholders	132,000	132,000	132,000	55,000	55,000
Rental income from renting equipment	49,880	30,740	11,242	4,920	1,492
Interest income from advances to shareholders	63,256	67,384	70,119	29,216	–
Interest income from bank deposit	560	558	561	234	234
Other	30,573	3,975	13,278	2,504	2,493
	402,776	291,947	290,574	102,823	59,219

Note: The government grants received mainly comprise of the Wage Credit Scheme ("WCS"), the Special Employment Credit ("SEC"), the Temporary Employment Credit ("TEC"), and the Workforce Training and Upgrading Grant ("WTU"). All of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

During the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2018 and 2019, the Group received grants of S$71,301, S$18,132, S$28,705, nil (unaudited) and nil respectively under the WCS. Under this credit scheme, the government provides assistance to Singapore-registered businesses by way of co-funding 40%, 20%, 20% and 15% of wage increases given to Singapore Citizen employees earning a gross monthly wage of S$4,000 and below in 2016, 2017, 2018 and 2019, respectively.

During the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2018 and 2019, the Group received grants of S$18,094, S$14,833, S$9,591, nil (unaudited) and nil respectively under the SEC. Under this scheme, the government aims to encourage and facilitate Singapore-registered business to hire Singaporean workers more than 50 years old and persons with disabilities.

During the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2018 and 2019, the Group received grants of S$19,538, S$19,182, S$13,662, S$6,635 (unaudited) and nil respectively under the TEC. Under this scheme, the government provides assistance to alleviate business costs due to increases in contribution rates of employee's national saving schemes.

During the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2018 and 2019, the Group received grants of S$10,988, S$4,636, S$3,272, S$4,020 (unaudited) and nil respectively under the WTU. Under this scheme, the government co-funds companies in the construction industry for costs of selected skills assessment and training courses to upgrade the skills of workforce in the construction industry.

The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

8. OTHER GAINS AND LOSSES

	Year ended 30 September			Five months ended 28 February	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Net gain on disposal of property, plant and equipment	475,823	153,494	164,760	200,000	–
Gain from sale of scrap materials	68,144	36,560	237,252	29,604	49,809
Fair value (losses) gains on investment properties	(190,000)	120,000	480,000	–	40,000
Fair value (losses) gains on investment properties held under joint operations	(475,000)	(520,000)	(180,000)	–	40,000
Loss on revaluation of property, plant and equipment	–	–	(3,767)	(3,767)	–
Recovery of debts which were written off in prior years	–	–	34,781	–	–
	(121,033)	(209,946)	733,026	225,837	129,809

9. FINANCE COSTS

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Interests on:					
Bank borrowings	409,479	370,846	524,702	201,685	306,917
Bank overdrafts	49,063	31,180	127,117	26,725	61,024
Obligations under finance leases	110,054	69,155	76,060	24,066	35,979
	568,596	471,181	727,879	252,476	403,920

10. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Auditors' remuneration *(Note)*	–	–	39,000	–	–
Depreciation of property, plant and equipment					
– Recognised as costs of services	2,037,963	1,831,635	2,020,716	740,909	699,763
– Recognised as administrative expenses	661,843	551,921	759,515	393,131	533,533
Total depreciation	2,699,806	2,383,556	2,780,231	1,134,040	1,233,296
Directors' remuneration *(Note 12)*	1,390,638	1,641,960	980,060	415,720	545,610
Other staff costs					
– Salaries and other benefits	5,266,544	5,926,436	6,573,283	1,966,927	2,806,741
– Contributions to CPF	343,534	403,913	517,233	249,432	293,461
– Foreign worker levy and skill development levy	849,593	1,127,425	930,099	381,330	421,875
Total staff costs	7,850,309	9,099,734	9,000,675	3,013,409	4,067,687
Cost of materials recognised as costs of services	13,588,289	14,704,584	13,488,133	4,171,985	5,166,415
Subcontracting fees recognised as costs of services	12,746,210	23,912,361	38,701,952	11,042,948	24,848,359

Note: No remuneration has been incurred prior to the appointment of the Company's statutory auditor in 2018.

11. INCOME TAX EXPENSE

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Tax expense comprises:					
Current tax					
– Singapore corporate income tax ("CIT")	498,000	482,000	1,228,284	244,000	763,634
– Over provision in prior years/period	(8,158)	–	–	–	–
Deferred tax *(Note 27)*	(21,000)	68,000	11,000	(24,000)	(25,000)
	468,842	550,000	1,239,284	220,000	738,634

Singapore CIT is calculated at 17% of the estimated assessable profit and the subsidiaries in Singapore further eligible for CIT rebate of 50%, capped at S$25,000 for the Year of Assessment 2017, 40%, capped at S$15,000 for the Year of Assessment 2018, adjusted to 20%, capped at S$10,000 for the Year of Assessment 2019, and adjusted to nil for the Year of Assessment 2020. determined based on financial year end date of the group companies. Companies subject to Singapore CIT 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 for the Year of Assessment 2017, 2018 and 2019, and adjusted to 75% tax exemption on the first S$10,000 and a further 50% tax exemption on the next S$190,000 for the Year of Assessment 2020.

The subsidiaries incorporated in Singapore are entitled to additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the Production and Innovative Credit ("PIC") scheme in Singapore for the Years of Assessment of 2016, 2017 and 2018. The PIC scheme lapsed after Year of Assessment 2018.

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Profit before taxation	3,051,802	4,504,500	8,019,172	1,804,279	2,777,671
Tax at applicable tax rate of 17%	518,806	765,765	1,363,259	306,727	472,204
Tax effect of income not taxable for tax purpose	(3,495)	(6,931)	(46,349)	–	(13,600)
Tax effect of expenses not deductible for tax purpose	234,836	189,409	245,259	67,397	366,929
Tax effect of share of results of joint venture	(21,384)	(9,875)	4,640	2,300	2,985
Tax effect on tax concession and exemption	(307,640)	(333,313)	(335,796)	(156,424)	(89,884)

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Tax effect of utilisation of tax losses and deductible temporary differences previously not recognised	–	(96,044)	–	–	–
Tax effect of unused tax losses and deductible temporary differences not recognised	55,877	40,989	8,271	–	–
Over provision for current tax in prior years/period	(8,158)	–	–	–	–
Taxation for the year/period	468,842	550,000	1,239,284	220,000	738,634

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's emoluments

Mr. Poon and Mr. Teo were appointed as executive directors of the Company on 17 September 2018.

The emoluments paid or payable to the directors and chief-executive of the Company (including emoluments for services as employees/directors of the Group prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period are as follows:

Year ended 30 September 2016

	Fees	Discretionary bonus	Salaries and allowances	Contributions to CPF	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Poon	300,000	26,500	339,000	20,658	686,158
Mr. Teo	300,000	26,500	339,000	38,980	704,480
	600,000	53,000	678,000	59,638	1,390,638

Year ended 30 September 2017

	Fees	Discretionary bonus	Salaries and allowances	Contributions to CPF	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Poon	387,000	30,000	372,000	22,140	811,140
Mr. Teo	387,000	30,000	372,000	41,820	830,820
	774,000	60,000	744,000	63,960	1,641,960

Year ended 30 September 2018

	Fees	Discretionary bonus	Salaries and allowances	Contributions to CPF	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Poon	–	35,000	426,000	19,980	480,980
Mr. Teo	–	35,000	426,000	38,080	499,080
	–	70,000	852,000	58,060	980,060

Five months ended 28 February 2018 (unaudited)

	Fees	Discretionary bonus	Salaries and allowances	Contributions to CPF	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Poon	–	32,000	160,000	10,980	202,980
Mr. Teo	–	32,000	160,000	20,740	212,740
	–	64,000	320,000	31,720	415,720

Five months ended 28 February 2019

	Fees	Discretionary bonus	Salaries and allowances	Contributions to CPF	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive Directors					
Mr. Poon	–	38,000	190,000	7,350	235,350
Mr. Teo	65,600	38,000	190,000	16,660	310,260
	65,600	76,000	380,000	24,010	545,610

(i) Mr. Teo acts as chief executive of the Company with effect from 17 September 2018 and his emoluments disclosed above included those for services rendered by him as the chief executive in management of the affairs of the group entities.

(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.

During the Track Record Period, no remuneration was paid by the Group to the director of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

Employees' remuneration

During the Track Record Period, included in the remunerations of the five highest paid individuals are 2, 2, 2 and 2 (unaudited) and 2 directors whose remunerations are disclosed above.

The remunerations in respect of the remaining individuals during the Track Record Period are as follows:

	Year ended 30 September			Five months ended 28 February	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Salaries, allowances and discretionary bonuses	345,728	362,800	484,300	272,500	303,150
Contribution to CPF	43,135	39,188	55,913	35,785	36,066
	388,863	401,988	540,213	308,285	339,216

During the Track Record Period, the remunerations of the five highest paid individuals are within following bands:

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
				(unaudited)	
Emolument bands					
Nil to HK$1,000,000 (equivalent to approximately S$180,000)	3	2	2	3	3
HK$1,000,001 to HK$1,500,000 (equivalent to approximately S$180,001 to S$270,000)	–	1	1	2	1
HK$1,500,001 to HK$2,000,000 (equivalent to approximately S$270,001 to S$360,000)	–	–	–	–	1
HK$2,500,001 to HK$3,000,000 (equivalent to approximately S$450,001 to S$540,000)	–	–	2	–	–
HK$3,500,001 to HK$4,000,000 (equivalent to approximately S$630,001 to S$720,000)	2	–	–	–	–
HK$4,500,001 to HK$5,000,000 (equivalent to approximately S$810,001 to S$900,000)	–	2	–	–	–
	5	5	5	5	5

During the Track Record Period, no remuneration was paid by the Group to the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company or the remaining five highest paid individuals waived any remuneration during the Track Record Period.

13. DIVIDENDS

During the year ended 30 September 2016, Sing Tec Development declared and paid a dividend of S$1,300,000 to its then shareholders in respect of the financial year ended 30 September 2016.

During the year ended 30 September 2018, Sing Tec Development and Sing Tec Construction declared dividends of S$5,700,000 and S$1,440,000 respectively to their then shareholders in respect of the financial year ended 30 September 2018. S$5,530,858 was offset against amounts owing from the Controlling Shareholders during the year ended 30 September 2018 as detailed in Note 21a.

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 considered meaningful having regard to the purpose of this report.

14. EARNINGS PER SHARE

	Year ended 30 September			Five months ended 28 February	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Earnings for the purpose of calculating basic earnings per share (profit for the year/period)	2,582,960	3,954,500	6,779,888	1,584,279	2,039,037
	Number of Shares	*Number of Shares*	*Number of Shares*	*Number of Shares*	*Number of Shares*
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	360,000,000	360,000,000	360,000,000	360,000,000	360,000,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share during the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2018 are retrospectively adjusted based on the Group Reorganisation as described in Note 2 and taking into account the effect arising from Capitalization Issue as described in Note 38(ii).

No diluted earnings per share is presented as there were no potential dilutive shares during the Track Record Period.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Buildings and freehold land*	Motor vehicles	Plant and machinery	Office equipment	Furniture and fittings	Leasehold improvement	Total
	S$	S$	S$	S$	S$	S$	S$	S$
COST								
At 1 October 2015	2,134,756	3,548,113	4,694,881	10,563,544	217,800	48,938	723,369	21,931,401
Additions	–	–	1,206,355	2,266,000	36,165	5,147	10,078	3,523,745
Disposals	–	–	(631,880)	(1,867,900)	–	–	–	(2,499,780)
At 30 September 2016	2,134,756	3,548,113	5,269,356	10,961,644	253,965	54,085	733,447	22,955,366
Additions	8,337,600	–	924,688	1,148,200	92,882	–	–	10,503,370
Disposals	–	–	(402,800)	(335,793)	(103,637)	(6,381)	–	(848,611)
At 30 September 2017	10,472,356	3,548,113	5,791,244	11,774,051	243,210	47,704	733,447	32,610,125
Additions	–	–	1,238,538	1,482,600	67,848	64,532	971,097	3,824,615
Transferred to investment properties	(2,134,756)	–	–	–	–	–	–	(2,134,756)
Disposals	–	–	(807,083)	(1,253,650)	(4,520)	–	–	(2,065,253)
At 30 September 2018	8,337,600	3,548,113	6,222,699	12,003,001	306,538	112,236	1,704,544	32,234,731
Additions	–	–	100,282	–	7,108	–	–	107,390
At 28 February 2019	8,337,600	3,548,113	6,322,981	12,003,001	313,646	112,236	1,704,544	32,342,121
ACCUMULATED DEPRECIATION								
At 1 October 2015	166,270	110,818	3,448,782	6,312,878	134,221	29,275	502,928	10,705,172
Charge for the year	71,159	22,202	595,571	1,870,602	28,648	7,595	104,029	2,699,806
Disposals	–	–	(527,346)	(1,247,058)	–	–	–	(1,774,404)
At 30 September 2016	237,429	133,020	3,517,007	6,936,422	162,869	36,870	606,957	11,630,574
Charge for the year	116,819	22,202	698,535	1,454,257	34,775	4,792	52,176	2,383,556
Disposals	–	–	(294,050)	(334,018)	(103,637)	(6,381)	–	(738,086)
At 30 September 2017	354,248	155,222	3,921,492	8,056,661	94,007	35,281	659,133	13,276,044
Charge for the year	307,571	22,204	714,052	1,498,642	52,773	14,684	170,305	2,780,231
Transferred to investment properties	(338,237)	–	–	–	–	–	–	(338,237)
Disposals	–	–	(706,515)	(1,187,674)	(3,953)	–	–	(1,898,142)
At 30 September 2018	323,582	177,426	3,929,029	8,367,629	142,827	49,965	829,438	13,819,896
Charge for the period	115,800	9,251	381,745	603,722	24,308	7,167	91,303	1,233,296
At 28 February 2019	439,382	186,677	4,310,774	8,971,351	167,135	57,132	920,741	15,053,192
CARRYING VALUES								
At 30 September 2016	1,897,327	3,415,093	1,752,349	4,025,222	91,096	17,215	126,490	11,324,792
At 30 September 2017	10,118,108	3,392,891	1,869,752	3,717,390	149,203	12,423	74,314	19,334,081
At 30 September 2018	8,014,018	3,370,687	2,293,670	3,635,372	163,711	62,271	875,106	18,414,835
At 28 February 2019	7,898,218	3,361,436	2,012,207	3,031,650	146,511	55,104	783,803	17,288,929

* *All of the buildings and freehold land which were initially held for use for administrative purposes and are stated at cost less subsequent accumulated depreciation are leased to the two shareholders and directors of the Group, Mr. Poon and Mr. Teo, for an unspecified tenancy period prior to 1 December 2018. Then the Group and the two shareholders and directors entered into lease agreements both for lease term of three years ending 30 November 2021 respectively. The related rental income was set out in Notes 7 and 34.*

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:

Freehold land	N/A
Buildings	50 years
Leasehold properties	30 years
Motor vehicles	5 years
Plant and machinery	5 years
Office equipment	5 years
Furniture and fittings	5 years
Leasehold improvement	Shorter of 5 years and lease term

During the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2018 and 2019, included in the additions of plant and machinery and motor vehicles were S$2,449,700, S$479,000, S$2,158,611, S$1,295,464 (unaudited) and nil respectively that were acquired under obligations under finance leases. These constituted as non-cash transactions during the respective year/period (Note 33). In addition, the carrying amount of S$387,600 of motor vehicles were purchased during the year ended 30 September 2018 whereas the associated obligations under finance lease commenced in the five months ended 28 February 2019 as disclosed in Note 36.

The carrying value of below items that are assets held under finance leases:

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Plant and machinery	2,701,334	1,541,484	1,609,600	1,758,716
Motor vehicles	1,333,047	1,232,101	1,424,544	823,366
	4,034,381	2,773,585	3,034,144	2,582,082

16. INVESTMENT PROPERTIES

	Investment properties
	S$
FAIR VALUE	
At 1 October 2015	6,190,000
Net decrease in fair value recognised in profit or loss	(190,000)
At 30 September 2016	6,000,000
Net increase in fair value recognised in profit or loss	120,000
At 30 September 2017	6,120,000
Transfer from property, plant and equipment *(Note)*	2,560,000
Net increase in fair value recognised in profit or loss	480,000
At 30 September 2018	9,160,000
Net increase in fair value recognised in profit or loss	40,000
At 28 February 2019	9,200,000

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Note: Two properties with carrying amount of S$1,796,519 were transferred from property, plant and equipment to investment properties during the year ended 30 September 2018 upon the signing of the lease agreement. The fair value of the properties at the transfer date approximates S$2,560,000, representing S$767,248 revaluation increase from revaluation of one property which is recognised in other comprehensive income and accumulated in properties revaluation reserves and S$3,767 revaluation decrease arising from revaluation of another property which is recognised in other gains and losses.

The fair value of the Group's investment properties as at 30 September 2016, 2017, 2018 and 28 February 2019 has been arrived at on the basis of a valuation carried out on the respective dates by Roma Appraisals Limited (the "Valuer"), an independent qualified professional valuer, not related to the Group, whose method of valuation has been disclosed below. The address of the Valuer is at 22/F, China Overseas Building, No.139 Hennessy Road, Wan Chai, Hong Kong. The investment properties are categorised within level 3 of the fair value hierarchy.

The fair value was determined based on the direct comparison approach that reflects sale of the properties in its existing state with the benefit of vacant possession and by making reference to recent comparable sales transactions as available in the relevant market. There has been no change in the valuation technique during the Track Record Period.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

	Valuation technique	Significant input	Sensitivity
21 Toh Guan Road East #01–11, Singapore 608609	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from S$430 to S$472, S$410 to S$450, S$395 to S$434 and S$395 to S$435 per square foot ("sq.ft.") as at 30 September 2016, 2017, 2018 and 28 February 2019, respectively.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
21 Toh Guan Road East #01–10, Singapore 608609	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from S$395 to S$434 and S$395 to S$435 per sq.ft. as at 30 September 2018 and 28 February 2019.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
45 Hillview Avenue #01–05, Singapore 669613	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from S$898 to S$997, S$920 to S$1,021, S$1,010 to S$1,121 and S$985 to S$1,113 per sq.ft. as at 30 September 2016, 2017, 2018 and 28 February 2019, respectively.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
45 Hillview Avenue #01–06, Singapore 669613	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from S$898 to S$997 , S$920 to S$1,021, S$1,010 to S$1,121 and S$985 to S$1,113 per sq.ft. as at 30 September 2016, 2017, 2018 and 28 February 2019, respectively.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
11 Kang Choo Bin Road #01–01, Singapore 548315	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from S$879 to S$1,018, S$900 to S$1,042, S$988 to S$1,145 and S$988 to S$1,107 per sq.ft. as at 30 September 2016, 2017, 2018 and 28 February 2019, respectively.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

	Valuation technique	Significant input	Sensitivity
11 Kang Choo Bin Road #01–03, Singapore 548315	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from S$879 to S$1,018, S$900 to S$1,042, S$988 to S$1,145 and S$988 to S$1,107 per sq.ft. as at 30 September 2016, 2017, 2018 and 28 February 2019, respectively.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of the reporting period are as follows:

	Fair Value Level 3			
	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
21 Toh Guan Road East #01–11, Singapore 608609 *(Note i)*	510,000	490,000	1,490,000	1,500,000
Comprising:				
– Floor 1	N/A	N/A	N/A	N/A
– Floor 2	510,000	490,000	N/A	N/A
21 Toh Guan Road East #01–10, Singapore 608609 *(Note ii)*	N/A	N/A	1,490,000	1,500,000
45 Hillview Avenue #01–05, Singapore 669613	1,530,000	1,570,000	1,720,000	1,730,000
45 Hillview Avenue #01–06, Singapore 669613	1,520,000	1,560,000	1,710,000	1,720,000
11 Kang Choo Bin Road #01–01, Singapore 548315	1,100,000	1,130,000	1,240,000	1,240,000
11 Kang Choo Bin Road #01–03, Singapore 548315	1,340,000	1,370,000	1,510,000	1,510,000
	6,000,000	6,120,000	9,160,000	9,200,000

Notes:

(i) The property comprises a 2-storey ground floor industrial unit. Part of the property i.e. level 1 was newly transferred from property, plant and equipment with carrying amount of S$1,043,767 to investment property with fair value amounting S$1,040,000 at the transfer date of 28 February 2018. Amount of S$3,767 revaluation decrease arising from revaluation of this part of property is recognised in other gains and losses.

(ii) The property was transferred from property, plant and equipment with carrying amount of S$752,752 to investment property with fair value amounting S$1,520,000 at the transfer date of 28 February 2018. Amount of S$767,248 of revaluation increase arising from revaluation of this part of property is recognised in other comprehensive income and accumulated in properties revaluation reserves.

During the Track Record Period, the details of rental income earned on and operating expenses for investment properties are disclosed are as follows:

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Gross rental income from investment properties recognised as rental revenue	159,595	155,715	228,310	62,649	106,394
Less: Direct operating expenses incurred for investment properties that generated rental income	(41,379)	(32,275)	(31,455)	(15,282)	(22,318)
	118,216	123,440	196,855	47,367	84,076

There was no transfer into or out of Level 3 during the three years ended 30 September 2018 and the five months ended 28 February 2019.

17. INVESTMENT PROPERTIES HELD UNDER JOINT OPERATIONS

As at 30 September 2016, 2017, 2018 and 28 February 2019, the fair value hierarchy of Group's investment properties held under joint operations are as follows:

	Fair Value Level 3			
	As at 30 September			As at 28 February
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
7 Soon Lee Street #01–13, Singapore 627608 ("Property A") *(Note i)*	4,380,000	4,170,000	4,020,000	4,030,000
Proportion of the Group's ownership interest in the investment properties held under joint operations	50%	50%	50%	50%
Group's share of the investment properties held under joint operations	2,190,000	2,085,000	2,010,000	2,015,000
114 Lavender Street, #01–68 CT Hub 2, Singapore 338729 ("Property B") *(Note ii)*	10,810,000	9,980,000	9,770,000	9,840,000
Proportion of the Group's ownership interest in the investment properties held under joint operations	50%	50%	50%	50%
Group's share of the investment properties held under joint operations	5,405,000	4,990,000	4,885,000	4,920,000
	7,595,000	7,075,000	6,895,000	6,935,000

The fair value of the Group's investment properties held under joint operations as at 30 September 2016, 2017, 2018 and 28 February 2019 has been arrived at on the basis of a valuation carried out on the respective dates by the Valuer, whose method of valuation has been disclosed below. The investment properties are categorised within level 3 of the fair value hierarchy.

The fair value was determined based on the direct comparison approach that reflects sale of the properties in its existing state with the benefit of vacant possession and by making reference to recent comparable sales transactions as available in the relevant market. There has been no change in the valuation technique during the Track Record Period.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

	Valuation technique	**Significant input**	**Sensitivity**
Property A	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from S$579 to S$657, S$552 to S$626, S$532 to S$603 and S$538 to S$592 per sq.ft. as at 30 September 2016, 2017, 2018 and 28 February 2019, respectively.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.
Property B	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the property, which ranged from S$1,186 to S$1,771, S$1,095 to S$1,635, S$1,071 to S$1,600 and S$1,126 to S$1,432 per sq.ft. as at 30 September 2016, 2017, 2018 and 28 February 2019, respectively.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

There was no transfer into or out of Level 3 during the three years ended 30 September 2018 and the five months ended 28 February 2019.

Notes:

(i) Pursuant to the arrangement with the joint party in connecting with the Property A, all the costs, deposit, revenue and mortgage loan related to the property shall be shared by the Group and the joint party in proportion to their respective ownership. The relative information attributed to the Group interest is as follows:

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Group's share of the investment properties held under joint operation				
At the beginning of the year/period	2,335,000	2,190,000	2,085,000	2,010,000
Net (decrease) increase in fair value recognised in profit or loss	(145,000)	(105,000)	(75,000)	5,000
At the end of the year/period	2,190,000	2,085,000	2,010,000	2,015,000

(ii) Pursuant to the arrangement with the joint party in connection with Property B, all the costs, deposit, revenue and mortgage loan related to the property shall be shared by the Group and the joint party in proportion to their respective ownership. The relative information attributed to the Group interest is as follows:

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Group's share of the investment properties held under joint operation				
At the beginning of the year/period	5,735,000	5,405,000	4,990,000	4,885,000
Net (decrease) increase in fair value recognised in profit or loss	(330,000)	(415,000)	(105,000)	35,000
At the end of the year/period	5,405,000	4,990,000	4,885,000	4,920,000

During the Track Record Period, the details of rental income earned on and operating expenses for investment properties held under joint operations attributable to the Group are disclosed are as follows:

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Gross rental income recognised as revenue	324,707	322,161	276,384	179,671	87,969
Less: direct operating expenses incurred and recognised as costs of services	(85,751)	(86,210)	(104,041)	(50,669)	(36,938)
	238,956	235,951	172,343	129,002	51,031

18. INTEREST IN A JOINT VENTURE

	As at 30 September			As at 28 February
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Cost of interest in a joint venture, unlisted	1,000,000	1,000,000	1,000,000	1,000,000
Share of result and total comprehensive income of a joint venture	539,430	597,520	70,224	52,667
	1,539,430	1,597,520	1,070,224	1,052,667

As at 30 September 2016, 2017, 2018 and 28 February 2019, the Group had interests in the following joint venture:

Name of entity	Place of incorporation	Proportion of ownership interest held by the Group	Principal activities
A company jointly controlled by the Group	Singapore	50%	General contractors

The company jointly controlled by the Group was incorporated in June 2014 and is principally engaged in general contractors (building and non-building construction). The registered capital is S$2,000,000 and the Group contributed S$1,000,000.

Summarised financial information in respect of the joint venture, representing amounts shown in the joint venture's financial statements for the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2019 prepared in conformity with IFRSs are as below:

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Current assets	23,577,372	3,769,042	2,484,937	2,459,130
– including cash and cash equivalents	692,754	3,035,185	68,210	7,498
Non-current assets	125,848	84,338	36,760	22,176
Current liabilities	(20,607,360)	(641,340)	(381,249)	(375,972)
Non-current liabilities	(17,000)	(17,000)	–	–
Net assets	3,078,860	3,195,040	2,140,448	2,105,334
Proportion of the Group's ownership interest in a joint venture	50%	50%	50%	50%
Group's share of net assets	1,539,430	1,597,520	1,070,224	1,052,667
Carrying amount of the Group's interest in a joint venture	1,539,430	1,597,520	1,070,224	1,052,667

	Year ended 30 September			Five months ended 28 February	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Revenue	14,673,884	4,942,419	10,000	10,000	–
Profit (loss) and total comprehensive income (expense) for the year/period	251,578	116,180	(54,592)	(27,054)	(35,114)
Proportion of the Group's ownership interest in a joint venture	50%	50%	50%	50%	50%
Group's share of result and total comprehensive income (expense)	125,789	58,090	(27,296)	(13,527)	(17,557)
Dividend received from the company jointly controlled by the Group	–	–	500,000	500,000	–

19. TRADE RECEIVABLES

	As at 1 October 2015	As at 30 September 2016	2017	2018	As at 28 February 2019
	S$	*S$*	*S$*	*S$*	*S$*
Trade receivables	2,030,274	5,395,450	2,291,600	10,670,867	6,000,383
Unbilled revenue *(Note)*	93,795	936,136	1,455,355	584,403	1,647,573
	2,124,069	6,331,586	3,746,955	11,255,270	7,647,956

Note: Unbilled revenue represents revenue had been recognised but not yet billed to the customers as at the respective year/period end dates. The Group's rights of the unbilled revenue are unconditional.

The Group grants credit terms to customers for a period of 30 to 35 days from the invoice date for trade receivables. The following is an aged analysis of trade receivables presented based on the invoice date at the end of each reporting period:

	As at 30 September 2016	2017	2018	As at 28 February 2019*
	S$	*S$*	*S$*	*S$*
Within 30 days	2,563,544	966,652	7,702,466	1,880,628
31 days to 60 days	2,267,882	1,083,981	2,438,703	3,950,670
61 days to 90 days	203,469	11,882	25,447	33,907
91 days to 180 days	48,473	111,635	67,655	59,681
181 days to 1 year	140,739	56,440	397,664	20,631
Over 1 year	171,343	61,010	38,932	54,866
	5,395,450	2,291,600	10,670,867	6,000,383

* *At 1 October 2018 and 28 February 2019, the management of the Group conducted ECL assessment on the trade receivables which were over 90 days past due and concluded that default is unlikely to occur after taking into account of default history and credibility of respective debtors.*

The carrying values of trade receivables approximate their fair values. Prior to 1 October 2018, allowance for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts, determined by reference to individual customer's credit quality. In determining the recoverability of a trade receivable, the management of 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$2,831,906, S$1,324,948, S$2,968,401 which are past due as at the years ended 30 September 2016, 2017 and 2018, 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 table below is an analysis of trade receivables based on invoice date as at each reporting period:

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Not past due and not impaired *(Note i)*	2,563,544	966,652	7,702,466	1,880,628
Past due but not impaired *(Note ii)*	2,831,906	1,324,948	2,968,401	4,119,755
	5,395,450	2,291,600	10,670,867	6,000,383

Notes:

(i) There has not been a significant change in credit quality of these trade receivables that are not past due and not impaired.

(ii) The following is an aging analysis of trade receivables that are past due but not impaired, presented based on the due date at the end of each reporting period:

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Within 30 days	2,267,882	1,083,981	2,438,703	3,950,670
31 days–60 days	203,469	11,882	25,447	33,907
61 days–90 days	48,473	111,635	67,655	59,681
91 days–180 days	140,739	56,440	397,664	20,631
Over 180 days	171,343	61,010	38,932	54,866
	2,831,906	1,324,948	2,968,401	4,119,755

Prior to the application to IFRS 9 on 1 October 2018, in determining the recoverability of trade receivables, 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, the 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.

The Group does not charge interest or hold any collateral over these balances.

Upon the application of IFRS 9 on 1 October 2018, the Group applied simplified approach to provide the expected credit losses prescribed by IFRS 9. The ECL of trade receivables as at 1 October 2018 (upon the application of IFRS 9) has no material impact on measurement of the trade receivables nor has any material additional impairment been recognised upon application as at same date. The impairment methodology is set out in Note 4.

As part of the Group's credit risk management, the Group applied individual assessment for its customers. The expected loss rates are estimated based on historical observed default rates over the expected life of the debtors and internal credit rating by reference to a study of other corporates' default and recovery data from international credit rating agencies, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in Singapore, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue costs or efforts. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date.

Since the application of IFRS 9 on 1 October 2018, there has been no change in the estimation techniques or significant assumptions made.

No impairment was made for trade receivables as at 30 September 2016, 2017 and 2018. Since the adoption of IFRS 9 on 1 October 2018, no lifetime ECL was made for trade receivables as at 1 October 2018 and 28 February 2019. Details of impairment assessment for trade receivables are set out in Note 32.

20. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The Group

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Sundry debtors	3,075,082	1,852,784	1,625,008	1,348,978
Prepayments	1,399,190	488,687	317,383	1,414,991
Deposits	152,734	194,921	164,606	185,764
Goods and services tax ("GST") receivable	–	479,745	–	36,507
Prepaid listing expenses	–	–	25,184	17,460
Deferred issue costs	–	–	148,400	604,412
Rental receivable	76,795	84,396	61,433	35,365
	4,703,801	3,100,533	2,342,014	3,643,477

The Company

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Prepaid listing expenses	–	–	25,184	17,460
Deferred issue costs	–	–	148,400	604,412
	–	–	173,584	621,872

21. AMOUNTS DUE FROM (TO) SHAREHOLDERS/RELATED PARTIES/A SUBSIDIARY

a. Amounts due from shareholders

	As at 1 October 2015	As at 30 September 2016	2017	2018	As at 28 February 2019	Maximum amounts outstanding during the year/period: Year ended 30 September 2016	2017	2018	Five months ended 28 February 2019
	S$	S$	S$	S$	S$	S$	S$	S$	S$
Non-trade related									
– Mr. Poon	406,962	452,554	834,068	–	–	752,554	1,021,068	1,167,149	–
– Mr. Teo	1,618,477	1,814,784	2,112,565	–	–	2,114,784	2,299,565	2,519,336	–
	2,025,439	2,267,338	2,946,633	–	–	2,867,338	3,320,633	3,686,485	–

The balances as at 30 September 2016 and 2017 are non-trade related, unsecured, repayable on demand and bearing market interest rate over total outstanding balances. During the year ended 30 September 2018, Mr. Poon and Mr. Teo assumed the due balances to the Group from companies which are jointly controlled by them amounted to S$2,724,448 on equal basis (Note 21b). Following that, the entire due balances of S$5,530,858 receivable from Mr. Teo and Mr. Poon were set off against the dividend of corresponding amount receivable from the Group in September 2018.

b. Amounts due from related parties

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Trade related				
– ST Horizon Pte Ltd *(Note)*	174,037	116,418	–	–

	As at 1 October	As at 30 September			As at 28 February	Maximum amounts outstanding during the year/period: Year ended 30 September			Five months ended 28 February
	2015	**2016**	**2017**	**2018**	**2019**	**2016**	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Non-trade related									
– ST Horizon Pte Ltd*#	107,396	161,823	450,397	–	–	367,109	577,259	2,560,872	–
– Initial Shore Solutions Pte Ltd*#	–	–	20,000	–	–	–	20,000	20,000	–
– Sing Tec Development (M) Sdn Bhd*#	–	103,501	103,501	–	–	103,501	103,501	103,501	–
– The company jointly controlled by the Group*	195	–	–	–	–	195	–	–	–
	107,591	265,324	573,898	–	–	470,805	700,760	2,684,373	–
		439,361	690,316	–	–				

* *The balances as at 30 September 2016 and 2017 are unsecured, non-interest bearing and repayable on demand. These companies are jointly controlled by Mr. Poon and Mr. Teo.*

\# *During the year ended 30 September 2018, an aggregate amount of S$2,724,448 due from these related parties were equally assumed by Mr. Poon and Mr. Teo (Note 21a) and the balances were derecognised from the Historical Financial Information upon the agreement were entered by respective parties.*

Note: The average credit period for provisions of services to the related parties is 120 days. The aging of trade related amounts due from the related parties presented based on the invoice date at the end of each reporting period is as follows. The balance as at 30 September 2016 and 2017 are past due but not impaired at the end of each reporting period.

	As at 30 September			As at 28 February
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
1 year to 2 years	174,037	–	–	–
Over 2 years	–	116,418	–	–
	174,037	116,418	–	–

c. Amounts due to shareholders

	As at 30 September			As at 28 February
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Non-trade related				
– Mr. Poon	292,543	292,543	292,543	128,543
– Mr. Teo	99,400	99,400	99,400	–
	391,943	391,943	391,943	128,543

The balance as at 30 September 2016, 2017, 2018 and 28 February 2019 are non-trade related, unsecured, unguaranteed, repayable on demand and non-interest bearing.

d. Amounts due to related parties/a subsidiary

The Group

	As at 30 September			As at 28 February
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Trade related (Note i)				
– Initial Shore Solutions Pte Ltd	101,539	131,977	–	–
– ST Horizon Pte Ltd	44,085	59,042	–	–
– The company jointly controlled by the Group	13,910	13,910	13,910	13,910
	159,534	204,929	13,910	13,910
Non-trade related (Note ii)				
– The company jointly controlled by the Group	4,798,391	160,748	1,210,882	1,210,882
	4,957,925	365,677	1,224,792	1,224,792

Notes:

(i) The average credit period received for purchase of services is 120 days. The aging of trade related amounts due to the related parties presented based on the invoice date at the end of each reporting period is as follows:

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Within 120 days	38,828	19,082	–	–
121 days to 180 days	8,212	15,499	–	–
181 days to 1 year	21,411	33,024	–	–
1 year to 2 years	61,489	54,451	–	–
Over 2 years to 3 years	29,594	82,873	13,910	13,910
	159,534	204,929	13,910	13,910

(ii) The balance as at 30 September 2016, 2017, 2018 and 28 February 2019 are non-trade related, unsecured, unguaranteed, repayable on demand and non-interest bearing.

The Company

At 30 September 2018 and 28 February 2019, the balances represent payables to a subsidiary which are non-trade in nature, unsecured, non-interest bearing and without a fixed repayment term.

22. CONTRACT ASSETS/LIABILITIES

The following is the analysis of the contract assets and contract liabilities at gross amount:

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	$	*$*	*$*	*$*
Contract assets	17,577,383	12,261,595	26,643,551	25,220,816
Contract liabilities	4,546,373	4,277,292	1,407,687	525,405

Contract assets and contract liabilities arising from same contract are presented on net basis in the consolidated statements of financial position.

Contract assets

Amounts represent the Group's rights to considerations from customers for the provision of construction services, which arise when: (i) the Group completed the relevant services under such contracts; and (ii) the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a period of generally 12 months (defects liability period) after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

The Group's contract assets are analysed as follows:

	As at 1 October 2015	As at 30 September 2016	2017	2018	As at 28 February 2019
	S$	*S$*	*S$*	*S$*	*S$*
Construction contracts – current					
Retention receivables	4,812,901	3,876,571	3,667,878	4,479,220	4,753,157
Others*	5,935,579	10,749,971	5,439,752	20,983,890	20,337,268
	10,748,480	14,626,542	9,107,630	25,463,110	25,090,425

* *It represented the revenue not yet been billed to the customers which the Group have completed the relevant services under such contracts but yet certified by representatives appointed by the customers.*

Changes of contract assets during the Track Record Period were mainly due to: (1) the amount of retention receivables in accordance with the number of ongoing and completed contracts under the defects liability period during the Track Record Period; and (2) in the size and number of contract works that the relevant services were completed but yet certified by representatives appointed by the customers at the end of each reporting period.

The Group's contract assets include the retention receivables to be settled, based on the expiry of the defects liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, at the end of the reporting period. The balance are classified as current as they are expected to be received within the Group's normal operating cycle of approximately twelve months.

To measure the ECL, contract assets are assessed individually for all customers. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables disclosed in Notes 19 and 32 for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets attributable to same debtor. Based on the individual assessment for all customers by the management of the Group, it is considered that the ECL for contract assets is insignificant as at 28 February 2019.

There were no impairment losses recognised on any contract asset during the Track Record Period.

Contract liabilities

The contract liabilities represents the Group's obligation to transfer services to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

The Group's contract liabilities are analysed as follows:

	At 1 October 2015	As at 30 September 2016	2017	2018	As at 28 February 2019
	S$	*S$*	*S$*	*S$*	*S$*
Construction contracts – current	524,959	1,595,532	1,123,327	227,246	395,014

The following table shows how much of the revenue recognised in the Track Record Period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Year ended 30 September			Five months ended 28 February	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period	524,959	1,556,092	1,122,931	684,331	198,343

23. BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances and cash are interest free or at nominal rate as at 30 September 2016, 2017, 2018 and 28 February 2019.

Bank deposits carry fixed interest rate of 0.25% per annum as at 30 September 2016, 2017, 2018 and 28 February 2019. The bank deposits will be released upon the settlement of relevant bank borrowings.

Bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group. At 30 September 2016, 2017, 2018 and 28 February 2019, the bank deposits have been pledged to secure long-term borrowings. The bank deposits are not expected to release within twelve months from the end of each reporting period and presented as non-current assets.

24. TRADE AND OTHER PAYABLES

The Group

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Trade payables	3,560,468	3,142,558	8,596,721	4,540,864
Trade accruals	5,661,786	4,321,809	8,556,768	4,269,145
Retention payables*	1,225,841	1,701,335	2,115,211	3,372,785
	10,448,095	9,165,702	19,268,700	12,182,794
Payroll and CPF payables	901,977	1,159,580	1,388,823	577,393
Deposits	115,935	147,400	43,250	80,750
Sundry creditors	86,915	118,116	222,490	168,675
GST payable	63,675	32,872	233,146	61,908
Deferred rental income	37,500	18,692	49,450	–
Accrued share issue costs	–	–	–	52,816
Accrued listing expenses	–	–	118,832	313,787
Accrued expenses	26,800	27,300	118,003	48,000
Dividend payable	–	–	1,609,142	500,000
Listing expenses payables	–	–	–	1,270,429
	1,232,802	1,503,960	3,783,136	3,073,758
	11,680,897	10,669,662	23,051,836	15,256,552

* *The retention payables to sub-contractors are interest-free and payable after the completion of maintenance period or in accordance with the terms specified in the relevant contracts for a period of generally 12 months after completion of the relevant works.*

The credit period on purchases from suppliers is between 30 to 60 days or payable upon delivery.

The following is an aging analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Within 30 days	1,990,451	1,699,759	5,580,096	2,749,077
31 days to 60 days	1,471,690	1,055,447	1,682,920	1,493,031
61 days to 90 days	69,375	331,735	1,010,165	196,038
Over 90 days	28,952	55,617	323,540	102,718
	3,560,468	3,142,558	8,596,721	4,540,864

The Company

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Accrued share issue costs	–	–	–	52,816
Accrued listing expenses	–	–	118,832	313,787
	–	–	118,832	366,603

25. BANK OVERDRAFTS/BANK BORROWINGS/BANK BORROWINGS HELD UNDER JOINT OPERATIONS

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Bank overdrafts *(Note i)*	831,792	–	5,325,553	5,234,792
Bank borrowings				
– secured and guaranteed *(Note ii)*	6,410,565	11,864,258	13,819,170	13,073,492
Analysed as carrying amount repayable:				
– within one year	1,456,118	1,320,767	4,144,037	3,751,516
– more than one year, but not exceeding two years	472,069	734,993	719,505	631,625
– more than two years, but not exceeding five years	1,204,817	1,889,639	1,781,952	1,734,033
– more than five years	2,888,491	7,658,093	7,046,277	6,886,180
Carrying amount of bank loans that contain a repayment on demand clause:				
– Repayable within one year from the end of reporting period*	128,304	133,366	127,399	70,138
– Not repayable within one year from the end of reporting period but shown under current liabilities*	260,766	127,400	–	–
	6,410,565	11,864,258	13,819,170	13,073,492
Less: Amounts due within one year (shown under current liabilities)	(1,845,186)	(1,581,531)	(4,271,436)	(3,821,654)
Amounts shown under non-current liabilities	4,565,379	10,282,727	9,547,734	9,251,838

	As at 30 September			As at 28 February
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Bank borrowings held under joint operations:				
The total mortgage bank loans related to investment properties held under joint operations	9,699,108	9,140,494	8,584,570	8,344,150
Proportion of the Group's ownership interest in the mortgage bank loans	50%	50%	50%	50%
Group's share of the mortgage bank loans related to investment properties held under joint operations – secured and guaranteed *(Note iii)*	4,849,554	4,570,247	4,292,285	4,172,075
Analysed as carrying amount repayable:				
– within one year	101,736	100,391	97,781	97,953
– more than one year, but not exceeding two years	100,391	97,781	101,935	105,108
– more than two years, but not exceeding five years	306,232	319,625	333,727	336,167
– more than five years	851,509	740,335	624,298	572,291
Carrying amount of bank loans that contain a repayment on demand clause:				
– Repayable within one year from the end of reporting period*	177,571	177,571	143,804	143,566
– Not repayable within one year from the end of reporting period but shown under current liabilities*	3,312,115	3,134,544	2,990,740	2,916,990
	4,849,554	4,570,247	4,292,285	4,172,075
Less: Amounts due within one year (shown under current liabilities)	(3,591,422)	(3,412,506)	(3,232,325)	(3,158,509)
Amounts shown under non-current liabilities	1,258,132	1,157,741	1,059,960	1,013,566

* *The amounts due are based on scheduled repayment dates set out in the loan agreements.*

Notes:

(i) Bank overdrafts carry interests at market rates of 5.5%, 5.5% and 5.5% per annum as at 30 September 2016 and 2018 and 28 February 2019. The balances are unsecured and guaranteed by the executive directors of the Company.

(ii) The bank borrowings are secured and guaranteed by:

(a) First legal mortgage over owner-occupied properties and investment properties as set out in Notes 15 and 16.

(b) Joint and several guarantees from the Controlling Shareholders in their personal capacities; and

(c) Bank deposits pledged to banks to secure banking facilities, including bank overdrafts, granted to the Group, amounting to S$223,702, S$224,260, S$224,821 and S$224,821 as at 30 September 2016, 2017, 2018 and 28 February 2019 (Note 23).

(iii) The borrowings are secured by first legal mortgage over investment properties held under joint operations as set out in Note 17. Joint and several guarantees are provided by the Controlling Shareholders and the joint partners.

The weighted average effective interest rates of the borrowings were 5.1%, 3.9%, 4.0% and 4.6% per annum for the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2019 respectively. The amounts are repayable at various dates throughout to 2037.

26. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments				Present value of minimum lease payments			
	As at 30 September			As at 28 February	As at 30 September			As at 28 February
	2016	2017	2018	2019	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
Amounts payable under finance leases								
– Within one year	1,847,135	854,496	1,066,635	1,007,860	1,781,518	826,595	1,009,223	957,441
– more than one year but not more than two years	682,608	269,597	582,843	540,651	671,154	249,796	552,428	513,541
– more than two years but not more than five years	191,164	109,594	446,953	348,695	184,476	106,331	427,501	335,722
– more than five years	–	–	37,954	27,395	–	–	36,614	26,681
	2,720,907	1,233,687	2,134,385	1,924,601	2,637,148	1,182,722	2,025,766	1,833,385
Less: future finance charges	(83,759)	(50,965)	(108,619)	(91,216)	–	–	–	–
Present value of lease obligations	2,637,148	1,182,722	2,025,766	1,833,385	–	–	–	–
Less: Amounts due for settlement within one year (shown under current liabilities)					(1,781,518)	(826,595)	(1,009,223)	(957,441)
Amounts due for settlement after one year					855,630	356,127	1,016,543	875,944

Amount of S$375,294, S$35,378, S$20,034 and S$110,052 of the obligation under finance leases were early repaid during the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2019, respectively.

Interest rates underlying all the obligations under finance leases are fixed at respective contract dates during the Track Record Period:

	Year ended 30 September			Five months ended 28 February	
	2016	**2017**	**2018**	**2018** (unaudited)	**2019**
Effective interest rate per annum	2.4%–6.5%	2.5%–6.5%	3.1%–6.5%	3.1%–6.5%	3.1%–6.5%

The average lease term is range from 2 to 7 years. The Group's obligations under finance leases are secured by the lessor's charge over the leased assets (Note 15) and are guaranteed by the executive directors of the Company.

27. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised and the movements thereon:

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
At the beginning of the year/period	135,000	114,000	182,000	182,000	193,000
(Credited) charged to profit or loss for the year/period	(21,000)	68,000	11,000	(24,000)	(25,000)
At the end of the year/period	114,000	182,000	193,000	158,000	168,000

The deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax laws in Singapore.

	As at 30 September			As at 28 February
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Unused tax losses	626,408	856,649	862,999	862,999
Unabsorbed capital allowances	1,746,460	1,192,364	1,234,668	1,234,668

As at 30 September 2016, 2017, 2018 and 28 February 2019, the Group has unused tax losses and unabsorbed capital allowances available for offset against future profits. No deferred tax asset has been recognised in respect of such losses and unabsorbed capital allowances due to the unpredictability of future profit streams of the respective group companies. The unrecognised tax losses and unabsorbed capital allowances can be carried forward indefinitely subject to there being no substantial change in shareholders as required by provision of the Singapore Income Tax Act.

The Group has no other significant unrecognised deferred tax assets for deductible temporary differences at 30 September 2016, 2017, 2018 and 28 February 2019.

28. SHARE CAPITAL/RESERVES

The Group

Share capital

The issued share capital as at 30 September 2016 and 2017 represented the consolidated share capital of Sing Tec Development, Sing Tec Construction and Initial Resources.

Sing Tec Development was incorporated on 4 October 2004 with an authorised paid-in capital of S$3,075,000. On 24 October 2016, Sing Tec Development issued 3,425,000 ordinary shares to its shareholders by way of capitalisation of reserves amounted to S$3,425,000. All shares issued rank *pari passu* in all aspects with the existing issued ordinary shares in the capital of Sing Tec Development.

Sing Tec Construction was incorporated on 21 September 1998 with an authorised paid-in capital of S$345,000.

Initial Resources was established on 3 August 2007 with an authorised paid-in capital of S$50,000.

The issued share capital as at 30 September 2018 represented the combined share capital of the Company, Builink, Sing Tec Development, Sing Tec Construction and Initial Resources.

Builink was incorporated in the BVI with limited liability on 4 May 2018, and issued 2 shares with a par value of US$1.00 each on 17 September 2018.

On 17 September 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability and one share was issued to the initial subscriber and transferred to HG TEC at par value on the same day. The authorised share capital of the Company was HK$380,000 divided into 38,000,000 shares of HK$0.01 each at the time of incorporation.

The Company

Share capital

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, 30 September 2018 and 28 February 2019	38,000,000	380,000
Issued and fully paid:		
Share issued at date of incorporation	1	–*
At 30 September 2018	1	–*
Arising from reorganisation on 19 November 2018 *(Note 2(iii))*	2	–*
Arising from reorganisation on 18 December 2018 *(Note 2(iv))*	60	–*
At 28 February 2019	63	–*

Note: All shares issued rank *pari passu* therewith.

	As at 30 September 2018	**As at 28 February 2019**
	S$	*S$*
Share capital presented in the statement of financial position	–*	–*

* *The amount is less than HK$ or S$1.*

Reserves

	Accumulated losses S$	Total S$
At date of incorporation	–	–
Loss and total comprehensive expenses for the period	(631,200)	(631,200)
At 30 September 2018	(631,200)	(631,200)
Loss and total comprehensive expenses for the period	(1,769,564)	(1,769,564)
At 28 February 2019	(2,400,764)	(2,400,764)

29. 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 the Track Record Period, the Group contributes up to 17% of the eligible employees' salaries, with each employee's qualifying salary capped at S$6,000 per month to the CPF scheme.

The total costs charged to profit or loss, amounting to S$403,172, S$467,873, S$575,293, S$281,152 (unaudited) and S$317,471 for the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2018 and 2019 respectively, representing contributions paid to the retirement benefits scheme by the Group.

Contributions of S$71,541, S$80,714, S$90,241, S$210,713 (unaudited) and S$227,086 at 30 September 2016, 2017, 2018 and 28 February 2018 and 2019, were accrued respectively. The amounts were paid subsequent to the end of the year/period.

30. COMMITMENTS

Operating lease commitments

The Group as lessee

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (unaudited)	*S$*
Minimum lease payments paid under operating leases in respect of staff dormitory and offices	468,651	532,098	600,299	234,226	250,648

The Group had commitments for future minimum lease payments under non-cancellable operating leases as at the end of each reporting period which fall due as follows:

	As at 30 September			As at 28 February
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Within one year	323,760	309,109	320,489	290,509
In the second to fifth years, inclusive	18,120	290,835	284,776	254,481
More than five years	–	66,650	–	–
	341,880	666,594	605,265	544,990

The leases have tenures ranging from one to six years. The lease payments are fixed over the lease term and no contingent rent provisions is included in the contracts.

The Group as lessor

The details of rental income earned on buildings and freehold land and investment properties are disclosed per Note 15, 16 and 17, respectively.

At the end of reporting period, the Group had contracted with tenants for the following future minimum lease receivables:

	As at 30 September			As at 28 February
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Within one year	433,015	480,924	173,362	588,750
In the second to fifth years, inclusive	929,395	631,075	38,500	395,300
	1,362,410	1,111,999	211,862	984,050

The leases have tenures ranging from one to five years. The lease receivables are fixed over the lease term and no contingent rent income is included in the contracts.

31. 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 amounts due to shareholders/related parties, bank overdrafts and borrowings and obligations under finance leases, as disclosed in Notes 21, 25 and 26, respectively, net of bank deposits, bank balances and cash and equity attributable to owners of the Group, comprising share capital and reserves.

The management of the Group reviews the capital structure on a regular basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of items in the context of capital structure, and takes approximate actions to adjust the Group's capital structure. Based on recommendations of the management, the Group will balance its overall capital structure through continuity of funding of cash flows from operating activities or raising new funds.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Financial assets				
– Amortised costs				
Trade receivables	6,331,586	3,746,955	11,255,270	7,647,956
Other receivables and deposits*	3,304,611	2,132,101	1,851,047	1,570,107
Amounts due from shareholders	2,267,338	2,946,633	–	–
Amounts due from related parties	439,361	690,316	–	–
Bank balances and cash	1,824,994	4,161,029	3,659,905	1,563,091
Bank deposit	223,702	224,260	224,821	225,055
	14,391,592	13,901,294	16,991,043	11,006,209
Financial liabilities				
– Amortised cost				
Trade and other payables**	11,579,722	10,618,098	22,650,408	14,828,041
Bank borrowings	6,410,565	11,864,258	13,819,170	13,073,492
Bank borrowings held under joint operations	4,849,554	4,570,247	4,292,285	4,172,075
Amounts due to shareholders	391,943	391,943	391,943	128,543
Amounts due to related parties	4,957,925	365,677	1,224,792	1,224,792
Bank overdrafts	831,792	–	5,325,553	5,234,792
	29,021,501	27,810,223	47,704,151	38,661,735

The Company

	As at 30 September			As at 28 February
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Financial liabilities				
– Amortised costs				
Amount due to a subsidiary	N/A	N/A	685,952	2,656,033
	N/A	N/A	685,952	2,656,033

* *Prepayments, deferred issue costs, prepaid listing expenses and GST receivable are excluded.*

** *Deferred rental income, accrued listing expense, accrued share issue costs and GST payable are excluded.*

Financial risk management objectives and policy

The Group's financial instruments include trade and other receivables, amounts due from/to related parties/shareholders, bank deposits, bank balances and cash, trade and other payables, bank borrowings and bank overdrafts. 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.

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. Management has assessed there is minimal exposure of the interest rate risk on the variable rate of interest incurred on the bank borrowings. The Group is exposed to fair value interest rate risk in relation to fixed-rate finance leases, bank deposit and amounts due from shareholders. It is the Group's policy to raise borrowings at fixed-rate or variable-rate according to business needs and as to minimise the fair value and cash flow interest rate risk.

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.

Variable-rate bank borrowings

If interest rates of the variable-rate bank borrowings had been 10 basis points higher/lower and all other variables were held constant, the Group's profit for the years/period ended 30 September 2016, 2017, 2018 and 28 February 2019 would decrease/increase by approximately S$9,346, S$13,641, S$15,033 and S$5,964 respectively.

The above analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole years/period.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherence interest risk as the year end exposure does not reflect the exposure during the years/period.

Credit risk

Under IAS 39 and IFRS 9

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 statements of financial position.

The Group's concentration of credit risk by geographical location is mainly in Singapore, which accounted for 100% of the total financial assets as at 30 September 2016, 2017, 2018 and 28 February 2019.

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.

Approximately 84.5%, 86.7%, 85.6% and 87.8% of total trade receivables outstanding at 30 September 2016, 2017, 2018 and 28 February 2019 were due from top 5 customers, and the Group has no significant concentration of credit risk.

Those five largest debtors 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.

Under IAS 39

Prior to 1 October 2018 in order to minimise the credit risk on amounts due from related parties/ shareholders of non-trade nature, management makes periodic individual assessment on the recoverability of these receivables based on historical settlement records and past experience. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balances of these receivables. In addition, the credit risk on amounts due from related parties/shareholders are reduced as the Group can closely monitor the repayment of the related parties/shareholders.

Other than concentration of credit risk on bank balances placed in four banks in Singapore, in which the counterparties are financially sound and on trade receivables from top five debtors as disclosed above, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

In addition, the Group reviews the recoverable amount of each individual trade debt, including trade receivable and amounts due from related parties 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.

Under IFRS 9

Starting from 1 October 2018, the Group reassess the lifetime ECL under simplified approach for trade receivables and contract assets at the end of each reporting period to ensure that adequate impairment losses are made for significant increases in the likelihood or risk of a default occurring since initial recognition. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

From 1 October 2018, the Group applied credit risk modelling upon adoption of IFRS 9. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis

To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, it considers available reasonable the supportive forwarding looking information, including the below indicators:

- internal credit rating based on historical information
- actual or expected significant changes in the operating results of the debtors
- significant changes in the expected performance and behaviour of the debtors, including changes in the debtors' ability to meet its debt obligations

The Group assesses individually for all customers to measure the expected credit losses prescribed by IFRS 9. The expected credit loss rates applied are derived according to the debtors characteristics, including their trading history with the Group and existence of default history. These rates multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected and the Group's view of economic conditions over the credit characteristics of the debtors.

The Group performed the lifetime ECL assessment on the non-credit impaired trade receivables and contract assets with gross carrying amount of S$7,647,956 and S$25,090,425, respectively. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of trade receivables and contract assets. The management of the Group considered that the ECL rate of the non credit-impaired trade receivables and contract assets are ranged from nil to 1.12% as at 28 February 2019 as all are considered as low risk and there has been no history of default nor additional information indicating the credit risk of respective debts are increased. Based on the individual assessment for all customers by the management of the Group, it is considered that the ECL for non credit-impaired trade receivables and contract assets is insignificant as at 28 February 2019.

Relevant information with regard to the exposure of credit risk and expected credit losses for trade receivables and contract assets as at 28 February 2019 are set out in Notes 19 and 22.

The Group performed the impairment assessment on the bank balances and bank deposits with gross carrying amounts of S$1,563,091 and S$225,055, respectively, at 12-months ECL as the counterparties have a low risk of default and do not have any past-due amounts. The external credit rating of the bank balances is Aa1 and A3, and bank deposits is Aa1. The management of the Group considered that the average ECL rate is 0.01% and concluded the 12-months ECL for bank balances and bank deposits are insignificant under ECL method based on the Group's assessment on the risk of the default of that counterparties. Thus, no allowance provision for bank balances and bank deposits are recognised as the amounts involved are insignificant during the five months ended 28 February 2019.

The Group performed the impairment assessment on the other receivables with gross carrying amount of S$1,570,107 which is not past due at 12-months ECL as the counterparties have a low risk default and do not have past-due amounts. The management of the Group considered that the ECL rates are ranged from nil to 1.12% and concluded the 12-months ECL for other receivables is insignificant under ECL method based on the Group's assessment on the risk of the default of that counterparty. Thus, no allowance provision for other receivables is recognised as the amount involved is insignificant during the five months ended 28 February 2019.

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 remaining contractual maturity of the Group and the Company 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 or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group or the Company can be required to pay. The table includes both interest and principal cash flows, where applicable.

The Group

As at 30 September 2016	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 flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
Non-interest bearing								
Trade and other payables	N/A	11,579,722	–	–	–	–	11,579,722	11,579,722
Amounts due to shareholders	N/A	391,943	–	–	–	–	391,943	391,943
Amounts due to related parties	N/A	4,957,925	–	–	–	–	4,957,925	4,957,925
Interest bearing								
Bank borrowings	5.1%	1,541,809	167,691	340,321	2,574,300	3,700,412	8,324,533	6,410,565
Bank borrowings held under joint operations	5.1%	3,523,116	33,540	67,423	576,018	982,221	5,182,318	4,849,554
Obligations under finance leases	2.4%–6.5%	489,272	489,272	868,591	873,772	–	2,720,907	2,637,148
Bank overdrafts	5.5%	831,792	–	–	–	–	831,792	831,792
Total		23,315,579	690,503	1,276,335	4,024,090	4,682,633	33,989,140	31,658,649

As at 30 September 2017	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 flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
Non-interest bearing								
Trade and other payables	N/A	10,618,098	–	–	–	–	10,618,098	10,618,098
Amounts due to shareholders	N/A	391,943	–	–	–	–	391,943	391,943
Amounts due to related parties	N/A	365,677	–	–	–	–	365,677	365,677
Interest bearing								
Bank borrowings	3.9%	1,113,489	273,025	550,468	3,916,044	9,080,798	14,933,824	11,864,258
Bank borrowings held under joint operations	3.9%	3,345,987	33,880	71,724	582,057	836,706	4,870,354	4,570,247
Obligations under finance leases	2.5%–6.5%	386,604	271,015	196,877	379,191	–	1,233,687	1,182,722
Total		16,221,798	577,920	819,069	4,877,292	9,917,504	32,413,583	28,992,945

As at 30 September 2018	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 flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
Non-interest bearing								
Trade and other payables	N/A	22,650,408	–	–	–	–	22,650,408	22,650,408
Amounts due to shareholders	N/A	391,943	–	–	–	–	391,943	391,943
Amounts due to related parties	N/A	1,224,792	–	–	–	–	1,224,792	1,224,792
Interest bearing								
Bank borrowings	4.0%	3,806,427	275,800	551,597	3,680,635	8,213,012	16,527,471	13,819,170
Bank borrowings held under joint operations	4.0%	3,170,923	36,379	72,757	582,057	691,192	4,553,308	4,292,285
Obligations under finance leases	3.1%–6.5%	279,379	270,953	516,303	1,029,796	37,954	2,134,385	2,025,766
Bank overdrafts	5.5%	5,325,553	–	–	–	–	5,325,553	5,325,553
Total		36,849,425	583,132	1,140,657	5,292,488	8,942,158	52,807,860	49,729,917

As at 28 February 2019	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 flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
Non-interest bearing								
Trade and other payables	N/A	14,828,041	–	–	–	–	14,828,041	14,828,041
Amounts due to shareholders	N/A	128,543	–	–	–	–	128,543	128,543
Amounts due to related parties	N/A	1,224,792	–	–	–	–	1,224,792	1,224,792
Interest bearing								
Bank borrowings	4.6%	3,383,019	285,333	570,665	3,731,132	8,288,792	16,258,941	13,073,492
Bank borrowings held under joint operations	4.6%	3,096,935	36,379	72,757	584,868	630,561	4,421,500	4,172,075
Obligations under finance leases	3.1%–6.5%	282,710	286,070	439,080	889,346	27,395	1,924,601	1,833,385
Bank overdrafts	5.5%	5,234,792	–	–	–	–	5,234,792	5,234,792
Total		28,178,832	607,782	1,082,502	5,205,346	8,946,748	44,021,210	40,495,120

The Company

As at 30 September 2018	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 flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
Non-interest bearing								
Amount due to Builink	N/A	685,952	–	–	–	–	685,952	685,952
Total		685,952	–	–	–	–	685,952	685,952

As at 28 February 2019	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 flow	Carrying amount
	%	S$	S$	S$	S$	S$	S$	S$
Non-interest bearing								
Amount due to a subsidiary	N/A	2,656,033	–	–	–	–	2,656,033	2,656,033
Total		2,656,033	–	–	–	–	2,656,033	2,656,033

The table below summarises the maturity analysis of bank borrowings and bank borrowings held under joint operations with a repayment on demand clause based on the agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using the specified fixed rates or variable rates. As a result, these amounts are greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. Taking into account the financial position of the Group and the joint operations, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity Analysis – Term loans subject to a repayment on demand clause based on scheduled repayments						
	0–90 days	3–6 months	6–12 months	1–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	S$	S$	S$	S$	S$	S$	S$
As at 30 September 2016	1,286,101	302,209	612,491	4,530,713	8,186,171	14,917,685	11,260,119
As at 30 September 2017	987,798	408,714	828,892	5,749,068	13,140,760	21,115,232	16,434,505
As at 30 September 2018	3,820,874	417,646	823,492	5,383,824	11,847,176	22,293,012	18,111,455
As at 28 February 2019	3,455,300	427,751	784,708	5,446,287	11,768,615	21,882,661	17,245,567

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.

33. NON-CASH TRANSACTIONS

Saved as disclosed elsewhere in the Historical Financial Information, the Group had following non-cash transactions during the Track Record Period:

During the years ended 30 September 2016, 2017, 2018 and the five months ended 28 February 2018 and 2019, an addition of plant and equipment at cost of S$2,449,700, S$479,000, S$2,158,611 and S$1,295,464 (unaudited) and nil respectively was purchased under finance lease (Note 15).

34. RELATED PARTY TRANSACTIONS

Apart from disclosure elsewhere in the Historical Financial Information, the Group entered into the following transactions with related parties during the Track Record Period:

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(unaudited)	
Provision of building construction services by the Group					
A company jointly controlled by the Group	5,746,270	1,253,687	–	–	–
Sale of motor vehicles by the Group					
Mr. Poon	–	–	30,843	–	–
Mr. Teo	–	–	20,182	–	–
	–	–	51,025	–	–
Rental income for renting properties from shareholders					
Mr. Poon	72,000	72,000	72,000	30,000	30,000
Mr. Teo	60,000	60,000	60,000	25,000	25,000
	132,000	132,000	132,000	55,000	55,000
Purchase of upkeep services of motor vehicles and machinery by the Group					
ST Horizon Pte Ltd	106,991	94,903	33,565	26,065	–
Initial Shore Solutions Pte Ltd	49,642	21,766	6,200	–	–
	156,633	116,669	39,765	26,065	–
Purchase of renting equipment services by the Group					
Initial Shore Solutions Pte Ltd	14,000	6,000	–	–	–

Guarantees

The executive directors of the Company provide personal guarantees for various banking facilities including bank overdrafts granted to and finance leases obtained by the Group as detailed in Notes 25 and 26.

The personal guarantees will be released and replaced by corporate guarantee given by the Company upon the Listing.

The remuneration of directors and other members of key management during the year/period were as follows:

	Year ended 30 September			Five months ended 28 February	
	2016	2017	2018	2018	2019
	S$	S$	S$	S$ (unaudited)	S$
Short term benefits	1,566,787	1,850,800	1,283,814	571,400	795,375
Post-employment benefits	88,401	94,628	96,721	55,758	55,167
	1,655,188	1,945,428	1,380,535	627,158	850,542

35. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has equity interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation	Issued and fully paid capital	Equity interest attributable to the owners of the Company: As at 30 September 2016	2017	2018	As at 28 February 2019	As at the date of this report	Principal activities	Notes
Directly held:									
Builink	BVI, 4 May 2018	US$2	N/A	N/A	100%	100%	100%	Investment holding	(a)
Indirectly held:									
Sing Tec Development	Singapore, 4 October 2004	S$6,500,000	100%	100%	100%	100%	100%	Provision of civil engineering and building construction services	(b)
Sing Tec Construction	Singapore, 21 September 1998	S$345,000	100%	100%	100%	100%	100%	Provision of building construction services	(b)
Initial Resources	Singapore, 3 August 2007	S$50,000	100%	100%	100%	100%	100%	Provision of other ancillary services	(c)

All subsidiaries now comprising the Group adopted 30 September as their financial year end date. Initial Resources has changed its financial year end date from 31 March to 30 September in year 2017 as to facilitate the preparation of the Historical Financial Information for the purpose of the proposed listing of the Company's shares on the Stock Exchange. There is no material financial impact on the Historical Financial Information of the Group as a result of the change of financial year end date of Initial Resources.

Notes:

(a) No audited financial statements of Builink has been prepared since its date of incorporation as it is incorporated in the jurisdiction where there is no statutory audit requirements.

(b) The statutory financial statements of Sing Tec Development and Sing Tec Construction for the years ended 30 September 2016, 2017 and 2018 were prepared in accordance with Singapore Financial Reporting Standards ("SFRSs") issued by Accounting Standards Council ("ASC") in Singapore and were audited by S. L. Lim & Co for the years ended 30 September 2016 and 2017, and Deloitte & Touche LLP for the year ended 30 September 2018, respectively, both are Public Accountants and Chartered Accountants registered in Singapore.

(c) The statutory financial statements of Initial Resources for the years ended 31 March 2016 and 2017 and for the 6 months ended 30 September 2017 were prepared in accordance with SFRS issued by ASC in Singapore and were audited by S. L. Lim & Co. The financial statements for the year ended 30 September 2018 were prepared in accordance with SFRS issued by ASC in Singapore and were audited by Deloitte & Touche LLP.

36. 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 statements of cash flows as cash flows from financing activities.

	Bank overdrafts	Bank borrowings	Obligation under finance leases	Dividend payable	Amounts due to shareholders	Amounts due to related parties	Accrued share issue costs	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
At 1 October 2015	4,190,726	10,896,324	2,522,185	–	391,943	110,000	–	18,111,178
Financing cash flows	(3,407,997)	(45,684)	(2,444,791)	(1,300,000)	–	4,688,391	–	(2,510,081)
Non-cash changes								
Finance cost recognised *(Note 9)*	49,063	409,479	110,054	–	–	–	–	568,596
New finance lease *(Note 15)*	–	–	2,449,700	–	–	–	–	2,449,700
Dividend declared *(Note 13)*	–	–	–	1,300,000	–	–	–	1,300,000
At 30 September 2016	831,792	11,260,119	2,637,148	–	391,943	4,798,391	–	19,919,393
Financing cash flows	(862,972)	4,803,540	(2,002,581)	–	–	(4,637,643)	–	(2,699,656)
Non-cash changes								
Finance cost recognised *(Note 9)*	31,180	370,846	69,155	–	–	–	–	471,181
New finance lease *(Note 15)*	–	–	479,000	–	–	–	–	479,000
At 30 September 2017	–	16,434,505	1,182,722	–	391,943	160,748	–	18,169,918
Financing cash flows	5,198,436	1,152,248	(1,391,627)	–	–	1,050,134	–	6,009,191
Non-cash changes								
Finance cost recognised *(Note 9)*	127,117	524,702	76,060	–	–	–	–	727,879
New finance lease *(Note 15)*	–	–	2,158,611	–	–	–	–	2,158,611
Dividend declared *(Note 13)*	–	–	–	7,140,000	–	–	–	7,140,000
Offset arrangement *(Note 13)*	–	–	–	(5,530,858)	–	–	–	(5,530,858)

	Bank overdrafts	Bank borrowings	Obligation under finance leases	Dividend payable	Amounts due to shareholders	Amounts due to related parties	Accrued share issue costs	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
At 30 September 2018	5,325,553	18,111,455	2,025,766	1,609,142	391,943	1,210,882	–	28,674,741
Financing cash flows	(151,785)	(1,172,805)	(615,960)	–	(263,400)	–	(551,596)	(2,755,546)
Non-cash changes								
Finance cost recognised *(Note 9)*	61,024	306,917	35,979	–	–	–	–	403,920
New finance lease *(Note 15)*	–	–	387,600	–	–	–	–	387,600
Issue costs recognised	–	–	–	–	–	–	604,412	604,412
Dividend waived *(Note 13)*	–	–	–	(1,109,142)	–	–	–	(1,109,142)
At 28 February 2019	5,234,792	17,245,567	1,833,385	500,000	128,543	1,210,882	52,816	26,205,985
At 1 October 2017	–	16,434,505	1,182,722	–	391,943	160,748	–	18,169,918
Financing cash flows	3,467,110	(868,574)	(705,352)	–	–	1,050,134	–	2,943,318
Non-cash changes								
Finance cost recognised *(Note 9)*	26,725	201,685	24,066	–	–	–	–	252,476
New finance lease *(Note 15)*	–	–	1,295,464	–	–	–	–	1,295,464
At 28 February 2018 (unaudited)	3,493,835	15,767,616	1,796,900	–	391,943	1,210,882	–	22,661,176

37. PERFORMANCE BONDS

As at 30 September 2016, 2017, 2018 and 28 February 2019, performance bonds of S$3,120,819, S$6,566,051, S$7,472,709 and S$7,639,622, respectively, were given by a bank and insurance companies in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the bank and insurance companies to pay to them the sum or sum stipulated in such demand. In the event of the non-performance, our Group will only become liable to compensate such customers for any performance obligations over and above the performance bond amounts given to them. The performance guarantees will be released upon completion of the contract.

38. SUBSEQUENT EVENTS

Save as elsewhere disclosed in this report, events and transactions took place subsequent to 28 February 2019 are detailed as below:

On 23 August 2019, written resolutions of the shareholder of the Company were passed to approve the matters as below. It was resolved, among other things:

(i) the authorised share capital was increased from HK$380,000 to HK$10,000,000 by the creation of a further 962,000,000 shares;

(ii) conditional on the share premium account being credited as a result of the Offer Shares, it was authorised to capitalise HK$3,599,999 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 359,999,937 shares for allotment and issue to the person(s) whose name(s) appear(s) on the register of members of the Company at the close of business on 23 August 2019; and

(iii) conditionally approved and adopted a Share Option Scheme, the principle terms of which are set out in the section headed "D. Share Option Scheme" in Appendix V to the Prospectus.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group has been prepared in respect of any period subsequent to 28 February 2019.

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 30 September 2018 and the five months ended 28 February 2019 (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 Prospectus, 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 Prospectus and the Accountants' Report set out in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated 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 public offer and the placing of the Company's shares ("Share Offer") on the adjusted consolidated net tangible assets of the Group as at 28 February 2019, as if the Share Offer had taken place on such date.

The unaudited pro forma adjusted consolidated 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 consolidated net tangible assets of the Group as at 28 February 2019 or any future dates following the Share Offer.

The following unaudited pro forma adjusted consolidated net tangible assets of the Group is prepared based on the audited consolidated net tangible assets of the Group as at 28 February 2019 as set out in Appendix I to this Prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group as at 28 February 2019	Estimated net proceeds from the proposed Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 28 February 2019	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 28 February 2019 per Share	
	S$	*S$*	*S$*	*S$*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on Offer Price of HK1.05 per Offer Share	29,843,573	17,987,150	47,830,723	0.10	0.57
Based on Offer Price of HK$1.15 per Offer Share	29,843,573	19,902,939	49,746,512	0.10	0.59

Notes:

(1) The audited consolidated 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 Prospectus.

(2) The estimated net proceeds from the issue of the new Shares pursuant to the proposed Share Offer are based on 120,000,000 new Shares at the Offer Price of lower limit and upper limit of HK$1.05 and HK$1.15 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 28 February 2019.

The calculation of such estimated net proceeds does not take into account of any Shares to be issued upon exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued pursuant to the general mandate as mentioned in "General mandate to issue Shares" in this Prospectus. The estimated net proceeds from the proposed Share Offer are converted from Hong Kong dollars into Singapore dollars at an exchange rate of HK$5.70 to S$1.00. 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 consolidated net tangible assets of the Group as at 28 February 2019 per Share is calculated based on 480,000,000 shares, being Shares in issue immediately following Group Reorganisation and after the completion of the proposed Share Offer and the Capitalisation Issue. It does not take into account of any Shares to be issued upon exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, or any Shares which may be allotted and issued pursuant to the general mandate as mentioned in "General mandate to issue Shares" in this Prospectus.

(4) The unaudited pro forma adjusted consolidated net tangible assets of the Group as at 28 February 2019 per Share is converted from Singapore dollars into Hong Kong dollars at the rate of S$1.00 to HK5.70. 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 consolidated net tangible assets of the Group as at 28 February 2019 to reflect any trading results or other transactions of the Group entered into subsequent to 28 February 2019.

(6) By comparing the valuation of properties set out in the valuation report prepared by Roma Appraisals Limited dated 29 August 2019, the net valuation surplus is approximately S$4,055,000 as compared to the carrying amounts of the properties as at 31 May 2019, which has not been included in the above consolidated 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$168,000 would be incurred.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of S&T Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of S&T Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 28 February 2019 and related notes as set out on pages II-1 to II-3 of Appendix II to the Prospectus issued by the Company dated 29 August 2019 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed public offer and the placing of the shares of the Company (the "Share Offer") on the Group's financial position as at 28 February 2019 as if the proposed Share Offer had taken place at 28 February 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's historical financial information for each of the three years ended 30 September 2018 and the five months ended 28 February 2019, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 "*Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 28 February 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 August 2019

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Roma Appraisals Limited, an independent property valuer, in connection with their opinion of value of the properties held by the Group in Singapore.

ROMA

22/F, China Overseas Building
139 Hennessy Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http://www.romagroup.com

S&T Holdings Limited
16 Kian Teck Way
Singapore 628749

Dear Sir/Madam,

Re: Property Valuations of Various Properties located in Singapore

In accordance with your instructions for us to value the properties held by S&T Holdings Limited (the "**Company**") and/or its subsidiaries (together with the Company referred to as the "**Group**") in Singapore, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 May 2019 (the "**Date of Valuation**") for the purpose of incorporation in the prospectus of the Company dated 29 August 2019.

1. BASIS OF VALUATION

Our valuations of the properties are our opinion of the market values of the concerned properties 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.

2. VALUATION METHODOLOGY

We have valued the properties by direct comparison approach assuming sale of the properties in its existing state with the benefit of vacant possession and by making reference to recent comparable sales transactions as available in the relevant market.

3. TITLE INVESTIGATION

We have carried out land searches at the Singapore Land Authority. However, we have not scrutinised all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. We do not accept a liability of any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

4. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owner sells the properties in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as location, time, floor areas, age of building and all other relevant matters which can affect the value of the properties. All public documents/information or documents/information provided by the Group related to aforesaid matters such as building plans, land register, occupancy status, etc, have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts 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.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of the properties. No structural survey has been made in respect of the properties. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the floor areas of the properties under consideration but we have assumed that the floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Company and are therefore approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuations are prepared in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited, and in accordance with the HKIS Valuation Standards (2017 Edition) published by the Hong Kong Institute of Surveyors.

7. REMARKS

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuations are in Singapore Dollar ("**SGD**").

Our Summary of Values and Valuation Certificates are attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Nancy Chan
BSc (Hons)
MHKIS MRICS RPS(GP) MCIREA
Director

Note: Ms. Nancy Chan MHKIS MRICS is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors, a member of the Royal Institution of Chartered Surveyors and a member of China Institute of Real Estate Appraisers and Agents. She has over 9 years' experience in real estate industry and property and asset valuation in Hong Kong, Macau, the PRC, Singapore, Taiwan, United Kingdom, Australia, Japan and other overseas countries

SUMMARY OF VALUES

No.	Property	Market Value in Existing State as at 31 May 2019	Interests attributable to the Group	Market Value attributable to the Group as at 31 May 2019
Group I – Property interest held by the Group for owner occupation purpose in Singapore				
1.	16 Kian Teck Way, Singapore 628749	SGD8,750,000	100%	SGD8,750,000
			Group I Sub-total:	**SGD8,750,000**
Group II – Property interests held by the Group for investment purpose in Singapore				
2.	21 Toh Guan Road East #01-10, Singapore 608609	SGD 1,500,000	100%	SGD 1,500,000
3.	21 Toh Guan Road East #01-11, Singapore 608609	SGD 1,500,000	100%	SGD 1,500,000
4.	39 Pavilion Place, Singapore 658375	SGD3,010,000	100%	SGD3,010,000
5.	14 Pavilion Rise, Singapore 658649	SGD3,480,000	100%	SGD3,480,000
6.	45 Hillview Avenue #01-05, Singapore 669613	SGD1,800,000	100%	SGD1,800,000
7.	45 Hillview Avenue #01-06, Singapore 669613	SGD1,790,000	100%	SGD1,790,000
8.	11 Kang Choo Bin Road #01-01, Singapore 548315	SGD1,200,000	100%	SGD1,200,000

No.	Property	Market Value in Existing State as at 31 May 2019	Interests attributable to the Group	Market Value attributable to the Group as at 31 May 2019
9.	11 Kang Choo Bin Road #01-03, Singapore 548315	SGD1,430,000	100%	SGD1,430,000
10.	7 Soon Lee Street #01-13, Singapore 627608	SGD4,180,000	50%	SGD2,090,000
11.	114 Lavender Street, #01-68 CT Hub 2, Singapore 338729	SGD9,840,000	50%	SGD4,920,000
			Group II Sub-total:	**SGD22,720,000**
			Grand Total	**SGD31,470,000**

Group I – Property interest held by the Group for owner occupation purpose in Singapore

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
1.	16 Kian Teck Way, Singapore 628749	The property comprises a 2-storey detached industrial development with a gross floor area of approximately 34,106.60 sq.ft. (or about 3,168.58 sq.m.) completed in circa 1990's as advised by the Group. Pursuant to Singapore Land Authority, the property is erected on a site legally known as Lot No. MK6-2719N, with a site area of approximately 34,737.58 sq.ft. (or about 3,227.20 sq.m.), which is held under a leasehold estate for a term of 30+19 years commencing from 1 September 1993.	The property is occupied by the Group for office, storage and industrial uses.	SGD8,750,000 (100% interests attributable to the Group: SGD8,750,000)

Notes:

1. Pursuant to Certificate of Title Volume 608 Folio 175 obtained from Singapore Land Authority, the proprietor of the property is Sing Tec Development Pte. Ltd..

2. The property lies within an area zoned Business 2 with maximum permissible gross plot ratio of 2.5 under the Singapore Master Plan Zoning 2014.

3. The property is subject to a mortgage in favour of United Overseas Bank Limited vide Instrument No. IE/664950F lodged on 17 August 2017.

4. The property tax (non-residential) for the year 2019 of the property is 10% of the Annual Value. The Annual Value of the property in 2019 is SGD591,000.

5. The property situates along Kian Teck Way in the West Region of Singapore. The vicinity generally comprises various detached, semi-detached and terraced factories, workshops and warehouses. Public transportation facilities such as buses are readily available nearby.

6. Our inspection was performed by Ms. Nancy Chan MHKIS MRICS and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

Group II – Property interests held by the Group for investment purpose in Singapore

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
2.	21 Toh Guan Road East #01-10, Singapore 608609	The property comprises a 2-storey ground floor industrial unit with a gross floor area of approximately 3,649.00 sq.ft. (or about 339.00 sq.m.). The property situates within an industrial development, namely Toh Guan Centre, completed in 2002. Pursuant to Singapore Land Authority, the property is erected on a site legally known as Lot No. MK5-U60053X which is held under a leasehold estate for a term of 60 years commencing from 1 December 1997.	As at the Date of Valuation, the property is subject to a tenancy agreement for a term of one year commencing on 1 May 2019 and expiring on 30 April 2020 with a monthly rent of SGD6,800, exclusive of all GST, utilities charges and outgoings.	SGD1,500,000 (100% interests attributable to the Group: SGD1,500,000)

Notes:

1. Pursuant to Certificate of Title Volume 891 Folio 17 obtained from Singapore Land Authority, the proprietor of the property is Sing Tec Development Pte. Ltd..

2. The property lies within an area zoned Business 2 with maximum permissible gross plot ratio of 2.0 under the Singapore Master Plan Zoning 2014.

3. The property is subject to a restrictive covenants vide Instrument No. I/74713Q lodged on 18 April 2002.

4. The property is subject to a mortgage in favor of United Overseas Bank Limited vide Instrument No. IC/99550P lodged on 13 December 2010.

5. The property tax (non-residential) of the property for the year 2019 is 10% of the Annual Value. The Annual Value of the property in 2019 is SGD71,900.

6. The property situates in Toh Guan Centre, a development mainly uses for factory/workshop located in the West Region of Singapore. The vicinity comprises a mixture of industrial buildings. Public transportation facilities such as buses and MRT are readily available.

7. Our inspection was performed by Ms. Nancy Chan MHKIS MRICS, and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
3.	21 Toh Guan Road East #01-11, Singapore 608609	The property comprises a 2-storey ground floor industrial unit with a gross floor area of approximately 3,649.00 sq.ft. (or about 339.00 sq.m.). The property situates within an industrial development, namely Toh Guan Centre, completed in 2002. Pursuant to Singapore Land Authority, the property is erected on a site legally known as Lot No. MK5-U60052N which is held under a leasehold estate for a term of 60 years commencing from 1 December 1997.	As at the Date of Valuation, the property is subject to a tenancy agreement for a term of one year commencing on 1 March 2019 and expiring on 29 February 2020 with a monthly rent of SGD6,000, exclusive of all GST, utilities charges and outgoings.	SGD1,500,000 (100% interests attributable to the Group: SGD1,500,000)

Notes:

1. Pursuant to Certificate of Title Volume 891 Folio 16 obtained from Singapore Land Authority, the proprietor of the property is Sing Tec Development Pte. Ltd..

2. The property lies within an area zoned Business 2 with maximum permissible gross plot ratio of 2.0 under the Singapore Master Plan Zoning 2014.

3. The property is subject to a restrictive covenants vide Instrument No. I/74713Q lodged on 18 April 2002.

4. The property is subject to a mortgage in favor of United Overseas Bank Limited vide Instrument No. IE/252442P lodged on 4 August 2015.

5. The property tax (non-residential) of the property for the year 2019 is 10% of the Annual Value. The Annual Value of the property in 2019 is SGD71,900.

6. The property situates in Toh Guan Centre, a development mainly uses for factory/workshop located in the West Region of Singapore. The vicinity comprises a mixture of industrial buildings. Public transportation facilities such as buses and MRT are readily available.

7. Our inspection was performed by Ms. Nancy Chan MHKIS MRICS and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
4.	39 Pavilion Place, Singapore 658375	The property comprises a landed 3-storey semi-detached house with roof terrace, covered car park and terrace, with a gross floor area of approximately 3,207.67 sq.ft. (or about 298.00 sq.m.) completed in about 2010 as advised by the Group. Pursuant to Singapore Land Authority, the property is erected on a site legally known as Lot No. MK10-0443V, with a site area of approximately 1,614.60 sq.ft. (or about 150.00 sq.m.), which is held under estate in perpetuity under statutory land grant 34352 commencing from 1 March 1957.	As at the Date of Valuation, the property is subject to an intra-group tenancy agreement for a term of three years commencing on 1 December 2018 and expiring on 30 November 2021 with a monthly rent of SGD5,000, exclusive of all GST, utilities charges and outgoings.	SGD3,010,000 (100% interests attributable to the Group: SGD3,010,000)

Notes:

1. Pursuant to Certificate of Title Volume 694 Folio 18 obtained from Singapore Land Authority, the proprietor of the property is Sing Tec Development Pte. Ltd..

2. The property lies within an area zoned Residential under the Singapore Master Plan Zoning 2014.

3. The property is subject to a restrictive covenants vide Instrument No. ID/414737M lodged on 5 March 2013.

4. The property is subject to a mortgage in favor of United Overseas Bank Limited vide Instrument No. IB/424720U lodged on 5 March 2013.

5. The property tax (residential) for the year 2019 of the property is 10% of the first SGD30,000 of the Annual Value and 12% of the remaining Annual Value. The Annual Value of the property in 2019 is SGD37,200.

6. The property situates in a freehold houses development, Pavilion Park, comprises various landed houses and community facilities. Public transportation is available along Bukit Batok Road.

7. Our inspection was performed by Mr. Alex Ma, with over 4 years property valuation experience, and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
5.	14 Pavilion Rise, Singapore 658649	The property comprises a landed 3-storey semi-detached house with roof terrace, covered car park and terrace, with a gross floor area of approximately 3,767.40 sq.ft. (or about 350.00 sq.m.) completed in about 2000 as advised by the Group. Pursuant to Singapore Land Authority, the property is erected on a site legally known as Lot No. MK10-4328N, with a site area of approximately 2,152.80 sq.ft. (or about 200.00 sq.m.), which is held under estate in perpetuity under statutory land grant 34352 commencing from 1 March 1957.	As at the Date of Valuation, the property is subject to an intra-group tenancy agreement for a term of three years commencing on 1 December 2018 and expiring on 30 November 2021 with a monthly rent of SGD6,000, exclusive of all GST, utilities charges and outgoings.	SGD3,480,000 (100% interests attributable to the Group: SGD3,480,000

Notes:

1. Pursuant to Certificate of Title Volume 671 Folio 91 obtained from Singapore Land Authority, the proprietor of the property is Sing Tec Development Pte. Ltd..

2. The property lies within an area zoned Residential under the Singapore Master Plan Zoning 2014.

3. The property is subject to a restrictive covenants vide Instrument No. IB/768156T lodged on 5 April 2010.

4. The property is subject to a mortgage in favor of Malayan Banking Berhad vide Instrument No. IB/424523P lodged on 5 April 2010.

5. The property tax (residential) for the year 2019 of the property is 10% of the first SGD30,000 of the Annual Value and 12% of the remaining Annual Value. The Annual Value of the property in 2019 is SGD43,200.

6. The property situates in a freehold houses development, Pavilion Park, comprises various landed houses and community facilities. Public transportation is available along Bukit Batok Road.

7. Our inspection was performed by Mr. Alex Ma, with over 4 years property valuation experience, and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
6.	45 Hillview Avenue #01-05, Singapore 669613	The property comprises a condominium unit with outdoor private enclosed space, with a gross floor area of approximately 1,776.06 sq.ft. (or about 165.00 sq.m.). The property situates on the ground floor of a 10-storey residential block which completed in 2002. Pursuant to Singapore Land Authority, the property is erected on a site legally known as Lot No. MK10-U39954X which is held under a leasehold estate for a term of 999 years commencing on 19 May 1883 and expiring on 18 May 2882.	As at the Date of Valuation, the property is subject to a tenancy agreement for a term of two years commencing on 1 March 2019 and expiring on 28 February 2021 with a monthly rent of SGD3,400, exclusive of all GST, utilities charges and outgoings.	SGD1,800,000 (100% interests attributable to the Group: SGD1,800,000)

Notes:

1. Pursuant to Certificate of Title Volume 862 Folio 80 obtained from Singapore Land Authority, the proprietor of the property is Sing Tec Development Pte. Ltd..

2. The property lies within an area zoned Residential with maximum permissible gross plot ratio of 1.92 under the Singapore Master Plan Zoning 2014.

3. The property is subject to a mortgage in favor of United Overseas Bank Limited vide Instrument No. IB/860922U lodged on 29 June 2010.

4. The property tax (residential) for the year 2019 of the property is 10% of the Annual Value. The Annual Value of the property in 2019 is SGD22,200.

5. The property situates in a condominium development, Hillington Green, comprising about 480 apartment suites in seven 10-storey blocks served by various community facilities such as underground carpark, clubhouse, sports facilities, etc. Public transportation including buses and MRT are available within walking distance.

6. Our inspection was performed by Mr. Alex Ma, with over 4 years property valuation experience, and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
7.	45 Hillview Avenue #01-06, Singapore 669613	The property comprises a condominium unit with outdoor private enclosed space, with a gross floor area of approximately 1,765.30 sq.ft. (or about 164.00 sq.m.). The property situates on the ground floor of a 10-storey residential block which completed in 2002. Pursuant to Singapore Land Authority, the Development is erected on a site legally known as Lot No. MK10-U39964T which is held under a leasehold estate for a term of 999 years commencing on 19 May 1883 and expiring on 18 May 2882.	As at the Date of Valuation, the property is subject to a tenancy agreement for a term of two years commencing on 1 September 2018 and expiring on 31 August 2020 with a monthly rent of SGD3,500, exclusive of all GST, utilities charges and outgoings.	SGD1,790,000 (100% interests attributable to the Group: SGD1,790,000)

Notes:

1. Pursuant to Certificate of Title Volume 862 Folio 90 obtained from Singapore Land Authority, the proprietor of the property is Sing Tec Development Pte. Ltd..

2. The property lies within an area zoned Residential with maximum permissible gross plot ratio of 1.92 under the Singapore Master Plan Zoning 2014.

3. The property is subject to a mortgage in favor of United Overseas Bank Limited vide Instrument No. IB/860927L lodged on 29 June 2010.

4. The property tax (residential) for the year 2019 of the property is 10% of the Annual Value. The Annual Value of the property in 2019 is SGD22,200.

5. The property situates in a condominium development, Hillington Green, comprising about 480 apartment suites in seven 10-storey blocks served by various community facilities such as underground carpark, clubhouse, sports facilities, etc. Public transportation including buses and MRT are available within walking distance.

6. Our inspection was performed by Mr. Alex Ma, with over 4 years property valuation experience, and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
8.	11 Kang Choo Bin Road #01-01, Singapore 548315	The property comprises a condominium unit with private enclosed space with a gross floor area of approximately 1,173.28 sq.ft. (or about 109.00 sq.m.). The property situates on the first floor of a 6-storey residential block which completed in 2012. Pursuant to Singapore Land Authority, the Development is erected on a site legally known as Lot No. MK22-U59750L which is held under a leasehold estate for a term of 999 years commencing on 19 February 1883 and expiring on 18 February 2882.	As at the Date of Valuation, the property is subject to a tenancy agreement for a term of one year commencing on 15 December 2018 and expiring on 14 December 2019 with a monthly rent of SGD2,300, exclusive of all GST, utilities charges and outgoings.	SGD1,200,000 (100% interests attributable to the Group: SGD1,200,000)

Notes:

1. Pursuant to Certificate of Title Volume 1528 Folio 36 obtained from Singapore Land Authority, the proprietor of the property is Sing Tec Development Pte. Ltd..

2. The property lies within an area zoned Residential with maximum permissible gross plot ratio of 1.4 under the Singapore Master Plan Zoning 2014.

3. The property is subject to a mortgage in favor of United Overseas Bank Limited vide Instrument No. IC/242685A lodged on 9 October 2013.

4. The property tax (residential) of the property for the year 2019 is 10% of Annual Value. The Annual Value of the property in 2019 is SGD16,800.

5. The property situates in Kang Choo Bin Road, a residential area located in District 19 in the vicinity comprises a mixture of residential and retail developments. Public transportation facilities such as buses and trains are readily available.

6. Our inspection was performed by Ms. Nancy Chan MHKIS MRICS and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
9.	11 Kang Choo Bin Road #01-03, Singapore 548315	The property comprises a condominium unit with private enclosed space with a gross floor area of approximately 1,442.38 sq.ft. (or about 134.00 sq.m.). The property situates on the first floor of a 6-storey residential block which completed in 2012. Pursuant to Singapore Land Authority, the Development is erected on a site legally known as Lot No. MK22-U59752M which is held under a leasehold estate for a term of 999 years commencing on 19 February 1883 and expiring on 18 February 2882.	As at the Date of Valuation, the property is subject to a tenancy agreement for a term of one year commencing on 15 November 2018 and expiring on 14 November 2019 with a monthly rent of SGD2,600 inclusive of all GST but exclusive of utilities charges and outgoings.	SGD1,430,000 (100% interests attributable to the Group: SGD1,430,000)

Notes:

1. Pursuant to Certificate of Title Volume 1528 Folio 38 obtained from Singapore Land Authority, the proprietor of the property is Sing Tec Development Pte. Ltd..

2. The property lies within an area zoned Residential with maximum permissible gross plot ratio of 1.4 under the Singapore Master Plan Zoning 2014.

3. The property is subject to a mortgage in favor of United Overseas Bank Limited vide Instrument No. IC/242668J lodged on 9 October 2013.

4. The property tax (residential) of the property for the year 2019 is 10% of Annual Value. The Annual Value of the property in 2019 is SGD22,800.

5. The property situates at Kang Choo Bin Road, a residential area in District 19 in the vicinity comprises a mixture of residential and retail developments. Public transportation facilities such as buses and trains are readily available.

6. Our inspection was performed by Ms. Nancy Chan MHKIS MRICS and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
10.	7 Soon Lee Street #01-13, Singapore 627608	The property comprises an industrial unit with a gross floor area of approximately 6,759.80 sq.ft (or about 628.00 sq.m.). The property situates on the ground floor of a 5-storey building within an industrial development, namely Ispace, completed in 2014. Pursuant to Singapore Land Authority, the property is erected on a site legally known as Lot No. MK6-U70646M which is held under a leasehold estate for a term of 30 years commencing on 5 March 2012 and expiring on 4 March 2042.	As at the Date of Valuation, the property is subject to a tenancy agreement for a term of two years commencing on 1 February 2019 and expiring on 31 January 2021 with a monthly rent of SGD15,000 exclusive of all GST, utilities charges and outgoings. A rent free period is allowed from 1 February 2019 to 15 March 2019.	SGD4,180,000 (50% interests attributable to the Group: SGD2,090,000)

Notes:

1. Pursuant to Certificate of Title Volume 1669 Folio 59 obtained from Singapore Land Authority, the property is held under tenants in common in equal shares by Sing Tec Development Pte. Ltd. (Shares:1/2) and an independent third party (Shares:1/2).

2. The property lies within an area zoned Business 2 with maximum permissible gross plot ratio of 2.0 under the Singapore Master Plan Zoning 2014.

3. The property is subject to a mortgage in favor of United Overseas Bank Limited vide Instrument No. ID/520712G lodged on 30 December 2014.

4. The property tax (non-residential) of the property for the year 2019 is 10% of the Annual Value. The Annual Value of the property in 2019 is SGD223,000.

5. The property situates within Ispace, a development mainly used for factory/workshop (B2) located in Western Singapore. The vicinity comprises a mixture of industrial developments. Public transportation facilities such as buses and MRT are readily available.

6. Our inspection was performed by Ms. Nancy Chan MHKIS MRICS and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2019
11.	114 Lavender Street, #01-68 CT Hub 2, Singapore 338729	The property comprises a canteen unit with a gross floor area of approximately 7,470.22 sq.ft. (or about 694.00 sq.m.). The property situates on the ground floor of portion of 10-storey and portion of 13-storey industrial building, completed in about 2015. Pursuant to Singapore Land Authority, the property is erected on a site legally known as Lot No. TS17-U14557A which is held under a leasehold estate for a term of 99 years commencing on 14 January 1976 and expiring on 13 January 2075.	As at the Date of Valuation, the property is subject to a tenancy agreement for a term of 5 years commencing on 1 September 2015 and expiring on 31 August 2020, with monthly rent of SGD45,000 from 1 September 2015 to 31 August 2017 and SGD50,000 from 1 September 2017 to 31 August 2020, exclusive of all GST, utilities charges and outgoings.	SGD9,840,000 (50% interests attributable to the Group: SGD4,920,000)

Notes:

1. Pursuant to Certificate of Title Volume 1887 Folio 63 obtained from Singapore Land Authority, the property is held under tenants in common in equal shares by Sing Tec Development Pte. Ltd. (Shares:1/2) and an independent third party (Shares:1/2).

2. The property lies within an area zoned Business 1 with maximum permissible gross plot ratio of 3.0 under the Singapore Master Plan Zoning 2014.

3. The property is subject to a restrictive covenants vide Instrument No. IE/5664780Q lodged on 1 February 2017.

4. The property is subject to a mortgage in favor of Malayan Banking Berhad vide Instrument No. ID/923432V lodged on 1 February 2017 and transfer of the mortgage vide Instrument No. IF/480742S lodged on 5 November 2018.

5. The property tax (non-residential) of the property for the year 2019 is 10% of the Annual Value. The Annual Value of the property in 2019 is SGD600,000.

6. The property situates within CT Hub 2, a development mainly used for light industrial located in Central Singapore. The vicinity comprises a mixture of industrial and commercial developments. Public transportation facilities such as buses and MRT are readily available.

7. Our inspection was performed by Ms. Nancy Chan MHKIS MRICS and Ms. Vinci Hou, with over 3 years property valuation experience, in September 2018.

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 17 September 2018 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 Amended and Restated Memorandum of Association (the "**Memorandum**") and its Amended and Restated 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 23 August 2019 with effect from the Listing Date. 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) subdivide 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.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

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.

The board may accept the surrender for no consideration of any fully paid share.

(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 instalments. 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 instalments 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 Directors 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 or convertible securities or securities of similar nature 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 to their nominal value.

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 past 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.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(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 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 instalments 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 authorised 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 and extraordinary 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.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(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; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(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 as 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. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. 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 offering 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 the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(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 26 September 2018.

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. The register of members shall contain such particulars as required by Section 40 of the Companies Law. 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 thirty (30) 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).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("**ES Law**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

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 available for inspection" in Appendix VI to this prospectus. 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 COMPANY

1. Incorporation

(a) Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 17 September 2018. Our Company has established the principal place of business in Hong Kong at Unit B, 17/F, United Centre, 95 Queensway, Hong Kong and has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 14 December 2018. Ms. Leung Hoi Yan has been appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong.

(b) As our Company was incorporated in the Cayman Islands, it operates subject to the Cayman Islands law and to its constitution, which comprises the Memorandum and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

(a) On 17 September 2018, our Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. The entire issued share capital of our Company, one fully paid Share at par, was issued and allotted to the initial subscriber. On 17 September 2018, the subscriber Share was transferred to HG TEC at par value.

(b) On 19 November 2018, the Company allotted and issued one share ordinary share to each of Mr. Teo and Mr. Poon, respectively.

(c) On 13 December 2018, each of Mr. Teo and Mr. Poon transferred one share in the Company at par value to HG TEC, respectively. Upon completion of such transactions, our Company was owned as to 100% by HG TEC.

(d) On 18 December 2018, pursuant to the terms of reorganisation agreement entered into by Mr. Poon, Mr. Teo, HG TEC, our Company and Builink, our Company issued and allotted 60 shares, credited as fully paid, to HG TEC.

(e) On 23 August 2019, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$10,000,000 divided into 1,000,000,000 Shares by the creation of an additional 962,000,000 Shares, each ranking *pari passu* with the Shares then in issue in all respects.

Save as disclosed above and in "4. Written resolutions of our sole Shareholder" below, there has been no alteration in the share capital of our Company during the two years immediately preceding the date of this prospectus.

3. Changes in the share capital of the subsidiaries of our Company

A summary of the corporate information and the particulars of our subsidiaries are set out in note 1 to the accountants' report as set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, development and Reorganisation – Reorganisation" in this prospectus, there has been no alteration in the share capital or registered capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

4. Written resolutions of our sole Shareholder

Pursuant to the written resolutions of our sole Shareholder passed on 23 August 2019, among other things:

(a) conditional on the fulfilment or waiver of, among other things, the conditions set out in the section headed "Structure and conditions of the Share Offer – Conditions of the Public Offer" in this prospectus (the "**Conditions**"):

(i) the Share Offer on the terms and conditions of this prospectus and the Application Forms at the Offer Price was approved and the Directors were authorised to allot and issue the new Shares;

(ii) conditional further on the Listing Committee granting the listing of, and the permission to deal in, such number of Shares which may be allotted pursuant to the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme, the Share Option Schemes were approved and adopted, and the Directors or any committee of the Board were authorised, at their sole discretion, to make such further changes to the Share Option Schemes as requested by the Hong Kong Stock Exchange and which they may consider necessary, desirable or expedient in connection with the grant of options to subscribe for the Shares under the Share Option Schemes up to the limits as referred to in the Share Option Schemes and to allot, issue and deal with the Shares under the exercise of subscription rights attaching to the options which may be granted under the Share Option Scheme and to take all such action as they may consider necessary, desirable or expedient to implement the Share Option Schemes;

(iii) a general unconditional mandate was granted to the Directors to exercise all powers of our Company to allot, issue and deal with the Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive the Shares) which may require the Shares to be allotted and issued or dealt with subject to the restriction that the aggregate number of Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, other than under (A) a Rights Issue (as defined below); (B) any scrip dividend scheme or similar arrangement providing for the allotment and issue of the Shares in lieu of the whole or part of a dividend on the Shares in accordance with the Memorandum of Association and the Articles; (C) any specific authority granted by the Shareholders in general meeting; or (D) the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company, shall not exceed 20% of the number of issued Shares immediately following completion of the Share Offer;

(iv) a general unconditional mandate was granted to the Directors to exercise all powers of our Company to purchase on the Hong Kong Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which was recognised by the SFC and the Hong Kong Stock Exchange for this purpose, such number of Shares as would represent up to 10% of the number of issued Shares immediately following completion of the Share Offer; and

(v) the general unconditional mandate as mentioned in paragraph 4(a)(iii) above was extended by the addition to the aggregate number of Shares which may be allotted and issued or agreed to be allotted and issued by the Directors under such general mandate of an amount representing the aggregate number of Shares purchased by our Company under the mandate to repurchase Shares as referred to in paragraph 4(a)(iv) above,

for the purpose of paragraph 4(b)(iii) above, "**Rights Issue**" means an offer of Share or issue of options, warrants or other securities giving the right to subscribe for the Shares open for a period fixed by the Directors to the Shareholders whose names appear on the register of members of our Company (and, where appropriate, to holders of other securities of our Company entitled to the offer) on a fixed record date in proportion to their then holdings of such Shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as the Directors may consider necessary, desirable or expedient (but in compliance with the relevant Listing Rules) in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to our Company);

each of the general mandates referred to in paragraphs 4(a)(iii) and 4(a)(iv) above would remain in effect until the earliest of (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 as required by the Memorandum of Association and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; and (C) when varied or revoked by an ordinary resolution of the Shareholders in general meeting;

(b) the appointment of the Directors was approved, confirmed and ratified;

(c) the Memorandum and the Articles, the terms of which are summarised in Appendix IV to this prospectus, were approved and adopted with immediate effect in the case of the Memorandum and conditionally with effect from the Listing Date in the case of the Articles; and

(d) the Listing and the Share Offer were approved.

5. Reorganisation

Our Group underwent the Reorganisation in preparation for the Listing. For details, please refer to the section headed "History, development and Reorganisation – Reorganisation" in this prospectus.

6. Repurchase of our Company's own securities

This paragraph includes information relating to the repurchase of Shares, including information required by the Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Relevant legal and regulatory requirements

The Listing Rules permit the Shareholders to grant to the Directors the general mandate to repurchase Shares which are listed on the Stock Exchange. The general mandate to repurchase Shares is required to be given by way of an ordinary resolution passed by the Shareholders in general meeting.

(b) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 23 August 2019, the Directors were granted the general mandate to repurchase up to 10% of the aggregate par value of the Share in issue immediately following completion of the Share Offer on the Stock Exchange or on any other stock exchange on which our Company's securities may be listed and which was recognised by the SFC and the Stock Exchange for this purpose. The general mandate to repurchase Shares will expire at the earliest of (i) the conclusion of our Company's next annual general meeting; (ii) the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**").

(c) Source of funds

Repurchase of Shares listed on the Stock Exchange must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and the Articles or the Companies Law or any other applicable laws of the Cayman Islands. Our Company may not repurchase Shares on the Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the Listing Rules. Subject to the foregoing, any repurchase of Shares by our Company must be made out of profits of our Company, out of our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles of Association and subject to provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchaser over the par value of the Shares to be purchased must be provided for out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

(d) Reasons for repurchases

The Directors believe that it is in the best interests of our Company and the Shareholders as a whole for the Directors to have general authority to execute repurchases of Shares in the market. The repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made where the Directors believe that the repurchases will benefit our Company and the Shareholders.

(e) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and the Articles, the Listing Rules or the Companies Law or any other applicable laws of the Cayman Islands. On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, the Directors believe that, if the general mandate to repurchase Shares were to be exercised in full, it might have a material adverse effect on its working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(f) Share capital

The exercise in full of the current general mandate to repurchase Shares, on the basis of 480,000,000 Shares in issue immediately following completion of the Share Offer (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), could accordingly result in up to 48,000,000 Shares being repurchased by our Company during the Relevant Period.

(g) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Share to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they shall exercise the general mandate to repurchase Shares in accordance with the Listing Rules and the laws of Cayman Islands.

If, as a result of any repurchase of the Shares, a Shareholder's proportionate interest in the voting rights is increased, the 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, the Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

None of the core connected persons of our Company has notified our Company that he/she or it has a present intention to sell his or her or its Shares to our Company, or has undertaken not to do so, if the general mandate to repurchase Shares is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The members of our Group have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus which are or may be material:

(a) a reorganisation agreement dated 18 December 2018 entered into by Mr. Poon, Mr. Teo, HG TEC, our Company, Builink relating to step (iv) of the Reorganisation as disclosed in the section headed "History, development and Reorganisation – Reorganisation" in this prospectus regarding the transfer of entire issued share capital of Sing Tec Construction, Sing Tec Development and Initial Resources from Mr. Poon Soon Huat and Mr. Teo Teck Thye to Builink and in consideration of the allotment and issuance of 60 Shares, credited as fully paid, to HG TEC;

(b) the Deed of Indemnity; and

(c) the Public Offer Underwriting Agreement.

2. Intellectual property rights

(a) Trademark

As at the Latest Practicable Date, our Group had registered the following trademarks:

Trademark	Place of Registration	Registered Owner	Class	Trade Mark number	Date of Registration
A B	Hong Kong	Our Company	37	304751541	29 November 2018
	Singapore	Sing Tec Development	37	40201825269P	5 December 2018

(b) Domain name

As at the Latest Practicable Date, we have registered the following domain name which are material to our business:

Domain Name	Registered Owner	Registration Date	Expiry Date
www.singtec.com.sg	Sing Tec Development	22 October 2007	22 October 2019

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Interests and/or short positions of our Directors in the shares, underlying shares and debentures of our Company or any associated corporation

Immediately following completion of the Share Offer (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), the interests and short positions of each Director and chief executive of our Company in the shares, underlying shares and debentures of our Company or any associated corporation (within the meaning of Part XV 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 which he/she is taken or deemed to have under such provisions of the SFO) once the Shares are listed, or will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, once the Shares are listed, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange once the Shares are listed, will be as follows:

(i) Long position in shares

Name of Director	Capacity/nature	Number of Shares held	Percentage of shareholding
Mr. Poon *(Note)*	Interest in controlled corporation	360,000,000	75%
Mr. Teo *(Note)*	Interest in controlled corporation	360,000,000	75%

Note: These Shares are held by HG TEC. Each of Mr. Poon and Mr. Teo beneficially owns 50.0% of the entire issued share capital of HG TEC. Each of Mr. Poon and Mr. Teo is deemed to be interested in the Shares held by HG TEC pursuant to the SFO. Mr. Poon, Mr. Teo and HG TEC are regarded as a group of Controlling Shareholders acting in concert to exercise their voting rights in our Company and they together will be interested in a total of 75% of the issued share capital of our Company upon completion of the Share Offer. Each of Mr. Poon and Mr. Teo is a director of HG TEC.

(ii) Long position in the Shares of associated corporation

Name of Director	Shareholder	Capacity/nature	Number of Shares held	Percentage of interest
Mr. Poon *(Note)*	HG TEC	Beneficial owner	360,000,000	75%
Mr. Teo *(Note)*	HG TEC	Beneficial owner	360,000,000	75%

Note: These Shares are held by HG TEC. Each of Mr. Poon and Mr. Teo beneficially owns 50.0% of the entire issued share capital of HG TEC. Each of Mr. Poon and Mr. Teo is deemed to be interested in the Shares held by HG TEC pursuant to the SFO. Mr. Poon, Mr. Teo and HG TEC are regarded as a group of Controlling Shareholders acting in concert to exercise their voting rights in our Company and they together will be interested in a total of 75% of the issued share capital of our Company upon completion of the Share Offer. Each of Mr. Poon and Mr. Teo is a director of HG TEC.

2. Interests and/or short positions disclosable under the SFO and the substantial Shareholders

So far as our Directors are aware, immediately following the completion of the Share Offer (without taking into account any Share which may be allotted and issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), the interests and short positions of the following persons, not being a Director or chief executive officer of our Company which will have to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of our Group, will be as follows:

Name of Director	Capacity/nature	Number of Shares held	Percentage of shareholding
HG TEC	Beneficial owner	360,000,000	75%
Ms. Yeo Siew Lan *(Note 1)*	Spouse interest	360,000,000	75%
Ms. Ng Kwee Bee *(Note 2)*	Spouse interest	360,000,000	75%

Note:

1. Ms. Yeo Siew Lan is the spouse of Mr. Poon. Accordingly, Ms. Yeo Siew Lan is deemed, or taken to be, interested in all the Shares in which Mr. Poon is interested for the purposes of the SFO.

2. Ms. Ng Kwee Bee is the spouse of Mr. Teo. Accordingly, Ms. Ng Kwee Bee is deemed, or taken to be, interested in all the Shares in which Mr. Teo is interested for the purposes of the SFO.

3. Particulars of service agreements and appointment letters

(a) Executive Directors

Each of the executive Directors has entered into a service agreement with our Company under which he/she has agreed to act as an executive Director for an initial term of three years commencing from the Listing Date. Either party has the right to give not less than three months' written notice to terminate the service agreement or otherwise in accordance with the terms of the service agreement.

Each of the executive Directors is entitled to a monthly salary and discretionary bonus. The aggregate annual salary (excluding discretionary bonus) of the executive Directors is approximately S$1.0 million.

(b) Independent non-executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with our Company under which he/she has agreed to act as an independent non-executive Director for an initial term of three years commencing from the Listing Date. The aggregate annual fees payable to the independent non-executive Directors is S$63,000.

(c) Remuneration of the Directors

(i) For FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, the aggregate emoluments paid and benefits in kind granted by us to our Directors were approximately S$1.4 million, S$1.6 million, S$1.0 million and S$0.5 million, respectively.

(ii) The aggregate remuneration (excluding discretionary bonus) payable to, and benefits in kind receivable by, our Directors by any member of our Group in respect of the financial year ending 30 September 2019 under the arrangements in force at the date of this prospectus are estimated to be approximately S$1.0 million.

Save as disclosed above, none of our Directors has entered into, or has proposed to enter into a service agreement with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory)).

D. SHARE OPTION SCHEME

1. Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

"Adoption Date"	23 August 2019, the date on which the Share Option Scheme is conditionally adopted by the sole Shareholder by way of written resolution
"Board"	the board of Directors or a duly authorised committee thereof
"Business Day"	any day on which the Stock Exchange is open for the business of dealings in securities
"Group"	our Company and its subsidiaries from time to time
"Scheme Period"	the period commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof

2. Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of the sole Shareholder passed on 23 August 2019:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, substantial shareholders, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(b) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant, adviser, substantial shareholder, distributor, contractor, supplier, agent, customer, business partner or service provider of any member of our Group, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non- executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the issue price of the Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before listing.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.

(e) Maximum number of Shares

(i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 48,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 48,000,000 Shares from time to time) to the participants under the Share Option Scheme.

(ii) The 10% limit as mentioned above may be refreshed at any time by approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.

(iii) Our Company may seek separate approval from the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the Listing Rules.

(iv) The aggregate number of Shares which may be issued upon 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 exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(v) The exercise of any option(s) shall be subject to our Shareholders in general meeting approving any increase in the authorised share capital of our Company. Subject thereto, our Board shall make available sufficient authorised but unissued share capital of our Company for purpose of allotment of Shares upon exercise of options.

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) Grant of options to certain connected persons

(i) Any grant of an option to a Director, chief executive or substantial Shareholder of our Company (or any of their respective close associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

(ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective close associates) will result in the total number of 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 under the Share Option Scheme and any other share option schemes of our Company in any 12-month period up to and including the date of grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million,

such further grant of options is required to be approved by the Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. All core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant and his/her intention to do so has been stated in the aforesaid circular). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by the Shareholders in the aforesaid manner.

(h) Restrictions on the times of grant of options

(i) Our Company may not grant any options after inside information has come to its knowledge until such inside information has been announced. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(a) 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 our Company's results for any year, half-year or other interim period (whether or not required under the Listing Rules); and

(b) the last day on which our Company shall publish an announcement of the results for any year or half-year period under the Listing Rules, or other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

(ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published:

(a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(j) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(k) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Memorandum of Association and the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(l) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) Rights on cessation of by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(o) Rights on cessation of employment for other reasons

In the event that the grantee is an employee, a consultant or an adviser (as the case may be) of a member of our Group at the date of grant and he subsequently ceases to be an employee, a consultant or an adviser (as the case may be) of our Group for any reason other than his death or the termination of his employment of an employee or engagement of a consultant or an adviser (as the case may be) on one or more of the grounds specified in (n) above, the option (to the extent not already lapsed or exercised) shall lapse on the date of resignation (in the case of employee) or the date of cessation of such engagement of a consultant or an adviser (as the case may be) (which date will be the last actual day of providing consultancy or advisory services to the relevant member of our Group).

(p) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time, provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(r) Rights on winding-up

In the event a notice is given by our Company to the members 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 member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options 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 subscription 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 the relevant Shares to the grantee credited as fully paid.

(s) Rights on compromise, arrangement, amalgamation or merger

In the event of a compromise or arrangement between our Company and the Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company, or an amalgamation or a merger involving our Company and any other company or companies pursuant to the Companies Act, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement, and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting of our Company directed to be convened by the court for the purposes of considering such compromise or arrangement, or the date of the general meeting of our Company to be convened for the purposes of considering the amalgamation or the merger, as applicable ("**Suspension Date**"), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. If the resolution(s) approving such a compromise, arrangement, amalgamation or merger is/are passed at such proposed general meeting with effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise, arrangement, amalgamation or merger becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise, arrangement, amalgamation or merger form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise, arrangement, amalgamation or merger. For a compromise or arrangement, if for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal.

(t) Lapse of options

An option shall lapse automatically on the earliest of:

(i) the expiry of the period referred to in paragraph (i) above;

(ii) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);

(iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (o), (q), (r) or (s) above;

(iv) subject to paragraph (r) above, the date of the commencement of the winding-up of our Company;

(v) in the event that the grantee is an employee of our Group when an offer is made to him/her and he/she subsequently ceases to be an employee of our Group on any one or more of the grounds that he/ she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, the date of cessation of his/her employment with our Group. A resolution of the Board or the board of directors of the relevant member of our Group to the effect that employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph (t)(v) shall be conclusive and binding on the grantee;

(vi) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;

(vii) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or

(viii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

(u) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(v) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(w) Alteration to the Share Option Scheme

(i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.

(ii) Any amendment to any terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(x) Termination to the Share Option Scheme

Our Company by resolution in general meeting or the Board may at any time terminate the operations of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(y) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

3. Present status of the Share Option Scheme

Application has been made to the Stock Exchange for the listing of and permission to deal in 48,000,000 Shares which fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Our Controlling Shareholders (together, the "**Indemnifiers**") have entered into the Deed of Indemnity to provide the following indemnities in favour of our Company (for itself and as trustee for each of the subsidiaries of our Company from time to time).

Under the Deed of Indemnity, the Indemnifiers have jointly and severally agreed, covenanted and undertaken to our Company (for itself and as trustee for its subsidiaries) that they will indemnify each member of our Group against (a) all damages, losses, claims, fines, penalties, charges, fees, costs, interests, expenses (including all legal costs and expenses), actions, proceedings, depletion of assets, loss of profit, loss of business, cost of rectification, costs of removal, costs of reinstatement of property (with reference to the physical and legal status of such property at the time when such property's owner or user became a subsidiary of our Company) and any other liabilities of whatever nature (the "**Damages**") which members of our Group may sustain, suffer, incur or be imposed by any regulatory authority or court in Singapore, Malaysia, Hong Kong or any applicable jurisdiction as a result of any violation or non-compliance by any member of our Group with any applicable law, rule or regulation on all matters subsisting prior to the date on which the conditions set out in the section headed "Structure and conditions of the Share Offer – Conditions of the Share Offer" in this prospectus being fulfilled (the "**Effective**

Date"); (b) taxation, together with all reasonable costs (including all legal costs), expenses or other liabilities which any member of our Group may incur in connection with (i) the investigation, assessment, contesting or settlement of any taxation claim under the Deed of Indemnity; (ii) any legal proceeding in relation to taxation claim in which any member of our Group claims under or in respect of the Deed of Indemnity and in which judgement is given for any member of our Group; or (iii) the enforcement of any such settlement or judgement falling on any member of our Group resulting from or by reference to any income, profits or gains, transactions, events, acts, omissions, matters or things earned, accrued or received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the Effective Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is changeable against or attributable to any other person, firm or company; (c) any liability for Hong Kong estate duty which might be incurred by any member of our Group and/or its associated companies by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group on or before the Effective Date; (d) all or any Damages which members of our Group may sustain, suffer and incur as a result of directly or indirectly or in connection with any litigation, proceeding, claim, investigation, inquiry, enforcement proceeding or process by any governmental, administrative or regulatory body which (i) any member of our Group, their respective directors and/ or representatives or any of them is/are involved; and/or (ii) arises due to some act or omission of, or transaction voluntarily effected by, any member of our Group or any of them (whether alone or in conjunction with some other act, omission or transaction) on or before the Effective Date; and (e) all or any Damages which members of our Group may sustain, suffer and incur arising from or in connection with the title defects of the properties owned by or leased by any member of our Group (either due to non-registration of the lease agreements or any other reasons) in any jurisdiction which were occurred on or before the Effective Date.

The Indemnifiers will not, however, be liable under the Deed of Indemnity (a) to the extent that allowance, provision or reserve has been made for taxation in the audited accounts of our Group for the Track Record Period; (b) to the extent that taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any introduction of new legislation or any retrospective change in law or the interpretation or practice by the relevant tax authority coming into force after the Effective Date or to the extent that the taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; (c) for which any member of our Group is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business on or before the Effective Date; (d) to the extent that such taxation or liability would not have arisen but for any act or omission by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the consent of the Indemnifiers and otherwise than in the ordinary course of business on or before the Effective Date; (e) to the extent of any allowance or provision or reserve made for taxation in the audited accounts of our Group for the Track Record Period, which is finally established to be an over-allowance or over-provision or an excessive reserve provided that the amount of any such allowance or provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; (f) to the extent that the taxation claim arises or is incurred as a consequence of a change in any accounting policy or practice adopted by any other member of our Group after the Effective Date; or (g) to the extent that any member of our Group shall have admitted liability in respect of the circumstances giving rise to the claim for taxation after the Effective Date; or (h) to the extent that any penalty is imposed on our Group under section 42 of the Estate Duty Ordinance by reason of our Company defaulting in any obligation to give information.

Our Directors have been advised that no material liability for estate duty would be likely to fall upon our Company or any of its subsidiaries in the Cayman Islands, the BVI, Singapore and Hong Kong.

2. Litigation or claims

Save as disclosed in the section headed "Business – Litigation and claims" in this prospectus, as of the Latest Practicable Date, no member of our Group was subject to any actual, pending or threatened litigation or claims of material importance which would have a material impact on our Group's operations, financials and reputation.

3. The Sponsor

The Sponsor has made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme).

The Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 3A.07 of the Listing Rules.

The Sponsor's fee in relating to the Listing is HK$5.0 million.

4. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK$42,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Grande Capital Limited	A licensed corporation engaging in type 6 (advising on corporate finance) regulated activity under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Shook Lin & Bok LLP	Legal advisers to our Company as to Singapore laws
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Ipsos Pte. Ltd.	Independent industry consultant
Roma Appraisals Limited	Property valuer
Baker Tilly TFW LLP	Tax adviser

7. Consents of experts

Each of the above experts has given and has not withdrawn its written consent to the issue of this prospectus with its statements, all of which are dated the date of this prospectus and made for incorporation in this prospectus, and references to its name included in this prospectus in the form and context in which they are included.

8. No material adverse change

Our Directors confirm that there has not been any material adverse change in the financial or trading position or prospect of our Group since 30 September 2018 (being the date to which the latest audited combined financial statements of our Group were made up).

9. Miscellaneous

Save as disclosed in this prospectus:

(a) no share or loan capital of our Company or any of the subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) taking no account of any Shares which may be taken up or acquired under the Share Offer or any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme, the Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following completion of the Share Offer 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 the general meetings of our Company or any other members of our Group;

(c) none of the Directors nor any of the parties listed in the paragraph headed "E. Other information – 6. Qualifications of experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(d) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(e) no capital of any member of our Group is under option, or agreed conditionally or unconditionally to be put under option;

(f) our Company has not issued or agreed to issue any founder or management or deferred Shares;

(g) our Group has no outstanding debentures or convertible debt securities;

(h) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(i) there is no arrangement under which future dividends are waived or agreed to be waived;

(j) no commissions, discounts, brokerages or other special terms were granted within the two years immediately preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group, and none of the Directors nor any of the parties listed in the paragraph headed "E. Other information — 6. Qualifications of experts" in this Appendix has received any such payment or benefit;

(k) within the two years immediately preceding the date of this prospectus, no commission (but not including commission to the Underwriters) had been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Share in or debenture of our Company; and

(l) in case of discrepancy, the English version of this prospectus shall prevail over the Chinese version.

Save as disclosed in the section headed "Underwriting" in this prospectus, none of the parties listed in the paragraph headed "E. Other information – 7. Consents of experts" in this Appendix is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries.

The branch register of members of our Company will be maintained in Hong Kong by Boardroom Share Registrars (HK) Limited, our Hong Kong Branch Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to ensure our Shares to be admitted into CCASS for clearing and settlement.

No company within our Group is presently listed on any stock exchange or traded on any trading system.

10. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Bilingual prospectus

The English version and the Chinese version of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE** and **YELLOW** Application Forms;

(b) copies 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 prospectus; and

(c) the written consents referred to in the paragraph headed "E. Other information – 7. Consents of experts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of ZM Lawyers at 20/F, Central 88, Nos. 88–89, Des Voeux Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles;

(b) the accountants' report of our Group prepared by Deloitte Touche Tohmatsu in respect of the historical financial information for FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019, the text of which is set out in Appendix I to this prospectus;

(c) the report on the 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 prospectus;

(d) the audited combined financial statements of our Group for FY2015/16, FY2016/17 and FY2017/18 and the five months ended 28 February 2019;

(e) 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 prospectus;

(f) the service agreements referred to in the paragraph headed "C. Further information about our Directors and substantial Shareholders – 3. Particulars of service agreements and appointment letters" in Appendix V to this prospectus;

(g) the rules of the Share Option Scheme referred to in the paragraph headed "D. Share Option Scheme" in Appendix V to this prospectus;

(h) the written consents referred to in the paragraph headed "E. Other information – 7. Consents of experts" in Appendix V to this prospectus;

(i) the industry report prepared by Ipsos Pte. Ltd.;

(j) the Companies Law;

(k) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law as referred to in Appendix IV to this prospectus;

(l) the legal opinion prepared by Shook Lin & Bok LLP, legal advisers to our Company as to Singapore laws;

(m) the valuation report relating to the property interest of our Group prepared by Roma Appraisals Limited, the text of which is set out in Appendix III to this prospectus; and

(n) the tax due diligence report prepared by Baker Tilly TFW LLP.

S&T Holdings Limited