Kwan Yong Holdings Limited
光榮建築控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9998

GLOBAL OFFERING

Sole Sponsor and Sole Global Coordinator

浦銀國際 SPDB INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

浦銀國際 SPDB INTERNATIONAL

易昇證券 EASY SECURITIES

川文證券 CHUENMAN SECURITIES LIMITED

港利資本 GLAM Capital

GREAT ROC CAPITAL SECURITIES LIMITED 鴻鵬資本證券有限公司

IMPORTANT

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

Kwan Yong Holdings Limited
光 榮 建 築 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	**:**	**200,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**20,000,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**180,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$0.75 per Offer Share plus brokerage fee of 1.0%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock Code	**:**	**9998**

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SPDB INTERNATIONAL

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CAPITAL SECURITIES LIMITED
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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). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or about Tuesday, 31 December 2019 and, in any event, not later than Friday, 3 January 2020. The Offer Price will be not more than HK$0.75 per Offer Share and is currently expected to be not less than HK$0.65 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay on application, the maximum Offer Price of HK$0.75 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$0.75 per Offer Share.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds for termination arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered to qualified institutional buyers in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S.

24 December 2019

If there is any change in the following expected timetable of the Global Offering, we will issue an announcement on the websites of the Stock Exchange at ***www.hkexnews.hk*** *and our Company at* ***www.kwanyong.com.sg****.*

Hong Kong Public Offering commences	9:00 a.m. on Tuesday, 24 December 2019
Latest time to complete electronic applications under the **eWhite Form** service through the designated website at **www.ewhiteform.com.hk**[2]	11:30 a.m. on Tuesday, 31 December 2019
Application lists for the Hong Kong Public Offering open[3]	11:45 a.m. on Tuesday, 31 December 2019
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Tuesday, 31 December 2019
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Tuesday, 31 December 2019
Latest time to complete payment of **eWhite Form** applications by effecting PPS payment transfer(s)	12:00 noon on Tuesday, 31 December 2019
Application lists for the Hong Kong Public Offering close[3]	12:00 noon on Tuesday, 31 December 2019
Expected Price Determination Date[5]	Tuesday, 31 December 2019
Announcement of the final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Placing and the basis of allocation of the Hong Kong Offer Shares to be published on the websites of Stock Exchange at **www.hkexnews.hk** and our Company at **www.kwanyong.com.sg** on or before	Tuesday, 7 January 2020
Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification numbers, where appropriate) to be available through a variety of channels including the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.kwanyong.com.sg**[6] as described in the section headed "How to apply for the Hong Kong Offer Shares — 11. Publication of results" on or before	Tuesday, 7 January 2020

Results of allocations in the Hong Kong Public Offering will be available at **www.ewhiteform.com.hk/results** with a "search by ID" function from	Tuesday, 7 January 2020
Dispatch/collection of Share certificates or deposit of Share certificates into CCASS[7 and 8] in respect of wholly or partially successful applications on or before	Tuesday, 7 January 2020
Dispatch/collection of **eWhite Form** e-Refund system payment instructions/refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications on[8, 9, 10 and 11]	Tuesday, 7 January 2020
Dealings in the Shares on the Stock Exchange to commence on	Wednesday, 8 January 2020

Notes:

1. All times and dates refer to Hong Kong local time and date, unless otherwise stated.

2. You will not be permitted to submit your application through the designated website at **www.ewhiteform.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. to 12:00 noon on Tuesday, 31 December 2019, the application lists will not open and close on that day. Particulars of the arrangements are set forth under the section headed "How to apply for Hong Kong Offer Shares — 10. Effect of bad weather and/or extreme conditions on the opening of the application lists" in this prospectus. If the application lists do not open and close on Tuesday, 31 December 2019, the dates mentioned in this section headed "Expected timetable" may be affected. A press announcement will be made by our Company in such event.

4. Applicants who apply for the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for the Hong Kong Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

5. The Price Determination Date is expected to be on or around Tuesday, 31 December 2019. If, for any reason, the Offer Price is not agreed between the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company by Friday, 3 January 2020, the Global Offering will not proceed and will lapse.

6. None of the website of our Company or any of the information contained on the website of our Company forms part of this prospectus.

7. Share certificates for the Hong Kong Offer Shares will only become valid certificates of title at 8:00 a.m. on the Listing Date (such date is currently expected to be on Wednesday, 8 January 2020) provided that (i) the Global Offering has becomes unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination" in this prospectus has not been exercised thereto and has lapsed. 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.

8. Applicants who have made an application using **WHITE** Application Form or **eWhite Form** (where relevant) for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all information required by the Application Form may collect their refund cheque(s) and/or share certificate(s) in person from the Hong Kong Branch Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, between 9:00 a.m. to 1:00 p.m. on Tuesday, 7 January 2020. Applicants being individuals who are eligible for personal collection may not authorise any other person to make collection on their behalf. Applicants being corporations which eligible for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with their chops. Both individuals and authorised representatives of corporations must produce, at the time of collection, evidence of identity and/or (where applicable) authorisation documents acceptable and satisfactory to the Hong Kong Branch Share Registrar.

   If an applicant is using a **YELLOW** Application Form or giving **electronic application instructions**, the relevant arrangements are set out in the section headed "How to apply for the Hong Kong Offer Shares — 14. Dispatch/Collection of Share certificates and refund monies" in this prospectus.

   Uncollected Share certificates and refund cheques will be dispatched by ordinary post, at the applicants' own risk, to the addresses specified on the relevant applications. Further information is set out in the sections headed "How to apply for the Hong Kong Offer Shares — 14. Dispatch/Collection of Share certificates and refund monies" and "How to apply for the Hong Kong Offer Shares — 12. Circumstances in which you will not be allocated Hong Kong Offer Shares" in this prospectus.

9. e-Refund system payment instructions/Refund cheques will be issued in respect of wholly or partially unsuccessful applications and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application.

10. Part of the Hong Kong identity card number/passport number of an applicant or, if there are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by the relevant applicant may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. The banker of the relevant applicant may require verification of his/her Hong Kong identity card number/passport number before encashment of the refund cheque. Inaccurate completion of Hong Kong identity card number/passport number may lead to delay in encashment of, or may invalidate, the refund cheque.

11. Applicants who apply through the **eWhite Form** service and paid their applications monies through single bank account may have refund monies (if any) dispatch to their application payment bank account, in the form of e-Refund system payment instructions. Applicants who apply through the **eWhite Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatch to the address as specified in their application instructions to the **eWhite Form** Services Provider, in the form of refund cheques, by ordinary post at their own risk.

The above expected timetable is a summary only. You should refer to the sections headed "Structure of the Global Offering " and "How to apply for the Hong Kong Offer Shares" in this prospectus for details of the Global Offering, including the conditions and the procedures for application for the Hong Kong Offer Shares.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale 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.

You should rely only on the information contained in this prospectus and the Application Forms 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 made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of our or their respective directors or advisers, or any other person or party involved in the Global Offering. Information contained in our website, located at ***www.kwanyong.com.sg*** *does not form part of this prospectus.*

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus, including our financial statements and the accompanying notes, before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set forth in the section headed "Risk factors" of this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

Our Group acts as a main contractor in the provision of building construction works in Singapore. We are known for our quality of work, especially in building construction works for the public sector. According to the Ipsos Report, our Group ranked fourth among contractors in the institutional sector in Singapore in terms of the average institution CONQUAS score in 2018. We have more than 30 years of experience in building construction works for various types of buildings including institutional buildings (such as education institutions, hospitals and nursing homes), commercial buildings (such as office buildings and restaurants), as well as industrial and residential buildings. During the Track Record Period, most of the building construction works undertaken by our Group were education institution construction projects for the public sector.

OUR BUSINESS

Construction projects undertaken by our Group during the Track Record Period can be broadly divided into two categories, namely (i) new construction; and (ii) A&A works. Consistent with the industry practice, as a main contractor, we subcontract most of the works to our subcontractors, and are responsible for the site supervision, management of subcontractors and overall project management.

The following table sets forth a breakdown of revenue and the number of projects (including completed and ongoing projects) by customer type with revenue recognised during the Track Record Period:

	Year ended 30 June								
	2017			2018			2019		
	Number of projects	Revenue recognised	Percentage of revenue	Number of projects	Revenue recognised	Percentage of revenue	Number of projects [1]	Revenue recognised	Percentage of revenue
		SGD'000	%		*SGD'000*	%		*SGD'000*	%
New construction									
Public sector *(Note 1)*	—	—	—	—	—	—	5	52,705	47.8
Private sector	1	1,237	1.6	1	19,074	35.4	1	1,152	1.0
	1	1,237	1.6	1	19,074	35.4	6	53,857	48.8
A&A works									
Public sector *(Note 1)*	5	77,102	98.0	6	33,970	63.0	4	55,503	50.3
Private sector	—	—	—	—	—	—	—	—	—
	5	77,102	98.0	6	33,970	63.0	4	55,503	50.3
Others *(Note 2)*	N/A	325	0.4	N/A	839	1.6	N/A	1,004	0.9
TOTAL	6	78,664	100.0	7	53,883	100.0	10	110,364	100.0

Notes:

(1) For the sole purpose of presentation in this prospectus, our two completed education institution projects awarded by the school running body of a government-aided school and a government-aided school; and one ongoing education institution project awarded by a government-aided (in respect of its primary school division) and independent (in respect of its secondary school division) school have been included in the public sector projects.

(2) Being revenue generated from minor renovation works we undertook for certain individuals and our tenant and the adjustments to revenue arisen upon finalisation of variation orders of our prior years' projects (for further details, see "Description of Selected Items in Combined Statements of Profit or Loss and Other Comprehensive Income-Revenue" under "Financial Information" section).

During the Track Record Period and up to the Latest Practicable Date, we had completed seven building construction projects, comprising six education institutions projects and a childcare centre project. In addition, during the Track Record Period, all of our on-going and completed projects had recorded a gross profit and we did not have any loss-making contracts. The table below sets forth the movement of the number of our Group's construction projects during the Track Record Period:

	Year ended 30 June		
	2017	**2018**	**2019**
Opening number of construction projects *(Note 1)*	5	4	3
Number of construction projects awarded *(Note 2)*	1	3	7
Number of construction projects completed *(Note 3)*	2	4	—
Closing number of construction projects *(Note 4)*	4	3	10 *(Note5)*

Notes:

1. Opening number of construction projects refers to construction projects awarded to our Group but not yet completed as at the beginning of the relevant year indicated.
2. Number of construction projects awarded refers to construction projects awarded to our Group during the relevant year indicated.
3. Number of construction projects completed refers to construction projects completed by our Group during the relevant year indicated.
4. Closing number of construction projects refers to construction projects awarded to our Group but not yet completed as at the end of the relevant year indicated.
5. Among the 10 ongoing projects as at 30 June 2019, one project, being an education institution A&A project, was completed after the Track Record Period but before the Latest Practicable Date in July 2019.

Our contract revenue is recognised over time with reference to our Group's progress towards completing the performance obligation in the contract and the measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. The table below sets forth the reconciliation of revenue recognised from completed and ongoing construction projects for the periods indicated:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD (million)	*SGD (million)*	*SGD (million)*
Revenue from completed projects	78.3	46.0	10.4
Revenue from ongoing projects	—	7.0	99.0
Total revenue recognised from projects	78.3	53.0	109.4

The table below sets forth the movement of the outstanding contract sum of our Group's construction projects in terms of backlog value during the Track Record Period:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD (million)	*SGD (million)*	*SGD (million)*
Opening value of outstanding contract sum *(Note 1)*	99.6	41.1	58.5
Contract sum of construction projects awarded during the year *(Note 2)*	19.6	68.6	263.7
Adjustment for variation orders and fluctuation in certain material costs	0.2	1.8	1.7
Revenue recognised during the year *(Note 3)*	78.3	53.0	109.4
Closing value of outstanding contract sum *(Note 4)*	41.1	58.5	214.5

Notes:

1. Opening value of outstanding contract sum refers to the aggregate awarded contract sum (after adjustment for variation orders and fluctuations in certain material costs) less revenue recognised during prior year(s)/period as at the beginning of the relevant year indicated.
2. Contract sum of construction projects awarded during the year refers to the aggregate contract sum of the construction projects awarded to our Group during the relevant year indicated.
3. Revenue recognised during the year refers to the aggregate revenue recognised by our Group from the construction projects during the relevant year indicated, excluding revenue derived from minor renovation works we undertook for certain individuals and our tenant.
4. Closing value of outstanding contract sum refers to the opening value of outstanding contract sum, plus contract sum of construction projects awarded and adjustment for variation orders and fluctuation in certain material costs, less revenue recognised during the relevant year indicated.

As at the Latest Practicable Date, we had 10 ongoing projects, comprising five education institution projects, one childcare centre project, one office building project, two nursing home projects, and one residential building project. As at the Latest Practicable Date, we were in the tendering process of four projects with an estimated total contract sum of approximately SGD338.5 million. In addition, our Group intended to submit tender applications for four projects with a total contract sum of approximately SGD229.0 million in December 2019 and January 2020.

OUR CUSTOMERS

During the Track Record Period, our customers comprise Singapore Government agencies and childcare services provider, and we derived most of our revenue from three, four and five customers for the years ended 30 June 2017, 2018 and 2019, respectively. During the years ended 30 June 2017, 2018 and 2019, we derived approximately 84.6%, 52.7% and 45.3% of our total revenue from construction projects for education institutions awarded by our single largest customer, Singapore Government Agency A. Please refer to the section headed “Business — Our customers” and “Business — Our customers — Reliance on our single largest customer and education institution projects” of this prospectus for further details.

OUR SUBCONTRACTORS AND SUPPLIERS

We engage subcontractors to provide services for our projects, including amongst others, piling, reinforcement concrete, steelworks, plumbing, electrical works. For the years ended 30 June 2017, 2018 and 2019, the total subcontracting fees attributable to our five largest subcontractors accounted for approximately 35.8%, 45.4% and 37.3% of total subcontracting charges. Please refer to “Business — Our subcontractors” of this prospectus for further details. Our suppliers include suppliers of (i) materials to be used in our projects, such as concrete, reinforcement steel bars, tiles and marbles etc.; and (ii) services provided for steel grating machineries and equipment rental etc.. We maintain a list of approved suppliers throughout the Track Record Period and up to the Latest Practicable Date. For the years ended 30 June 2017, 2018 and 2019, the total purchase attributable to our five largest suppliers accounted for approximately 62.9%, 73.4% and 65.1% of total purchase. Please refer to the section headed “Business — Our suppliers” of this prospectus for further details.

COMPETITIVE STRENGTHS

We believe that the following principal strengths have played a critical role to our success and are essential for our future growth: (i) we have a proven track record of delivering quality building construction works to our customers; (ii) we have a long-term relationship with our customers, suppliers and subcontractors which is crucial to our business development; (iii) we are committed to adopting new construction technologies to enhance our productivity, quality and safety, and providing our customers with value-added engineering solutions; and (iv) experienced senior management team with comprehensive industry, market and technical knowledge and a proven track record. Please refer to the section headed “Business — Competitive strengths” of this prospectus for further details.

BUSINESS STRATEGIES

In order to further strengthen our market position and overall competitiveness as a main contractor in the provision of building construction works in Singapore, we intend to: (i) strengthen our Group’s financial capabilities to undertake new construction and A&A projects of larger contract value; (ii) purchase of new machinery and equipment and upgrading and replacement of existing machinery and equipment to enhance our productivity and quality; (iii) strengthen our technical capability and productivity through investment in new construction technology; and (iv) enhance and expand our workforce to cope with our business expansion. Please refer to the section headed “Business — Business strategies” of this prospectus for further details.

HIGHLIGHTS OF RISK FACTORS

Some of the more particular risk factors include: (i) our largest customer accounted for approximately 84.6%, 52.7% and 45.3% of our revenue for each of the three years ended 30 June 2019, respectively and any significant decrease in projects awarded from it may affect our business, operations and financial results; (ii) a reduction in the demand for new construction works and/or A&A works, in particular for school projects in Singapore could materially affect our financial performance; (iii) our revenue is mainly derived from projects that are not recurring in nature and any significant decrease in the number of our construction projects would affect our operations and financial results; (iv) our profitability during the Track Record Period may not be indicative of the long term results of operations; (v) we have recorded negative operating cash flows for the years ended 30 June 2018 and 2019; and (vi) our inability to attract and retain qualified personnel could impair our ability to operate and grow successfully. Please refer to the section headed "Risk factors" of this prospectus for further details.

COMPETITIVE LANDSCAPE

According to the Ipsos Report, the building construction industry in Singapore is competitive and fragmented with more than 1,800 building construction contractors registered under the category CW01 — General Building Contractors Registration System managed by the BCA in 15th December 2019 and there are 91 contractors that are graded A1 under the CW01 Workhead for General Building in Singapore. In July 2018, our Group had been upgraded to "A1" grade by the BCA and is entitled to tender for projects of any value. Our Directors consider that our main competitors in the construction main contracting industry are mainly main contractors in Singapore which provides new construction works and A&A works, who have obtained an "A1" or "A2" grading in the CW01 Workhead for General Building. As revealed by the Ipsos Report, the high capital requirement and established relationship with subcontractors and suppliers are the two major entry barriers in the construction main contracting industry in Singapore. According to the Ipsos Report, the total revenue of the building construction works industry in Singapore in 2018 was SGD19.1 billion, of which SGD2.2 billion was contributed by the A&A works industry. The total revenue of our Group derived from building construction works for the year ended 30 June 2018 was SGD53.9 million, of which SGD34.0 million was derived from A&A works. Based on these figures, it is estimated that our Group's market share in the building construction works and A&A works industry in Singapore amounted to 0.3% and 1.5% respectively. Please refer to the section headed "Industry overview — Competitive landscape for the building construction works industry" and "Industry overview — Competitive landscape for the A&A works industry" in this prospectus for further details.

MAIN QUALIFICATIONS AND LICENCES

During the Track Record Period and as at the Latest Practicable Date, we had obtained the relevant licenses and qualifications from the BCA which are material to our operation. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any instances of suspension or revocation of requisite licences, permits and approvals granted to us that were material to our operations. On 23 July 2018, our Group has been granted the "A1" grade under CW01 Workhead for General Building which allows us to tender for public sector projects of unlimited contract sum and opens the door to a wider varieties of opportunities to us. For details, please refer to the section headed "Business — Major qualifications and licences" of this prospectus.

OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the Capitalisation Issue and the Global Offering without taking into account of any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option, our Company will be owned as to 75% by Ideal Smart. Ideal Smart is in turn owned as to 50% by each of Mr. Kwan and Ms. Tay. For details, please refer to the section headed "Substantial Shareholders" of this prospectus. Mr. Kwan and Ms. Tay are our executive Directors and Mr. Kwan was one of our co-founders. Please refer to "History, reorganisation and corporate structure" and "Relationship with our Controlling Shareholders" in this prospectus for further details.

SUMMARY OF FINANCIAL INFORMATION AND OPERATING DATA

Below is selected financial and operating data, and which would be read together with, our combined financial information included in the Accountant's Report set out in Appendix I to this prospectus and the section headed "Financial information" in this prospectus.

Highlights of Combined Statements of Comprehensive Income

	Year ended 30 June					
	2017		2018		2019	
	SGD'000	*(equivalent in HKD'000)*	*SGD'000*	*(equivalent in HKD'000)*	*SGD'000*	*(equivalent in HKD'000)*
Revenue	78,664	452,318	53,883	309,827	110,364	634,593
Cost of sales	(69,373)	(398,895)	(43,894)	(252,391)	(95,991)	(551,948)
Gross profit	9,291	53,423	9,989	57,437	14,373	82,645
Profit before tax	6,058	34,834	7,730	44,448	7,557	43,453
Profit for the year	5,204	29,923	6,256	35,972	5,918	34,029

Our revenue decreased from approximately SGD78.7 million for the year ended 30 June 2017 to approximately SGD53.9 million for the year ended 30 June 2018, mainly driven by the decrease in revenue from our A&A works as our three on-going projects for the year ended 30 June 2018 were at initial stage of completion and relatively less A&A works were performed during the year. Our revenue increased to approximately SGD110.4 million for the year ended 30 June 2019, which was mainly driven by the increase in revenue from our new construction and A&A projects from the public sector.

Despite a decrease in our revenue, our overall gross profit increased slightly from approximately SGD9.3 million for the year ended 30 June 2017 to approximately SGD10.0 million for the year ended 30 June 2018, mainly due to combined effect of (a) gross profit contributed from new construction works for our private sector childcare centre project, whose majority of work done were reflected during the year ended 30 June 2018 and (b) improvement in gross profit from A&A works, as discussed below. Our overall gross profit increased further to approximately SGD14.4 million for the year ended 30 June 2019, primarily attributable to (a) increase in our gross profit for new construction works mainly due to the increase in revenue contributed by our new construction projects during the year ended 30 June 2019, being partially offset by (b) decrease in gross profit for A&A works as relatively strong base year was recorded during the year ended 30 June 2018 for completion of all of our three FY2017 Ongoing A&A Projects.

We recorded relatively lower gross profit margin of approximately 11.8% for the year ended 30 June 2017, mainly due to decrease of gross profit margin of A&A works. In particular, with slow down of the overall construction industry, our actual costs incurred for three on-going A&A projects increased substantially, which may not allow us to compensate by timely price adjustment. Our overall gross profit margin increased to approximately 18.5% for the year ended 30 June 2018, mainly due to increase in gross profit margin from our on-going A&A projects as well as completed A&A projects, which benefit from our cost saving efforts and CONQUAS bonus awarded to us.

As compared with the exceptionally high gross profit margin for the year ended 30 June 2018, we recorded a relatively lower gross profit margin of approximately 13.0% for the year ended 30 June 2019. For further details, please refer to the section headed "Financial Information — Description of selected items in combined statements of profit or loss and other comprehensive income — Gross profit and gross profit margin" in this prospectus.

Our net profit margin amounted to 6.6%, 11.6% and 5.4% for the year ended 30 June 2017, 2018 and 2019. Our net profit margin increased from approximately 6.6% for the year ended 30 June 2017 to approximately 11.6% for the year ended 30 June 2018, primarily due to the combined effect of (i) improvement of our gross profit, (ii) increase in other income and gains and (iii) decrease in administrative expenses. Our net profit margin decreased from approximately 11.6% for the year ended 30 June 2018 to approximately 5.4% for the year ended 30 June 2019, primarily due to the combined effect of (i) the decrease in our gross profit margin; (ii) the decrease in other income and gains; (iii) the increase in administrative expenses; and (iv) the listing expenses of approximately SGD2.4 million incurred by us for the year ended 30 June 2019 but not for last year. Excluding the non-recurring listing expenses of approximately SGD2.4 million for the year ended 30 June 2019, our adjusted net profit is approximately SGD8.3 million and our adjusted net profit margin is 7.5%, both of which are a non-IFRS measures.

Non-IFRS Measures

The adjusted net profit, which is unaudited in nature, represents profit for the year excluding the effects of the listing expenses as it is non-recurring in nature. The adjusted net profit and the adjusted net profit margin are not measures of performance under IFRSs. As non-IFRS measure, the adjusted net profit and the adjusted net profit margin are presented because our management believes such information will be helpful for investors in assessing the level of our net profit by eliminating the effects of certain one-off or non-recurring items, namely, listing expenses. There are no other significant non-recurring or one-off items during the Track Record Period. The use of the adjusted net profit and the adjusted net profit margin has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant year.

The following table reconciles our adjusted net profit to our profit for the years, which is the most directly comparable financial measure calculated and presented in accordance with IFRSs:

	Year ended 30 June					
	2017		2018		2019	
	SGD'000	*(equivalent in HKD'000)*	*SGD'000*	*(equivalent in HKD'000)*	*SGD'000*	*(equivalent in HKD'000)*
Profit for the year	5,204	29,923	6,256	35,972	5,918	34,029
Add:						
Listing expenses	—	—	—	—	2,395	13,771
Adjusted net profit for the year	5,204	29,923	6,256	35,972	8,313	47,800
Adjusted net profit margin		6.6%		11.6%		7.5%

Highlights of Combined Balance Sheet Items

	As at 30 June					
	2017		2018		2019	
	SGD'000	*(equivalent in HKD'000)*	*SGD'000*	*(equivalent in HKD'000)*	*SGD'000*	*(equivalent in HKD'000)*
Non-current assets	31,099	178,819	19,437	111,763	18,977	109,118
Current assets	50,165	288,449	40,100	230,575	61,409	353,102
Current liabilities	31,073	178,670	21,021	120,871	40,056	230,322
Net current assets	19,092	109,779	19,079	109,704	21,353	122,780
Net assets/Total equity	39,831	229,028	37,535	215,826	39,453	226,855

Our Group's net assets remained relatively stable at approximately SGD39.8 million, SGD 37.5 million and SGD39.5 million respectively as at 30 June 2017, 2018 and 2019. The decrease in net assets as at 30 June 2018 as compared to 30 June 2017 was primarily contributed by the decrease in the amount of non-current assets since our Group had either disposed of or distributed to the then shareholders of Kwan Yong of all of our listed equity investments during the year ended 30 June 2018, partially offset by decrease in non-current liabilities mainly resulting from repayment of bank borrowings during the year ended 30 June 2018.

Our Group's net assets as at 30 June 2019 bounced back as a result of the increase in net current assets primarily contributed by the increase of trade receivables as at 30 June 2019 mainly due to the increase in billing close to 30 June 2019 compared to 30 June 2018 resulting from the increase in the number and scale of our projects. The aforesaid was partially offset by the increase in current liabilities which primarily resulted from the increase in the amount of trade payables which corresponded to the increase in the number and scale of our projects.

Highlights of Combined Statements of Cash Flow

	Year ended 30 June					
	2017		2018		2019	
	SGD'000	*(equivalent in HKD'000)*	*SGD'000*	*(equivalent in HKD'000)*	*SGD'000*	*(equivalent in HKD'000)*
Operating cash flows before movements in working capital	5,928	34,086	8,013	46,075	9,120	52,440
Net cash from/(used in) operating activities	7,269	41,797	(3,358)	(19,309)	(5,181)	(29,791)
Net cash from/(used in) investing activities	6,426	36,950	5,042	28,992	5,120	29,440
Net cash used in financing activities	(819)	(4,709)	(13,718)	(78,879)	(4,143)	(23,822)
Net increase/(decrease) in cash and cash equivalents	12,876	74,037	(12,034)	(69,196)	(4,204)	(24,173)
Cash and cash equivalents at beginning of year	2,570	14,778	15,446	88,815	3,412	19,619
Cash and cash equivalents at end of year	15,446	88,815	3,412	19,619	(792)	(4,554)

We recorded net operating cash outflow of approximately SGD3.4 million and SGD5.2 million for the year ended 30 June 2018 and 2019. The negative operating cash flow was primarily due to the combined result of the increase in contract assets and decrease in contract liabilities as well as trade payable as at 30 June 2018. As for the year ended 30 June 2019, the negative operating cash flow was mainly due to the increase in contract assets and trade receivables. These fluctuations were mainly due to difference in volume and value of construction works we performed as well as the timing when we received payment certificates from our customers. We intend to improve our cash flow position by adopting the following measures:

(i) closely communicate with the customers for the monthly progress payment after issuing monthly billings to our customers;

(ii) follow up for material overdue payments with active communication with the customers; and

(iii) streamline our operational processes to achieve savings in construction-related costs, maintenance and other operating costs.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for each of the periods indicated:

	Year ended 30 June		
	2017	2018	2019
Gross profit margin (%) (1)	11.8	18.5	13.0
Net profit margin (%) (2)	6.6	11.6	5.4
Return on equity (%) (3)	14.0	16.2	15.4
Return on total assets (%) (4)	6.7	8.9	8.5
Interest coverage (5)	31.1	32.0	252.9
Current ratio (times) (6)	1.6	1.9	1.5
Gearing ratio (%) (7)	25.1	8.7	11.4

Notes:

(1) Gross profit margin for each of the period is calculated on gross profit divided by revenue for the respective period. Please refer to the paragraphs headed "Financial information — Review of historical results of operations" in this prospectus for more details on our gross profit margins.
(2) Net profit margin for each of the period is calculated based on net profit divided by revenue for the respective period. Please refer to the paragraphs headed "Financial information — Review of historical results of operation" in this prospectus for more details on our net profit margins.
(3) Return on equity is calculated based on the profit for the year divided by arithmetic mean of the opening and closing balances of total equity as at the respective year end and multiplying the resulting value by 100%. The fluctuation of return on equity is mainly driven by fluctuation of our profit for the year as well as gross profit for the respective years, even though there was an increasing trend in average equity base in the respective years.
(4) Return on total assets is calculated based on the profit for the year divided by arithmetic mean of the opening and closing balances of total assets as at the respective year end and multiplying the resulting value by 100%. Our return on total assets increased to 8.9% for the year ended 30 June 2018, mainly due to increase in profit for the year and decrease in average total assets in the respective years primarily attributable to disposal of all of our equity investments at fair value through profit or loss and decrease in trade receivables, pledged deposits and cash and cash equivalents.
(5) Interest coverage is calculated by dividing profit before tax and finance costs by finance costs for each respective year.
(6) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year.
(7) Gearing ratio is calculated based on the total interest-bearing bank borrowings and obligation under finance lease divided by total equity as at the respective period and multiplied by 100%.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering) (the "**Net Proceeds**"), assuming an Offer Price of HK$0.70, being the mid-point of the indicative Offer Price range, will be approximately HK$97.4 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply the Net Proceeds in the following manner:

- approximately HK$27.2 million or approximately 27.9% of the Net Proceeds for purchasing new machinery and equipment and upgrading and enhancing our existing machinery and equipment to enhance our productivity and quality;
- approximately HK$38.5 million or approximately 39.5% of the Net Proceeds will be used for strengthening our technical capability and productivity through investment in new technology, including precast, BIM, VDC, PPVC and a safety and quality application;
- approximately HK$23.0 million or approximately 23.6% of the Net Proceeds for part of the Initial Capital Requirement of Project A;
- approximately HK$8.3 million or approximately 8.5% of the Net Proceeds for enhancing and expanding our workforce to cope with our business expansion; and
- approximately HK$0.4 million or approximately 0.4% of the Net Proceeds as our general working capital.

For further details, please refer to the paragraph headed "Business — Business strategies" in this prospectus.

OFFERING STATISTICS

	Based on the minimum indicative Offer Price of HK$0.65 per Share	**Based on the maximum indicative Offer Price of HK$0.75 per Share**
Market capitalisation	HK$520,000,000	HK$600,000,000
Unaudited pro forma adjusted combined net tangible assets per Share	HK$0.411	HK$0.434

Notes:

(1) The calculation of market capitalisation is based on 800,000,000 Shares expected to be in issue upon completion of the Global Offering assuming that the Over-allotment Option is not exercised and without taking into account Shares that may be allotted or issued pursuant to the exercise of any option which may be granted under the Share Option Scheme.

(2) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after adjustments referred to in the section headed "Unaudited pro forma financial information" in Appendix II to this prospectus.

(3) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of the Group attributable to Shareholders to reflect any trading results or transactions entered into by our Group subsequent to 30 June 2019.

DIVIDEND AND DIVIDEND POLICY

During the years ended 30 June 2018 and 2019, dividend of approximately SGD8.6 million and SGD4.0 million have been paid or declared by a subsidiary of our Group to its then shareholders, respectively. During the year ended 30 June 2018, a subsidiary of our Group distributed certain equity investments of our Group to its then shareholders by way of two distributions in specie pursuant to resolutions of its directors passed on 21 June 2018. The total fair value of these equity investments at the date of distributions amounted to approximately SGD4.6 million. In addition, bonus shares amounted to approximately SGD6.5 million has been declared by a subsidiary to its then shareholders during the year ended 30 June 2018. Save as disclosed above, we have no plan to pay or declare any dividends prior to the Listing. Upon Listing, our Directors intend to recommend dividends which would amount in total to not less than 30% of the net profit from ordinary activities attributable to shareholders of our Company for full financial year subject to various factors such as our operations, earnings, and financial conditions. For further details, please refer to the section headed "Financial information — Dividend and distributions in specie" in this prospectus.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee incurred in connection with the Global Offering and the Listing. Assuming an Offer Price of HK$0.70 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, our total listing expenses is estimated to be approximately SGD7.4 million, of which nil and SGD2.4 million had been charged to our combined statements of profit and loss and other comprehensive income for the years ended 30 June 2018 and 2019 and an addition of approximately SGD1.5 million is expected to be recognised in our combined statements of profit and loss and other comprehensive income for the year ending 30 June 2020, and approximately SGD3.5 million is expected to be capitalised as charged against equity upon the Global Offering under the relevant accounting standard. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions.

REASONS FOR THE LISTING IN HONG KONG

Our Directors believe that a listing status in Hong Kong will enable our Group to (i) gain direct access to the capital market in Hong Kong for cost effective capital raising for future expansion and corporate finance exercises, and (ii) enhance our corporate profile, recognition and corporate status and assist us in reinforcing our Group's market awareness and image which in turn strengthen our competitiveness in the building construction industry. Our Directors believe that Hong Kong is a major international financial centre comprising established infrastructure that attracts investors worldwide. The Stock Exchange is a suitable platform given its level of internationalism and maturity in the global financial world. Our Directors recognised that our Group's presence in Hong Kong capital markets could create a higher level of visibility for the Group among international investors, and hence gain better access to international funding. More importantly, our Directors believe that access to international funding will underpin our Group's future sustainable growth by providing us with diversified means to fund our future expansion plans. The sole reliance on internal funding will, in the view of our Directors, impose constraints on our business strategies, and therefore, the future expansion and potential growth of our business. For further information on our reasons for the Listing in Hong Kong, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

We have continued to focus on strengthening our market position for our construction business in Singapore, in particular in relation to institutional buildings construction. As far as we are aware, our industry remained relatively stable after the Track Record Period and up to the Latest Practicable Date. There was no material adverse change in the general economic and market conditions in Singapore or our industry that affected or would affect our business operations or financial condition materially and adversely. As at the Latest Practicable Date, we had 10 ongoing building construction projects with a total contract sum of approximately SGD405.9 million (A&A works: SGD88.3 million; new construction: SGD317.6 million), in relation to which approximately SGD190.9 million and SGD49.7 million of revenue arising from these projects is expected to be recognised for the year ending 30 June 2020 and 2021, respectively.

As at the Latest Practicable Date, we have secured Project A. We have commenced construction works for Project A. We estimate that the Initial Capital Requirement of Project A will be approximately HK$87.6 million, of which, approximately HK$23.0 million is intended to be funded by the net proceeds from the Global Offering, with the remaining balance of approximately HK64.6 million to be funded by our internal resources.

The impact of the listing expenses on our combined statements of profit or loss has posted a material adverse change in the financial or trading position or prospect of our Group since 30 June 2019 (being the date of the latest audited combined financial statements were made up). In addition, our profitability is dependent on the ability to keep our costs at a lower level. Our construction costs mainly include subcontracting charges, which amounted to SGD44.8 million, SGD28.6 million and SGD57.2 million for the years ended 30 June 2017, 2018 and 2019, representing 64.6%, 65.2% and 59.6% of our total cost of sales for the same periods, respectively. With the substantial growth in both number and total contract sum of our projects, it is expected that our subcontracting costs will also increase significantly. If our subcontracting costs or other construction costs increase at a rate faster than the increase in our revenue, our gross profit and gross profit margin may be materially adversely impacted. For illustration of the impact on the fluctuations in costs on our financial performance, please refer to the section headed "Financial information — Key factors affecting our results of operations and financial condition - Fluctuations in costs directly attributable to our projects" in this prospectus. Prospective investors should be aware of the impact of the listing expenses and the potential fluctuation in our cost of sales on the financial performance of our Group for the year ending 30 June 2020.

Save as disclosed above, our Directors have confirmed, after performing all the due diligence work which the Directors consider appropriate, there is no event which could materially affect the information shown in our combined financial information included in the Accountants' Report set forth in Appendix I to this prospectus since 30 June 2019, and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects.

REGULATORY COMPLIANCE

Our operations and business are subject to a number of Singapore legal and regulatory requirements. During the Track Record Period and up to the Latest Practicable Date, certain systemic non-compliances with applicable Singapore legal and regulatory requirements had occurred, including: workplace safety and health regulations, control of vectors and pesticides and environmental protection regulations. All such incidents were relatively minor and have been rectified and additional measures have been adopted to prevent recurrence. Please refer to the section headed "Business — Litigation and non-compliance — Non-compliance" in this prospectus for further details.

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

"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them to be used in connection with the Hong Kong Public Offering
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company conditionally adopted on 17 December 2019, and to take effect on the Listing Date, a summary of which is set out in Appendix IV to this prospectus, as amended, supplemented or otherwise modified from time to time
"associate(s) or "close associates"	has the same meanings ascribed thereto under the Listing Rules
"Audit Committee"	audit committee of the Board
"BCA"	the Building and Construction Authority of Singapore, an agency under the Ministry of National Development of Singapore, upholding the quality of building structures and infrastructure in Singapore
"BCA Academy"	the education and research arm of BCA
"bizSAFE"	a five-step programme to assist 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
"BLS"	the Builders Licensing Scheme administered by BCA, which aims to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency
"Board of Directors" or "Board"	board of Directors
"Business Day"	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above and/or Extreme Conditions is not lowered at or before 12:00 noon or on which a "black" rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours

"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the allotment and issue of 599,999,997 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company referred to in the paragraph headed "A. Further information about our Company — 3. Written resolutions of our sole Shareholder" in Appendix V to this prospectus
"CCASS"	Central Clearing and Settlement System
"CCASS Broker Participant(s)"	a person admitted to participate in CCASS as a broker participant
"CCASS Clearing Participant(s)"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant(s)"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant(s)"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant(s)"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Companies Law" or "Cayman Companies Law"	Companies Law (as revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	Kwan Yong Holdings Limited (光榮建築控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 7 September 2018
"connected person(s)" or "core connected person(s)	has the same meaning ascribed thereto under the Listing Rules

"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules, and unless the context requires otherwise, means a group of Shareholders consisting of Mr. Kwan and Ms. Tay, and the company wholly owned by Mr. Kwan and Ms. Tay, namely Ideal Smart who, together, will control the exercise of 30% or more of the voting rights in the general meeting of our Company immediately after completion of the Global Offering and the Capitalisation Issue
"CPF"	Central Provident Fund of Singapore which is a security savings scheme funded by contributions from employers and employees
"CWUMPO"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Deed of Indemnity"	the deed of indemnity dated 17 December 2019 entered into by our Controlling Shareholders as indemnifiers in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), particulars of which are set out in the section headed "Statutory and general information — E. Other information — 1. Tax and other indemnities" in Appendix V to this prospectus
"Director(s)"	the director(s) of our Company
"Executive Director(s)"	the executive Director(s)
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"**eWhite Form(s)**"	the application form(s) for the Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designate website of **eWhite Form** at **www.ewhiteform.com.hk**
"**eWhite Form** Service Provider"	the **eWhite Form** service provider designated by our Company as specified on the designated website at **www.ewhiteform.com.hk**

"Forever Brilliant"	Forever Brilliant International Limited (錦永國際有限公司), a company incorporated in BVI on 6 July 2018 with limited liability and a direct wholly-owned subsidiary of our Company
"FWL"	Foreign Worker Levy, which is a pricing mechanism administered by the Singapore Government to regulate the number of foreign workers (including foreign domestic workers) in Singapore
"GB Licence(s)"	general builder's licence(s) issued by the BCA under the BLS whereby "GB1 Licence" refers to Class 1 General Builder Licence and a builder with such a licence is allowed to undertake projects of any value; and "GB2 Licence" refers to Class 2 General Builder Licence and a builder with such licence is restricted to undertake projects of S$6 million or less; further details of which are set forth in the section headed "Regulatory overview — Building Control Act (Chapter 29)" in this prospectus
"GeBIZ"	the Singapore Government's one-stop e-procurement portal where all public sector's invitations for quotations and tenders are posted by individual Singapore Government agencies
"Global Offering"	the Hong Kong Public Offering and the International Placing
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **eWhite Form** Service Provider
"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries or, where the context otherwise requires, in respect of the period before our Company becoming the holding company of our present subsidiaries and the businesses carried on by them or their predecessors (as the case may be)
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKAS(s)"	Hong Kong Accounting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited

"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Boardroom Share Registrars (HK) Limited, our Hong Kong branch share registrar and transfer office
"Hong Kong Offer Shares"	the 20,000,000 newly issued Shares offered by us for subscription under the Hong Kong Public Offering, representing 10.0% of the initial number of the Offer Shares (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer by us of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Underwriter(s)"	SPDBI Capital, Easy Securities Limited, Chuenman Securities Limited, GLAM Capital Limited and Great Roc Capital Securities Limited, being the underwriter(s) of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 19 December 2019 relating to the Hong Kong Public Offering entered into between, amongst others, our Company, our Controlling Shareholders, the Sole Global Coordinator and the Hong Kong Underwriters, particulars of which are set out in the section headed "Underwriting" in this prospectus
"IAS"	International Accounting Standards
"Ideal Smart"	Ideal Smart Ventures Limited (英熙創投有限公司), a company incorporated in BVI on 6 July 2018 with limited liability and our Controlling Shareholder. The shareholding of which is owned as to 50% by Mr. Kwan and 50% by Ms. Tay
"IFRS"	International Financial Reporting Standards
"Independent Non-executive Director(s)"	our independent non-executive Director(s)
"Independent Third Party(ies)"	individual(s) or company(ies) which is/are independent of and not connected with any of the directors, chief executive, the controlling shareholders or the substantial shareholders of our Company or our subsidiaries or any of their respective associates within the meaning of the Listing Rules

"International Offer Shares"	the 180,000,000 new Shares being initially offered by us for subscription pursuant to the International Placing together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"International Placing"	the conditional placing of the International Offer Shares by the International Underwriters for and on behalf of our Company to professional, institutional and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions set out under the International Underwriting Agreement, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriter(s)"	the underwriters named in the International Underwriting Agreement, being the underwriters of the International Placing
"International Underwriting Agreement"	the underwriting agreement in respect of the International Placing expected to be entered into by, among others, our Company, our Controlling Shareholders, the Sole Global Coordinator and the International Underwriters on or about the Price Determination Date, particulars of which are set out in the section headed "Underwriting" in this prospectus
"Ipsos"	Ipsos Limited, an industry research consultant and an Independent Third Party
"Ipsos Report"	the industry report provided by Ipsos, which was commissioned by us in relation to, among other things, the construction industry in Singapore
"ISO 9001:2015"	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
"ISO 14001:2015"	an environmental management system standard that maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved

"Joint Bookrunners"	SPDBI Capital, Easy Securities Limited, Chuenman Securities Limited, GLAM Capital Limited and Great Roc Capital Securities Limited
"Joint Lead Managers"	SPDBI Capital, Easy Securities Limited, Chuenman Securities Limited, GLAM Capital Limited and Great Roc Capital Securities Limited
"Kwan Yong"	Kwan Yong Construction Pte Ltd, a private company limited by shares incorporated in Singapore on 17 May 1984 and an indirect wholly-owned subsidiary of our Company
"Latest Practicable Date"	14 December 2019, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Listing"	the listing of our Shares on the Main Board
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date on which dealings in our Shares on the Main Board first commence, which is expected to be on Wednesday, 8 January 2020
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the main board of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted on 17 December 2019, with effect from the Listing Date a summary of which is contained in Appendix V to this prospectus, as supplemented, amended or otherwise modified from time to time
"MOE"	Ministry of Education of Singapore
"MOM"	Ministry of Manpower of Singapore
"Mr. Kwan"	Kwan Mei Kam, an Executive Director, the chairman of our board, one of our Controlling Shareholders and father of Ms. Kwan
"Ms. Kwan"	Kwan Shu Ming (關曙明), an Executive Director and the daughter of Mr. Kwan and Ms. Tay
"Ms. Tay"	Tay Yen Hua, an Executive Director, one of our Controlling Shareholders and mother of Ms. Kwan
"Mr. Wong"	Jacob Wong San Ta (黃善達), an Executive Director of our Company

"NEA"	National Environment Agency of Singapore
"Nomination Committee"	the nomination committee of the Board
"Non-executive Director(s)"	the non-executive Director(s)
"NTA"	the net tangible assets
"Offer Price"	the final offer price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$0.75 and expected to be not less than HK$0.65 per Offer Share
"Offer Shares"	together, the Hong Kong Offer Shares and the International Offer Shares
"OHSAS 18001"	an international standard setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business
"Over-allotment Option"	the option expected to be granted by the Company to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), to be exercised at any time from the date of the International Underwriting Agreement and will expire on the date which is 30th day after the last day for lodging of the Application Forms, to require the Company to allot and issue up to an aggregate of 30,000,000 additional Offer Shares, representing 15% of the initial number of the Offer Shares, at the Offer Price, to cover over-allocations in the International Placing, if any, and/or the obligations of the stabilising manager to return securities borrowed under the Stock Borrowing Agreement
"PRC" or "China"	the People's Republic of China, which for the purpose of this prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Price Determination Agreement"	the agreement to be entered into by the Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on or before the Price Determination Date to record and fix the final Offer Price

"Price Determination Date"	the date, expected to be on or before Tuesday, 31 December 2019 and, in any event, not later than Friday, 3 January 2020, on which the final Offer Price will be determined for the purpose of the Global Offering
"Principal Share Registrar" or "Cayman Share Registrar"	Estera Trust (Cayman) Limited
"Project A"	a new residential building construction project granted to the Company by Singapore Government Agency D. The contract sum of which is approximately SGD87.0 million
"Property Valuer"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an Independent Third Party that specialises in property valuation, which prepared the letter, summary of values and valuation certificates relating to the properties of our Group, the text of which is set out in Appendix III to this prospectus
"reallocation"	reallocation between the Hong Kong Offer Shares and the International Offer Shares as described under the section headed "Structure of the Global Offering" in this prospectus
"Remuneration Committee"	remuneration committee of the Board
"Reorganisation"	pre-listing reorganisation of our Group, further details of which are described under the section headed "History, Reorganisation and corporate structure — Reorganisation" in this prospectus
"Reorganisation Agreement"	the reorganisation agreement dated 13 December 2019 entered into between Mr. Kwan and Ms. Tay together as vendors and our Company as purchaser, pursuant to which the Company acquired the entire issued shares of Forever Brilliant
"Repurchase Mandate"	the general mandate to repurchase Shares given to our Directors by our Shareholders, a summary of which is contained in the section headed "A. Further information about our Company — 3. Written resolutions of our sole Shareholder" in Appendix V to this prospectus
"S$" or "SGD"	Singapore dollars, the lawful currency of Singapore
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Share(s)"	ordinary shares of par value HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme conditionally approved and adopted by our Company pursuant to a resolution passed by the Shareholders on 17 December 2019 as described in the section headed "Statutory and general information — D. Share Option Scheme" in Appendix V to this prospectus
"Singapore"	the Republic of Singapore
"Singapore Government"	government of Singapore
"Singapore Government Agency A"	a Singapore government agency which formulates and implements education policies on education structure, as well as oversees the management and development of government funded schools, polytechnics and universities
"Singapore Government Agency B"	a Singapore government agency which develops and conducts national examinations in Singapore, and provides other examination and assessment services and products, locally as well as overseas
"Singapore Government Agency C"	a Singapore government agency which is responsible for providing information, raising health awareness and education, ensuring the accessibility of health services and monitoring the quality of health services provided to citizens and visitors in Singapore
"Singapore Government Agency D"	a Singapore government agency which plans and develops Singapore's housing estates
"Sole Sponsor" or "Sole Global Coordinator" or "SPDBI Capital"	SPDB International Capital Limited (浦銀國際融資有限公司), a corporation licensed to carry on Type 1 (dealing securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the sole sponsor to the Listing and acting as the sole global coordinator of the Global Offering
"SOP" or "Security of Payment Act"	Building and Construction Industry Security of Payment Act of Singapore (Chapter 30B)
"Stock Borrowing Agreement"	a stock borrowing agreement expected to be entered into between Ideal Smart and SPDBI Capital pursuant to which SPDBI Capital may borrow up to 30,000,000 Shares from Ideal Smart for the purpose of covering over-allocation in the International Placing

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by the SFC as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the financial years ended 30 June 2017, 2018 and 2019
"Underwriters"	together, the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	together, the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the applicant's or applicants' own name(s)
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require(s) such Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS
"%"	per cent.

Unless otherwise stated, the conversion of SGD into HK$ in this prospectus is based on the approximate exchange rate of SGD1.00 to HK$5.75.

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

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

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

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

"A&A"	additions and alterations works, being construction works performed to a landed property that do not increase the gross floor area by more than 50% of the approved gross floor area, removal of external walls that does not exceeds 50% of the approved external walls, replacing or constructing existing floor slabs that are less than 50% of the existing, changes to an entire roof regardless of increase in height as long as it does not involve an additional storey and addition of an attic that is less than 50% of the gross floor area
"BIM" or "Building Information Modelling"	Building Information Modelling, a software that makes good use of the three-dimensional (3D) model and visualisation, and shares relevant design information and project plans with different professional parties including architects, engineers and contractors which allows them to identify and analyse potential design clashes and resolve them at the initial stage of the construction project. BIM is a component of VDC
"CONQUAS" or "Construction Quality Assessment System"	a standard quality assessment system developed by the BCA in conjunction with major public sector agencies and various leading industry professional bodies, organisations and firms to measure the quality level achieved in a completed construction project; please refer to the section headed "Industry overview" in this prospectus for further details
"CRS"	Contractor's Registration System of BCA, which serves the construction and construction-related procurement needs of the public sector including government ministries and statutory boards. Companies wishing to participate in construction tenders or as subcontractors for the public sector are required to register under this system
"CR06 Workhead"	means a class of construction activities relating to the interior design, planning and the decoration of buildings, under the CRS
"CW01 Workhead"	means a class of construction activities relating to 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, under the CRS

"CW02 Workhead"	means a class of construction activities involving concrete, masonry and steel in bridges, sewers, culverts, reservoirs and canals etc., under the CRS
"ERP" or "Enterprise Resource Planning"	business process management software that allows organisation to use a system of integrated applications to manage various facets of an operation
"M&E"	mechanical and electrical
"PPVC"	Prefabricated Prefinished Volumetric Construction, a construction method in which components used for building construction are first manufactured and assembled, or constructed and assembled with finishes for walls, floors and ceilings off-site by any accredited fabrication methods in an accredited fabrication facility. Then these will be delivered to the construction site for installation
"precast"	a structural member, especially of concrete, that has been cast into form before being transported to site for installation
"Price Quality Method" or "PQM"	a system standardising the framework of decision-making and applies to all construction tenders of public sector works. This tendering framework is based on both price and quality attributes for the evaluation of construction tenders
"PSSCOC"	Public Sector Standard Conditions Of Contract, a common contract form prescribed by BCA to be used in all public sector construction projects in Singapore
"QAQC"	quality assurance and quality control
"rebar" or "reinforcing bar"	steel bar or mesh of steel wires used as a tension device in reinforced concrete and reinforced masonry structures to strengthen and hold the concrete in tension
"Registration Grade"	It is a grading obtained from the CRS for builders that involve in public sector projects. There are two streams of grades, namely C3 to A1 and L1 to L6. In each respective stream, builders of grades A1 and L6 have the highest tendering limits while builders of grades C3 and L1 have the lowest tendering limits
"SIA"	a set of contract form for construction contracts other than those in the public sector and is published by the Singapore Institute of Architects

"Mass Engineered Timber Construction" or "MET Construction"	a construction method which comprises engineering wood products with improved structural integrity, and these building components can be prefabricated off-site and assembled on-site
"VDC"	Virtual Design and Construction, management of BIM models as well as people and processes which enables a project team to fully simulate design and construction in a virtual environment first prior to actual execution on site

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

In some cases, we use the words "aim", "anticipate", "believe", "consider", "continue", "could", "estimate", "expect", "intend", "may", "might", "ought", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would" or similar expressions or the negative of these words or other similar expressions or statements to identify forward-looking statements, are forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

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

— our dividend policy;

— our capital expenditure plans;

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

— our operations and business prospects;

— our overall financial condition and performance;

— our planned projects;

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

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

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

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

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

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

— other factors beyond our Group's control.

These statements reflect the current views of our Directors with respect to future events, operations, liquidity and capital resources, and are based on several assumptions, including those regarding our Group's present and future business strategies and the environment in which our Group will operate in the future.

Should one or more risks or uncertainties stated in the aforesaid sections materialise, or should any underlying assumptions prove to be 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 our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

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

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

RISKS RELATING TO OUR BUSINESS

Our largest customer accounted for approximately 84.6%, 52.7% and 45.3% of our revenue for each of the three years ended 30 June 2019, respectively and any significant decrease in projects awarded from it may affect our business, operations and financial results

For the three years ended 30 June 2019, we focused on public sector building construction works for education institution and Singapore Government Agency A was our single largest customer during the Track Record Period. We had recognised revenue of SGD66.6 million, SGD28.4 million and SGD50.0 million for each of the three years ended 30 June 2019, representing approximately 84.6%, 52.7% and 45.3% of our total revenue during the period, respectively from it. We did not enter into any long term agreement or master service agreement with our customers during the Track Record Period and up to the Latest Practicable Date. As such, there is no assurance that the Singapore Government Agency A will continue to engage us in future construction projects. In addition, all of the projects from Singapore Government Agency A were awarded via open tender process during the Track Record Period and Singapore Government Agency A has a wide range of selection criteria in assessing tender applications. Therefore, there is no assurance that we will continue to secure future engagements from Singapore Government Agency A. In the event that our Group is unable to secure new projects from Singapore Government Agency A or seek new customers, our business, operations and financial results will be adversely affected.

A reduction in the demand for new building construction works and/or A&A works, in particular for school projects in Singapore could materially affect our financial performance

During the Track Record Period and up to the Latest Practicable Date, six of the projects that our Group had completed were new construction and A&A works for education institution and one project was new construction works for a childcare centre. Education institution new construction and A&A projects are affected by a number of factors, including but not limited to the macro-economic conditions, the changes in demographics and government spending and policies, which are factors that are beyond our control.

Our financial performance will be adversely affected if (i) the economic conditions and government policies reduce the pipeline of new construction and A&A works for public education institution projects; and (ii) we are unable to secure projects from the public or private sector on education institution projects.

Our revenue is mainly derived from projects that are not recurring in nature and any significant decrease in the number of our construction projects would affect our operations and financial results

All of our revenue during the Track Record Period was derived from providing building construction works including new construction and A&A works in Singapore. Our engagements with our customers were on project basis and are non-recurring in nature. The duration of our completed projects were around one to two years. We did not enter into any long term agreement or master service agreement with our customers during the Track Record Period and up to the Latest Practicable Date and all of our engagements are sourced from tender processes. Our tender success rates were approximately 7.1%, 21.1% and 27.3% during the Track Record Period. After completion of the projects, our customers are not obliged to engage us again in subsequent projects and we have to undergo the tendering procedures for every new project.

We cannot assure you that our existing customers will award new projects to us, nor can we guarantee that we would be able to maintain our business relationships with our existing customers. In the event that we are unable to win tenders from new customers or our existing customers, there may be a significant decrease in our revenue. Our operations and financial results would hence be adversely affected.

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

As a main contractor, we possess and rely on various licences and qualifications to operate our business in Singapore. In particular, we are registered under the CW01 Workhead for General Building in the CRS with an "A1" grading and a GB1 Licensed Builder certified by the BCA. For details of the licences we possess, please refer to the section headed "Business — Major qualifications and licenses" in this prospectus.

These registrations and/or licences may only be valid for a limited period of time and may be subject to periodic reviews and renewal by the relevant authorities of the Singapore Government. In order to maintain our workhead grading, we have to meet various requirements set out by the BCA, including but not limited to, minimum paid-up capital and net worth and qualified personnel with the necessary professional qualifications and experience, etc.. There is no assurance that we would be able to renew the registrations and/or licences in a timely manner or at all. If we fail to do so, we may be required to suspend our operations, which would have a material adverse effect on our business and operating results. Further, the relevant authorities may remove us from their lists or take other disciplinary actions against us, for example, suspension or downgrading.

The occurrence of any of the above scenarios would damage our reputation in the construction industry, limit our ability to compete for new projects and impair our exposure to potential customers, which in turn would have an adverse effect on our growth and operations.

Our profitability during the Track Record Period may not be indicative of the long term results of operations

During the Track Record Period, the Group had attained a gross profit margins of approximately 11.8%, 18.5% and 13.0% and net profit margins of approximately 6.6%, 11.6% and 5.4%, respectively. Our gross and net profit margins mainly depend on a number of factors including the number of projects undertaken, contract value of the projects and costs of raw materials and labour. As these factors are largely out of our control, we cannot assure you that we will be able to maintain a stable and/or the current level of profit margins in the future.

We have recorded negative operating cash flows for the year ended 30 June 2018 and 2019

Our Group recorded net cash used in operating activities of approximately SGD3.4 million and SGD5.2 million for the year ended 30 June 2018 and 2019, respectively. The negative operating cash flow for the year ended 30 June 2018 was primarily due to the combined effect of the increase in contract assets and the decrease in contract liabilities as well as trade payable. As for the year ended 30 June 2019, the negative operating cash flows was mainly due to the increase in contract assets and trade receivables. For details of our cash flows, please refer to the section headed "Financial information — Liquidity and capital resources — Cash flows" in this prospectus. We cannot assure you that we will not experience periods of net cash outflow from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained which may materially and adversely affect our business, financial condition, results of operation and growth prospects.

Failure to complete projects on a timely basis could materially affect our financial position and reputation and we may be subject to claims

We are bound by time of completion stated in each of the construction contracts signed with our customers. There might be delay in the completion of projects due to various factors, including but not limited to, shortage of manpower, labour strike, shortage of construction materials, adverse weather conditions, delays on the part of our subcontractors and failure of machinery. As our progress payments with our customers are based on the different stages of completion of a project, and we are required to pay our suppliers and subcontractors regardless of any delay in completion of a project if our suppliers and subcontractors have fulfilled their obligations as agreed with us, therefore delay in completion of a project in any stages will affect our financial performance in terms of our operating cash flow.

In addition, if we fail to complete the contract works by the due date, we may be required to pay liquidated damages to our customers pursuant to the contracts, unless they agree to grant us time extension to complete the remaining works.

As such, we cannot guarantee that we will be able to complete every project on time or at all, nor can we assure you that our customers would grant us sufficient time extensions in case of delay in completion. If we fail to complete projects on time, significant amount of liquidated damages or other penalties may be imposed upon us, which would in turn adversely affect our position.

Our inability to attract and retain qualified personnel could impair our ability to operate and grow successfully

Our future success will depend to a significant extent on the continued efforts of our Directors and members of the senior management. Mr. Kwan, being one of our founders, Controlling Shareholders and Executive Directors, had provided significant contributions to our Group throughout our track record, including business strategies and development and maintenance of relationships with our suppliers and subcontractors. Our Group's success and growth depends on our ability to identify, recruit, train and retain experienced and skilled personnel. We cannot assure you that our key employees will not voluntarily terminate their employment with us. The loss of key employees, in particular, Mr. Kwan, Ms. Tay, Ms. Kwan and Mr. Wong, who are together responsible for our overall operation, strategic and financial planning of our Group, could impair our ability to operate and make it difficult to execute our internal growth strategies. We may not be able to replace our key employees with another person who possesses equivalent expertise and experience within a reasonable period of time or at all. Failure of which may result in severe disruption of our business and results of operations.

We may experience delays or defaults in collecting our receivables, and if we fail to receive payment on time and in full or recover our contract assets, or if there is delay in the release of retention monies or retention monies are not fully released to us after expiry of the defect liability period, our liquidity and financial position may be affected

Monthly progress payment will be made to our Group by our customers based on the completion progress of our work. Our quantity surveyors will coordinate with our finance department and issue monthly billings to our customers. The quantity surveyor consultant of our customers will verify the completion status of our works and issue a valuation certification, based on which we will issue an invoice to our customers. As at 30 June 2017, 2018 and 2019, our trade receivables, excluding unbilled receivables, were approximately SGD8.9 million, SGD1.3 million and SGD8.4 million, respectively. Our credit terms with our top customers for each of the three years ended 30 June 2019 ranged from 30 to 35 days.

Generally up to 5% of the total contract sum for each project will be held up by our customers to secure our due performance of contracts and are settled within a period ranging from one year to two years after the completion of the construction work and after the relevant construction work is accepted by the contract customers, as stipulated in the construction contracts. Generally, a portion of the retention money is released upon the issue of certificate of practical completion of the project and the balance of the retention money will be released upon the issue of certificate of completion of making good defects after the expiry of the defect liability period. Nonetheless, the timing of release varied from project to project in accordance with the agreed terms with each customer. As at 30 June 2017, 2018 and 2019, our retention receivables amounted to approximately SGD109,000, SGD491,000 and SGD174,000, respectively. During the Track Record Period, our Group did not experience any write off of retention receivables.

Other contract assets arising from the construction contracts are our Group's right to consideration for construction work completed but yet to be certified by surveyors appointed by the customers. At the time when the construction works have been certified by the surveyors appointed by our customers, we recorded the value of the work certified (excluding retention money held up by our customers) as trade receivables. The amounts of other contract assets for contract works vary from period to period due to the impact from the difference in volume and value of construction works we performed close to the end of each reporting period and timing when we received payment certificates from our customers. Our Group recorded other contract assets of approximately SGD3.4 million, SGD12.1 million and SGD26.9 million as at 30 June 2017, 2018 and 2019, respectively. For details of the settlement of the Group's other contract assets, please refer to the section headed "Financial Information — Description of Certain Items of Combined Statements of Financial Position — Contract balance — Other contract assets" in this prospectus.

If a client delays payment, or fails to release our retention monies as scheduled, or if we are unable to recover our contract assets in full or at all, our cash flow and working capital may be materially and adversely affected. Even where we are able to recover any losses incurred pursuant to the terms of the contract, the process of such recovery is usually time-consuming and requires financial and other resources to settle the disputes. Furthermore, there can be no assurance that any outcome will be in our favour or that any dispute will be resolved in a timely manner. Failure to secure adequate payments in time or to manage past due debts effectively could have a material and adverse effect on our business, liquidity and financial position, results of operations and prospects.

Our works are labour intensive. If we or our subcontractors experience any shortage of labour, industrial actions, strikes or material increase in labour costs, our operations and financial results would be adversely affected

We rely on a stable workforce to carry out our works and we require a large number of skilled construction workers to complete our projects. According to the Ipsos Report, building construction projects are generally large scale and labour-intensive and Singapore has been facing shortage of skilled labour since the government has tightened the hiring norms for foreigners. The total number of construction workers has dropped for both local and foreign construction workers at a negative CAGR of 0.40% and 6.9%, respectively during the period from 2013 to 2018 and it is expected that the number of construction workers will continue to drop.

We cannot assure you that, our Group and our subcontractors, will not experience problems in respect of labour force in the future, either local or foreign employees, and as a result, we and our subcontractors would have to offer better remuneration packages and other benefits to attract and retain skilled labour. There is no assurance that we will possess sufficient resources for such purpose. If we cannot retain or recruit sufficient number of skilled workers to handle our projects in a timely manner, we may experience delay in project completion and our ability to handle future projects would in turn be significantly reduced.

We depend on our suppliers for concrete, steel and other construction materials, and any material fluctuation in the costs in supply could materially and adversely affect our operations and profitability, and we may not be able to identify an alternative source of stable supply with acceptable quality

We rely on our suppliers for stable and timely delivery of quality concrete, steel and other construction materials. For each of the three years ended 30 June 2019, our construction materials costs amounted to approximately SGD6.0 million, SGD2.5 million and SGD18.9 million, respectively, representing 8.7%, 5.6% and 19.7% of the total costs of sales.

A shortage of concrete, steel and other construction materials, or material fluctuations in the costs of the construction materials and costs of services, this may have material impact on our operations and profitability. We cannot guarantee that we would be able to identify suitable alternative or less expensive sources of supply with acceptable quality. Further, even if we could do so, there is no assurance that we would not encounter similar problems with them in the future. In the event that the costs of construction materials and costs of services increase, we may have to increase our tender price for future projects which may affect our competitiveness in securing projects from our customers.

We rely on foreign labour in our operations and any changes in the policy in recruitment of foreign labour could materially affect our operations

Our business is highly dependent on foreign workers as the local construction labour force is limited and more costly according to the Ipsos Report. According to Ipsos, there was a slight downward trend in the supply of local construction worker from approximately 119,300 in 2013 to approximately 117,100 in 2018, with a negative CAGR of 0.4%. At such, there is a high demand for foreign construction worker from our Group. As at the Latest Practicable Date, approximately 85.1% of our workforce is made up of foreign employees (including site workers as well as other employees).

Singapore Government has imposed FWL to regulate the number of foreign workers in Singapore. The foreign worker levy is a pricing mechanism to regulate the number of foreign workers in Singapore. Employers pay the levy according to the qualifications of the foreign workers employed and the dependency ceiling. The levy rates for each year are subject to changes as and when announced by the Singapore Government. For details of the FWL, please refer to the section headed "Regulatory overview" in this prospectus. Any increase in FWL for foreign workers, or any restriction on the number of foreign workers that we can employ will adversely affect our operations and financial performance. In addition, any changes in laws and regulations by the Singapore Government on employment of foreign workers will adversely affect our operations.

We determine our tender price based on the estimated time and costs to be involved in a project, yet the actual time and costs incurred may deviate from our estimation due to various factors, thereby adversely affecting our operations and financial results

We determine our tender price based on a cost-plus basis, that is on the basis of cost plus reasonable profit margin. For details of the factors we take into account when making our cost estimate, please refer to the section headed "Business — Our customers — Pricing strategy" in this prospectus. The actual costs incurred by us, however, may be adversely affected by various factors, including but not limited to, unexpected weather conditions, disputes with customers, suppliers, subcontractors and other project parties, difficulties in retaining necessary number of workers with requisite skills, change of development plan by our customers, receipt of variation orders from our customers, unexpected fluctuations in the market price of construction materials and labours after the commencement of project and other unforeseen circumstances. Significant changes in any of these or other relevant factors may lead to delay in completion or costs overrun by us, and there is no assurance that the actual time and costs incurred by us would match our initial estimation. Such delays, cost overruns or mismatch of actual time and costs with our estimates may cause a drop in our profitability than we expected or may expose us to litigation or claims from customers in case of delays.

If we set a significant mark-up margin upon our estimated costs to cater for the unfavourable circumstance above, our tender may become uncompetitive. There is no assurance that we will always be able to price our tender competitively, and if we fail to do so, our customers may opt for our competitors, thereby resulting in a decrease in the number of projects awarded to us. This would adversely affect our operations and financial results. On the contrary, if the mark-up margin set by us is too low, we may not be able to cover the financial impact of any unfavourable circumstances during project implementation. Our profitability in the project would hence be materially and adversely affected.

We were involved in a number of non-compliance incidents at our work sites during the Track Record Period

The management of our worksite, including but not limited to safety measures and environmental policies, are heavily regulated and monitored by the BCA and other government authorities. For details of the relevant laws and regulations, please refer to the section headed "Regulatory overview" in this prospectus. During the Track Record Period, we were fined for a number of non-compliance incidents, including, environmental non-compliance such as mosquitoes breeding and workplace safety and health non-compliance. We were fined SGD19,700 in aggregate during the Track Record Period. A list of our Group's non-compliance incidents are set out in the section headed "Business — Litigation and non-compliance" in this prospectus.

Such non-compliance matters may affect our Group's PQM and may have negative impact on the assessment of our future tenders by the government authorities or other potential customers, which will in turn affect our Group's financial performance. If any non-compliance of similar or other nature occurs in the future, we may be subject to fines, demerit points, stop work orders and/or other legal, financial and operational penalties, which may materially affect our business operation and financial position.

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

During the Track Record Period, we engaged third party subcontractors for the provision of, among others, piling, reinforcement concrete and steel bars, plumbing and electrical works to assist our construction and A&A works. Our subcontracting charges amounted to approximately SGD44.8 million, SGD28.6 million and SGD57.2 million for the years ended 30 June 2017, 2018 and 2019, respectively. We are dependent on these products and service providers to complete their works in a timely and reliable manner. However, we do not sign any long term agreement with our suppliers and subcontractors, there is no assurance that they will be able to continue to provide products and services to us at prices acceptable to our Group or our Group can maintain our relationship with them in the future. In the event that any of our major suppliers and subcontractors is unable to provide the required supplies and/or services to our Group and we are unable to obtain alternative providers with similar or favourable terms, our business results of operations and profitability will be adversely affected.

In addition, the services provided by these subcontractors could be interrupted by unforeseen events beyond our control, such as natural disasters, social unrest and labour strikes. Since our subcontractors do not have any contractual relationship with our customers, our Group will be solely responsible for the risks associated with the non-performance, sub-standard services or products or delayed delivery. As a result, we may experience deterioration in the quality of our works, incur additional costs, or exposed to liabilities in relation to such under-performance of our subcontractors. In such circumstances, our profitability, financial performance and reputation will be adversely affected.

Our ability to secure performance guarantee from a bank or an approved insurance company for the performance of our obligations will affect our ability to undertake projects

We are required to arrange for a performance guarantee to be furnished by a bank or an approved insurance company for the due performance by us of our obligations under the contract of our project. Our ability to secure such performance guarantee is critical for us to fulfil the conditions of and undertake such contracts. In the event that we are unable to secure the requisite performance guarantee for any reason or deposit such amount as required by our customer as security deposit, our award of these construction projects will be revoked. This may materially and adversely affect our revenue and profitability.

Successful implementation of our business strategies and future plans are subject to uncertainties

We plan to achieve our business growth by implementing a series of strategies, such as to strengthen our technical capabilities and productivity in project execution and invest in new technology and to enhance our workforce to cope with our business expansion. Please refer to the sections headed "Business — Business strategies" and "Future plans and use of proceeds" in this prospectus for further details. There is no guarantee that we will be able to implement any of our business strategies and future plans successfully, which in turn are subject to uncertainties and changing market conditions. Our plans for development and business expansion are formulated based on assumptions on the occurrence of certain future events, which may or may not materialise. We may also not have timely access to adequate capital financing when suitable business opportunities arise. Further, there is also no assurance that any of our business strategies will yield the benefits or achieve the level of profitability we anticipate. The profit from our implemented plans may not be sufficient to justify the start-up expenses and the increased operating costs.

We may not be adequately insured

We have subscribed for, among others, contractors' all risks insurance for our projects, work injury compensation insurance and medical and personal accidents. In addition, as a main contractor, we are responsible for the safety of our suppliers and subcontractors at our work site. However, we may be subject to liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured. If any significant property damage or personal injury occur in our work site or office or to our employees due to events that are not covered or inadequately covered by our insurance policies, our business may be adversely affected, potentially leading to a loss of assets, litigation, employee compensation obligations, or other form of economic loss.

Moreover, the terms of the insurance policy are subject to renewal by our insurers and we cannot guarantee that we can renew our policies on similar or other acceptable terms. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospects.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Our financial performance is heavily dependent on the state of the economy in Singapore

Our financial performance is heavily dependent on the state of the economy in Singapore as our revenue was derived solely from our operations in Singapore during the Track Record Period. In the event of any unforeseen circumstances such as natural disasters, downturn in the Singapore economy, terrorist attacks and other events beyond our control occurring in Singapore, our business operations, financial performance and financial position may be adversely affected.

Our Group is dependent on the construction industry in Singapore, which is subject to cyclical and seasonal fluctuations. A downturn in the Singapore construction industry is likely to have an adverse impact on our business, financial position and profitability due to the possibility of postponement, delay or cancellation of construction projects as instructed by our customers and may delay in recovery of our receivables.

Our business solely operates in a single geographical market and any adverse economic, social and/or political development affecting the market may have a material adverse impact on our operations

During the Track Record Period and up to the Latest Practicable Date, our business operation was solely based in Singapore and we do not have a diversified geographical coverage in terms of operations. Our business is therefore susceptible to any incidents or factors which may affect the stability of the economy, social and political conditions in Singapore. Any adverse incidents, such as economic recession, extensive social unrest, strike, riot, civil disturbance or disobedience, may cast uncertainty over the suitability of the business environment in Singapore.

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

During the Track Record Period, we received grants and other benefits from the Singapore Government to improve productivity, for example, Productivity and Innovation Credit (**"PIC"**) scheme, Productivity Innovation Project (**"PIP"**) scheme and Mechanisation Credit (**"MechC"**) scheme. For the three years ended 30 June 2019, we received government grants in the sum of approximately SGD64,000, SGD0.1 million and SGD0.1 million, respectively. The PIC scheme will expire after the year of assessment of 2018, while the PIP scheme and MechC scheme have since expired. In the event that no other grants or schemes that are comparable in size or effect become available to us, our financial performance may be adversely affected as we will be required to pay more tax and we may have to bear the full expenses to improve our productivity and capability. For further details of the government grants or schemes, please refer to the section headed "Regulatory Overview" in this prospectus.

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

According to the Ipsos Report, one of the challenges to the construction industry in Singapore is the material shortage of workers, which is attributable to factors such as the Singapore Government's policy measures restricting foreign manpower hiring. Even without such shortage, we generally compete with similar businesses for skilled workers. Given that we are in a labour intensive industry, we rely on our workers for our business operations and if we are unable to retain or replace skilled workers, we may be forced to increase our reliance on subcontractors or otherwise be unable to maintain the quality of our services. We cannot assure you that we will be able to maintain a sufficient labour force necessary for us to execute our business, nor can we guarantee that our staff costs will not increase to attract or maintain workers. If this occurs, it could have a material and adverse effect on our results of operations and inhibit our future growth and expansion plans.

We operate in a highly competitive market

The construction industry in which we operate in is highly competitive, with many competitors and some of whom may have greater manpower, resources, licences and qualifications and brand names. As listed on the website of the BCA, as at 15th December 2019, there were 91 contractors registered under the CW01 Workhead for "General Building" with an A1 grading. There is no assurance that there will not be an increase in the number of construction contractors, nor an increase in the number of contractors who are able to obtain the A1 and A2 gradings under CW01 Workhead for "General Building", or contractors who have developed significant expertise and track record as a main contractor for building construction projects of a similar scale as our track record.

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

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

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

Further, as aforementioned in relation to foreign workers, MOM also imposes FWL for foreign workers (subject to changes as and when announced by the Singapore Government) whereby the FWL for basic skilled workers under the construction sector had increased from SGD650 to SGD700 since 1 July 2017. In view that our contracts are generally fixed, we may be required to absorb the additional costs arising from the changes in the regulations which may adversely affect our business operations, financial results and profitability may be adversely affected.

RISKS RELATING TO THE GLOBAL OFFERING

There would be a negative impact on the financial results of our Group for the year ending 30 June 2020 due to the non-recurring listing expenses

Due to the non-recurring expenses in connection with the Listing, there would be a negative impact on the financial results of our Group for the year ending 30 June 2020. During the two years ended 30 June 2018, we did not incur any listing expenses. For the year ended 30 June 2019, we incurred listing expenses in the sum of SGD2.4 million. The total estimated expenses for the Listing is approximately SGD7.4 million, of which approximately SGD2.4 million has been charged to our combined statements of profit and loss and other comprehensive income for the year ended 30 June 2019 and an additional SGD1.5 million is expected to be charged to our combined statements of comprehensive income for the year ending 30 June 2020. Our Directors would like to emphasise that such listing expenses are a current estimate for reference only and the final amount to be recognised to the income statement of our Group for the year ending 30 June 2020 is subject to adjustments based on audit and the then changes in variables and assumptions.

There has been no prior public market for the Shares and the liquidity, market price and trading volume of the Share may be volatile

Prior to the Listing, there is no public market for the Shares. The listing of, and the permission to deal with, the Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the Global Offering. Factors such as variations in our Group's turnovers, earnings and cash flows, strategic alliances or acquisitions made by our Group or competitors, industrial or environmental accidents happened to our Group, loss of key personnel, litigation, fluctuations in the market prices for the products or the service costs of our Group, the liquidity of the market for the Shares, the general market sentiment regarding the creative advertising and media service industry could cause the market price and trading volume of the Shares to change substantially. In addition, both the market price and liquidity of the Shares could be adversely affected by factors beyond our Group's control and unrelated to the performance of our Group's business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, investors may not be able to sell their Shares at or above the Offer Price.

Investors of the Shares will experience immediate dilution as the Offer Price is higher than the net tangible book value per Share

The Offer Price of the Shares is higher than the net tangible book value per Share immediately prior to the Global Offering. Therefore, investors of our Shares in the Global Offering will experience an immediate dilution in pro forma adjusted consolidated net tangible asset value and existing Shareholders will receive an increase in the pro forma adjusted combined net tangible asset value per Share of their Shares. If we issue additional Shares in the future, purchasers of our Shares may experience further dilution.

Investors may experience dilution if our Group issues additional Shares in the future

Our Group 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, our Group may need to raise additional funds in the future to finance business expansion, new development and acquisitions. 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.

Any disposal by our Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares

There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Listing. Our Group cannot predict the effect, if any, of any future sales of the Shares by any of our Controlling Shareholders, may have on the market price of the Shares. Sales of a substantial number of Shares by any of our Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

RISKS RELATING TO STATEMENTS IN THIS PROSPECTUS

Certain facts and statistics included in this prospectus may not be relied upon

Certain information and statistics contained in the section headed "Industry overview" in this prospectus are derived from the Ipsos Report compiled by Ipsos and other publicly available sources. While reasonable care has been exercised in the reproduction of such information, it has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective affiliates or advisers and may not be accurate, complete or up-to-date. Our Directors make no representation as to the correctness or accuracy of such information and, accordingly, such information should not be unduly relied upon.

In addition, certain information and data contained in this prospectus are derived from market data provided by Ipsos. We believe that the sources of these information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. 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, the information has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or their respective directors, affiliates or advisers or any other party involved in the Global Offering and no representation is given as to its accuracy.

The current market condition may not be reflected in the statistical information included in this prospectus

The historical information set out in this prospectus relating to market conditions and valuation may not reflect the current market situation due to rapid changes in the global economy. In order to provide context to the industries in which we operate, and greater understanding of our market presence and performance, various statistics and facts have been provided throughout this prospectus. However, this information may not reflect current market condition as the recent economic upturn may not be fully factored into these statistics, and the availability of the latest data may lag behind of this prospectus. As such, any information relating to market shares, sizes and growth, or performance in these markets and other similar industry data should be viewed as historical figures that may have little value in determining future trends and results.

Investors should note that one or more of these risks or uncertainties may materialise, or one or more of the underlying assumptions may prove incorrect.

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

This prospectus contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words "aim", "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "will", "would" and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Investors should not place undue reliance on such forward-looking statements and information.

We strongly caution you not to place any reliance on any information contained in press articles, media coverage and/or research analyst reports regarding, among others, our Group, our business, our Controlling Shareholders, our industry or the Global Offering

There may be press articles, media coverage and/or research analyst reports regarding, among others, our Group, our business, our Controlling Shareholders, our industry, our Directors and employees or the Global Offering, which may include certain financial information, financial projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any such information in the relevant publications and we do not accept any responsibility for any such press articles, media coverage or research analyst reports or the accuracy or completeness or reliability of any such information or publications. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

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 Companies Ordinance, the Companies (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, confirmed 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.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. Details of the terms of the Global Offering are described in the section headed "Structure of the Global Offering" and in the related Application Forms.

The Listing is sponsored by the Sole Sponsor and the Global Offering is lead managed by the Joint Lead Managers. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Placing is expected to be fully underwritten by the International Underwriters.

RESTRICTIONS ON SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such an 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 and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an 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 U.S., except in compliance with the relevant laws and regulations of each of such jurisdiction.

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.

No action has been taken to register or qualify the Offer Shares or the Global Offering, or otherwise to permit a public offering of the Offer Shares, in any jurisdiction outside Hong Kong. The distribution of this prospectus and the related Application Forms in jurisdictions outside Hong Kong may be restricted by law and therefore persons into whose possession this prospectus or any of the related Application Forms comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the applicable securities laws.

This prospectus and any other materials relating to the Offer Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore pursuant to the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**"). Accordingly, this prospectus and any other prospectus or materials in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares, may not be issued, circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with, the conditions of an exemption invoked under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

Each person acquiring the Offer Shares will be required to confirm, or be deemed by his or her or its acquisition of the Offer Shares to have confirmed, that he or she or it is aware of the restrictions on offer of the Offer Shares described in this prospectus.

Prospective applicants for the Offer Shares should consult their financial advisors and seek legal advice, as appropriate, to inform themselves of and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

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 Global Offering (including any Shares which may be issued pursuant to the exercise of any option which may be granted under the Share Option Scheme).

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

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 granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and 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 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 our Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing, purchasing, holding, disposing or dealing in the Shares. It is emphasised that none of our Company, the Sole Sponsor and the Underwriters, any of their respective directors, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription, purchase, holding, disposal or dealing of Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All the Offer Shares will be registered on our Company's branch share register to be maintained in Hong Kong by the Hong Kong Branch Share Registrar. Our principal register of members will be maintained in the Cayman Islands by the Principal Share Registrar. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on the Stock Exchange unless the Stock Exchange otherwise agree. Dealings in our Shares registered at our branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

Unless our Company determines otherwise, dividends payable in HK$ in respect of the Shares will be paid by cheque sent at the Shareholder's risk to the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

ROUNDING AND FINANCIAL FIGURES

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

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering are set out in the section headed "Structure of the Global Offering" in this prospectus.

PROCEDURES FOR APPLICATION FOR THE HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set out in the section headed "How to apply for the Hong Kong Offer Shares" in this prospectus and on the related Application Forms.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on or about Wednesday, 8 January 2020. The Shares will be traded in board lots of 5,000 Shares each. The stock code of the Shares is 9998.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus and the related Application Forms, the English version of this prospectus and the related Application Forms shall prevail. The English translation names in Chinese or another language which are marked with "*" are translations provided for identification purpose only.

CURRENCY CONVERSION

Unless otherwise specified, amounts denominated in SGD have been translated, for the purpose of illustration only, into HK$ (or vice versa) in this prospectus at the following exchange rates:

SGD1.00 : HK$5.75

No representation is made that any S$ amounts were or could have been or could be converted into HK$, at such rate or any other rate on any date.

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

MANAGEMENT PRESENCE

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, of our Group are primarily located, managed and conducted in Singapore, and our senior management members are and will therefore continue to be based in Singapore. For the purpose of the Listing, our Company will establish a principal place of business in Hong Kong and register as a non-Hong Kong company under Part 16 of the Companies Ordinance before the Listing. However, all the Executive Directors are not ordinarily residents in Hong Kong. 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 requirement 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 Rule 8.12 of the Listing Rules, on the following conditions to ensure that regular and effective communication is maintained between the Stock Exchange and our Company:

1. our Company will appoint 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 will appoint Ms. Ng Hoi Ying, the company secretary of our Company, who is ordinarily resident in Hong Kong, and Ms. Kwan, Executive Director, as the two authorised representatives of our Company (the "**Authorised Representatives**"). 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, e-mail address and facsimile number (if applicable). Each of the two Authorised Representatives has been duly authorised to communicate on our behalf with the Stock Exchange. Our Company will keep the Stock Exchange up to date in respect of any change to such details;

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 Director will have to provide his/her respective mobile phone numbers, office phone numbers, fax numbers (if applicable) and email addresses to the Authorised Representatives; (b) each Director will endeavour to provide valid phone number or means of communication to the Authorised Representatives when he/she is traveling; and (c) each Director will provide his/her mobile phone numbers, office phone numbers, fax numbers (if applicable) and email addresses to the Stock Exchange;

4. our Company shall promptly inform the Stock Exchange of any changes on the Authorised Representatives and/or the compliance advisor in accordance with the requirements of the Listing Rules;

5. if circumstances require, meetings of the Board can be summoned and held in such manner as permitted under the Articles of Association at short notice to discuss and address any issue which the Stock Exchange is concerned in a timely manner;

6. our Company will appoint a compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to our Authorised Representatives, Directors and members of our senior management team 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 (the "**Engagement Period**") in accordance with Rule 13.46 of the Listing Rules;

7. our Company will ensure that during the Engagement Period, the compliance adviser has access at all times promptly to the Authorised Representatives, Directors and other senior officers who will provide to the compliance adviser such information and assistance as the compliance adviser may reasonably require in connection with the performance of the compliance adviser's duties;

8. our Company will also appoint other professional advisers (including its legal advisers in Hong Kong), if necessary, after the Listing to assist our Company in addressing any enquiries which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

9. 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

Name	Residential Address	Nationality
Executive Directors		
Mr. Kwan Mei Kam	66 Watten Rise Watten Estate Singapore 287381	Malaysian
Ms. Tay Yen Hua	66 Watten Rise Watten Estate Singapore 287381	Singaporean
Mr. Jacob Wong San Ta (黃善達)	47 Jln Hitam Manis Singapore 278461	Singaporean
Ms. Kwan Shu Ming (關曙明)	312A Clementi Ave 4 #29-165 Clementi Ridges Singapore 121312	Singaporean
Non-executive Director		
Mr. Lim Ah Lay (林亞烈)	Flat D1 10/F Coronet Court 321-333 King's Road North Point Hong Kong	Malaysian
Independent non-executive Director		
Mr. Koh Lian Huat (許連發)	3 Pasir Ris Lane Singapore 519171	Singaporean
Dr. Wu Dongqing (武冬青)	113 West Coast Grove Singapore 126895	Singaporean
Mr. Chou Sean Yu (曹顯裕)	17 Jalan Ampang Singapore 268600	Malaysian

For further information on the profile and background of our Directors and members of the senior management team, please refer to the section headed "Director, senior management and employees" of this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**SPDB International Capital Limited** 33/F, SPD Bank Tower, One Hennessy 1 Hennessy Road, Hong Kong (A licensed corporation carrying on Type 1 (dealing in Securities) and Type 6 (advising on corporate finance) regulated activities under the SFO)
Joint Bookrunners and Joint Lead Managers	**SPDB International Capital Limited** 33/F, SPD Bank Tower, One Hennessy 1 Hennessy Road, Hong Kong **Easy Securities Limited** 11/F, Continental Place 238 Des Voeux Road Central Sheung Wan, Hong Kong **Chuenman Securities Limited** Office A, 10/F Sang Woo Building 227-228 Gloucester Road Wan Chai, Hong Kong **GLAM Capital Limited** 908-11, 9/F Nan Fung Tower 88 Connaught Road Central & 173 Des Voeux Road Central Hong Kong **Great Roc Capital Securities Limited** 44/F Convention Plaza Office Tower 1 Habour Road Wan Chai, Hong Kong
Legal advisers to our Company	*As to Hong Kong Law* **TC & Co.** Units 2201-2203, 22/F Tai Tung Building 8 Fleming Road Wanchai Hong Kong

	As to Singapore Law **RHTLaw Taylor Wessing LLP** 6 Battery Road #10-01, Singapore 049909
	As to Cayman Islands Law **Appleby** 2206-19 Jardine House 1 Connaught Place Central Hong Kong
Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong Law* **Deacons** 5th Floor, Alexandra House 18 Chater Road Central Hong Kong
Reporting accountants and auditors upon Listing	**Ernst & Young** *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong
Receiving Bank	**DBS Bank (Hong Kong) Limited** 16/F The Center 99 Queen's Road Central Hong Kong
Internal control consultant	**SHINEWING Risk Services Limited** 43/F, Lee Garden One 33 Hysan Avenue Causeway Bay Hong Kong
Industry Consultant	**Ipsos Limited** 22/F, Leighton Centre 77 Leighton Road Causeway Bay Hong Kong

Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F One Taikoo Place 979 King's Road Hong Kong
Independent workplace safety and health auditor	**CCIS Singapore Pte Ltd** 16, Jalan Kilang Timor #08-03/04/05 Redhill Forum Singapore 159308

Registered office in the Cayman Islands	PO Box 1350, Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarter and principal place of business in Singapore	11 Joo Koon Crescent Singapore 629022
Principal place of business in Hong Kong under Part 16 of the Companies Ordinance	Room 502 Tai Tung Building 8 Fleming Road Wan Chai Hong Kong
Company's website address	**www.kwanyong.com.sg** *(information on this website does not form part of this prospectus)*
Company Secretary	Ms. Ng Hoi Ying *Certified Public Accountant* Room 502 Tai Tung Building 8 Fleming Road Wan Chai Hong Kong
Authorised representative (for the purpose of the Listing Rules)	Ms. Kwan Shu Ming 312A Clementi Ave 4 #29-165 Singapore 121312 Ms. Ng Hoi Ying Room 502 Tai Tung Building 8 Fleming Road Wan Chai Hong Kong
Compliance adviser	**SPDB International Capital Limited** 33/F, SPD Bank Tower, One Hennessy 1 Hennessy Road, Hong Kong
Audit Committee	Mr. Koh Lian Huat (許連發) *(Chairman)* Mr. Chou Sean Yu (曹顯裕) Dr. Wu Dongqing (武冬青) Mr. Lim Ah Lay (林亞烈)

Remuneration Committee	Mr. Chou Sean Yu (曹顯裕) *(Chairman)* Dr. Wu Dongqing (武冬青) Mr. Kwan Mei Kam Mr. Lim Ah Lay (林亞烈) Mr. Koh Lian Huat (許連發)
Nomination Committee	Mr. Kwan Mei Kam *(Chairman)* Ms. Kwan Shu Ming (關曙明) Mr. Koh Lian Huat (許連發) Mr. Chou Sean Yu (曹顯裕) Dr. Wu Dongqing (武冬青)
Cayman Islands principal share registrar and transfer office	**Estera Trust (Cayman) Limited** P.O. Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 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	**DBS Bank Ltd** Level 43 12 Marina Boulevard Singapore **Overseas-Chinese Banking Corporation Limited** 65 Chulia Street OCBC Centre Singapore 049513

This and other sections of this prospectus contain information relating to the industry in which we operate. Certain information and statistics contained in this section have been derived from various official and publicly available sources. In addition, certain information and statistics set forth in this section have been extracted from a market research report commissioned by us and prepared by an independent market research agency. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information and statistics. We have no reason to believe that such information or statistics is false or misleading in any material respect or that any fact has been omitted that would render such information or statistics false or misleading in any material respect. However, such information and statistics have not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, our or their respective directors and officers or any other parties involved in the Global Offering, except Ipsos Limited. No representation is given as to the accuracy.

SOURCE AND RELIABILITY OF INFORMATION

We commissioned Ipsos, an independent market research consulting firm, to conduct an analysis of, and to report on building construction and A&A works industry in Singapore. A total fee of HK$510,000 was charged by Ipsos for the preparation of the Ipsos Report. Except as otherwise noted, the information and statistics set forth in this section have been extracted from 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.

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 16,000 personnel worldwide across 87 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 building construction and A&A works industry in Singapore. The information contained in the Ipsos Report is derived by means of data and intelligence gathering which include: (i) desktop research; and (ii) primary research, including interviews with key stakeholders including fitting-out and building works service providers, architects, quantity surveyor and industry experts and associations 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 or forecasts on the following principal bases and assumptions: (i) it is assumed that the global economic growth remains steady 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 in Singapore during the forecast period.

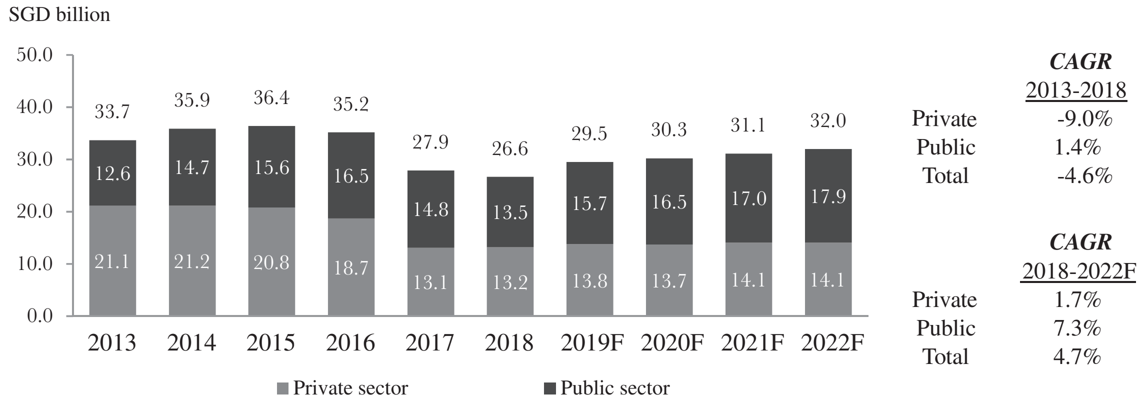
CONSTRUCTION INDUSTRY OVERVIEW

The Singapore construction industry can be broadly categorised into civil engineering works and building construction works. During the period 2013 to 2018, building construction works was the major driving force to the overall Singapore construction industry, accounted for more than 70% of the total construction value on average, whereas the civil engineering works accounted for approximately 27%.

The construction industry in Singapore recorded an increase from SGD33.7 billion in 2013 to SGD36.4 billion in 2015, powered by large amount of on-site construction activities from both public residential sector, public industrial sector and civil engineering. However, following a slowdown in the private property market and rescheduling of a few major public infrastructure projects such as the North-South Corridor, the construction industry in Singapore showed a decrease to SGD26.6 billion in 2018. The overall approximate CAGR from 2013 to 2018 was of -4.6%.

From 2018 to 2022, the gross output value of construction in Singapore is expected to recover from SGD26.6 billion to SGD32.0 billion, at an approximate CAGR of 4.7%. This is mainly supported by government initiatives to upgrade public flats and healthcare facilities, as well as many major infrastructure projects including the Changi Airport extension and other land transport projects such as the North-East line and Thomson-East Coast Line development for the public sector; and an upturn of the property market residential en-bloc trend for the private sector.

Gross output value of construction works in Singapore from 2013 to 2022F



Notes:

(1) The letter "F" denotes as forecasted figures

(2) the gross output value of construction works in Singapore represents the gross output value of the overall construction work performed such as demolition, foundation, building construction, site formation etc.

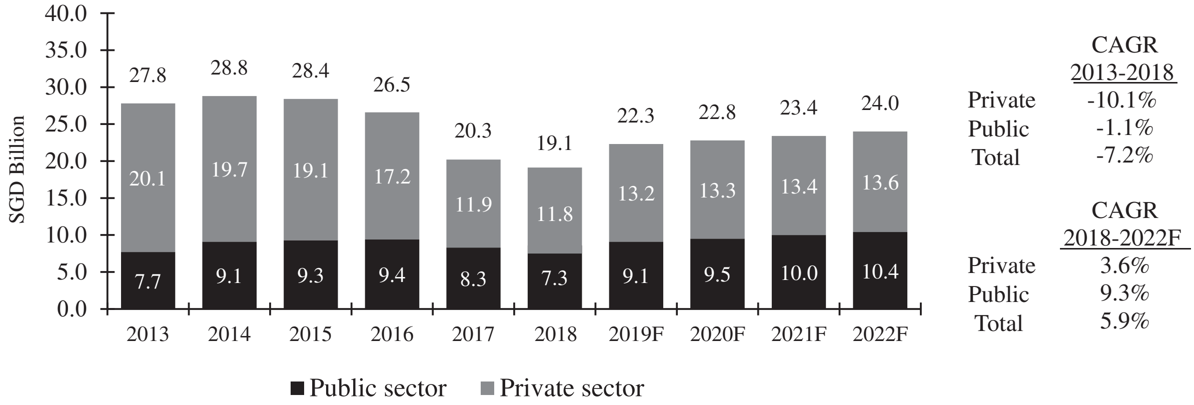
Source(s): Singapore Department of Statistics; The Ipsos Report

BUILDING CONSTRUCTION WORKS INDUSTRY OVERVIEW

Building construction works in Singapore refer to any activities that include 1) the erection, extension or demolition of a building; 2) the alteration, addition, or repair of a building 3) the provision, extension or alteration of any air-conditioning service or ventilation system in or connection with a building; and 4) site formation and building operation connected with or carried out for the mentioned purposes.

Affected by both the public and private sector, the gross output value of building construction works decreased from SGD27.8 billion in 2013 to SGD19.1 billion in 2018, at an approximate CAGR of -7.2%. The decline in public sector from 2016 to 2018 was mainly caused by the fall in certified payments for public residential buildings from SGD4.3 billion in 2016 to SGD3.0 billion in 2018; while the decline in private sector was mainly caused by slowing private property market. As the private property market is expected to gain recovery, alongside with Singapore Government's initiatives to upgrade public flats and healthcare facilities, the gross output value of building construction in Singapore is expected to pick up from SGD19.1 billion in 2018 to SGD24.0 billion in 2022.

Gross Output Value of Building Construction Works in Singapore from 2013 to 2022F



Note: The letter "F" denotes as forecasted figures

Source(s): Singapore Department of Statistics; The Ipsos Report

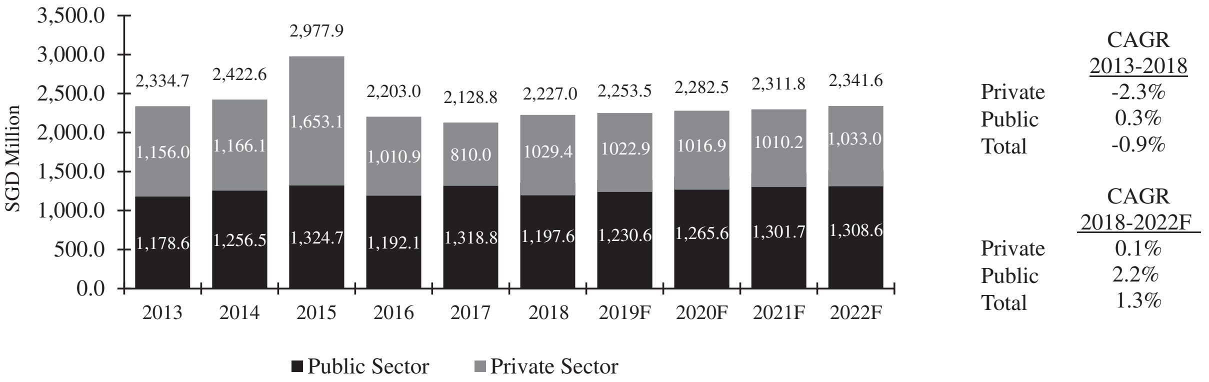
A&A WORKS INDUSTRY OVERVIEW

According to the Singapore Urban Redevelopment Authority, Alteration and Addition works (A&A) is defined as minor works to a landed property to increase the gross floor area by less than 50% of the approved gross floor area, removal of external walls that does not exceeds 50% of the approved external walls, replacing or reconstructing existing floor slabs that are less than 50% of the existing floor slabs, changes to an entire roof regardless of increase in height as long as it does not involve an additional storey and addition of an attic that is less than 50% of the gross floor area.

A&A work is highly demanded in the public and private sector. The gross output value of A&A works in Singapore witnessed an increase from SGD2,334.7 million in 2013 till its peak at SGD 2,977.9 million in 2015, thereafter returned to normal levels at SGD2,227.0 million in 2018, recorded an overall approximate CAGR of -0.9%. In general, A&A work industry in Singapore is well supported by the public sector with a CAGR of approximately 0.3% from 2013 to 2018. For year 2015 however, the private sector overtook the overall A&A industry with its surge in high value private industrial and institutional projects that led to a 41.8% leap from 2014.

From 2018-2022, A&A work is expected to grow moderately at an approximate CAGR of 1.3% from SGD2,227.0 million in 2018 to SGD2,341.6 million in 2022. Public sector A&A work is projected to continue to outpace private work due to an increase in public spending. The Prime Minister of Singapore announced that Housing Development Board (HDB) shall continue to upgrade the HDB apartments across the island and will extend the coverage of the HDBs to the ones that were built between 1987 and 1997. Private sector A&A works in Singapore, too, are expected to reverse its past declining trend to a positive CAGR of approximately 0.1% from SGD1,029.4 million in 2018 to SGD1,033.0 million in 2022. The growth is projected to be driven by the industrial, commercial and residential sectors. Specifically, the commercial office space where companies tend to relocate to newer office on an average of every 5 to 7 years will drive growth for A&A work segment.

Gross Output Value of Alteration & Addition Works in Singapore from 2013 to 2022F

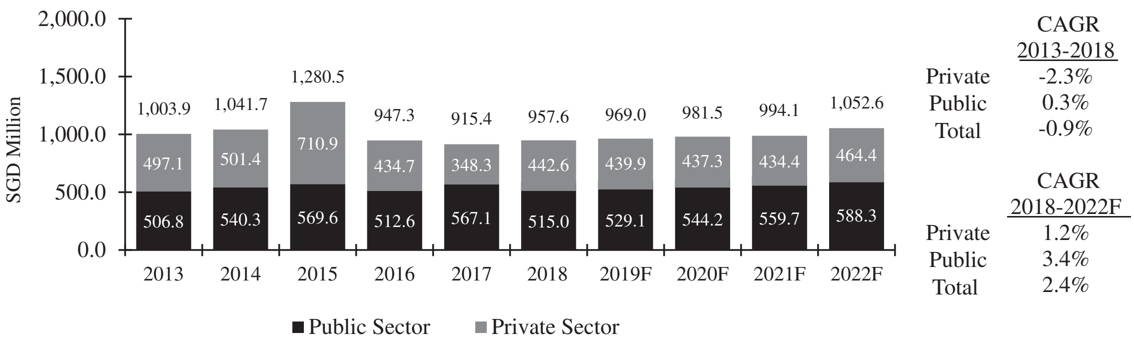


Note: The letter "F" denotes as forecasted figures

Source(s): Singapore Department of Statistics; The Ipsos Report

Institutional A&A work, which accounted for more than 40% of the Singapore A&A work industry, is the key segment of the total A&A work industry in Singapore. Typical A&A institutional work include public and private education institutions, hospitals, public community centres, sports facilities etc. Similar to the overall A&A work industry, A&A work in the institutional sector witnessed an increase from SGD1,003.9 million in 2013 till its peak at SGD1,280.5 million in 2015. The sharp increase in gross output value in 2015 was led by several high contract sum projects awarded in private sector that year which included two projects with contract sum of SGD50 million to SGD100 million and one private school A&A project with a contract sum of over SGD100 million. Thereafter, the gross output value for A&A institutional work returned to normal levels at SGD957.6 million in 2018, at an overall approximate CAGR of -0.9%. A&A institutional work is expected to grow at an approximate CAGR of 2.4% from SGD957.6 million in 2018 to SGD1,052.6 million in 2022. The Prime Minister of Singapore had made an announcement on upgrading and improving existing polyclinics by 2020 and 2023 to provide affordable, accessible and high quality primary healthcare across island. Additionally, the mergers of primary schools, secondary schools and junior colleges till 2020 and co-locating of kindergartens with primary schools as announced by the Singapore government shall present multiple project opportunities for A&A works. Public schools in general will also need to undergo upgradation and A&A every 8 to 10 years to accommodate technological changes, meet new learning pedagogies and repair damages due to ageing of building. Therefore, the education sector will always present A&A opportunities under the institutional segment.

Gross Output Value of Institutional Alteration & Addition Works in Singapore from 2013 to 2022F



Note: The letter "F" denotes as forecasted figures

Source(s): Singapore Department of Statistics; Singapore Building and Construction Authority; The Ipsos Report

COMPETITIVE LANDSCAPE FOR THE BUILDING CONSTRUCTION WORKS INDUSTRY

According to the Ipsos Report, as of 15th December 2019, the building construction in Singapore is competitive and fragmented with more than 1,800 building construction contractors registered under the category CW01-General Building Contractors Registration System managed by the BCA and there were 91 contractors that are graded A1 under the CW01 Workhead for General Building in Singapore. According to the Ipsos Report, the top five contractors (in terms of market share in the Singapore's building construction works industry in 2018) and their respective backgrounds are as follows:

Ranking	Contractor	Listing status	Company background	Approximate market share
1	Company A	Listed	Company A is a general contractor that operates nationwide and overseas. The company specialised in performing large-scale waterfront work and land reclamation, as well as building residential, commercial and industrial buildings.	4.2%
2	Company B	Not listed	Company B is one of the largest privately-owned building construction and civil engineering contractors in Singapore. The company covers both residential and commercial building sectors	3.8%
3	Company C	Listed	Company C is an architectural, civil engineering and general contracting firm. The Group's construction projects in Singapore mainly cover office, medical, educational and cultural sectors.	1.6%
4	Company D	Listed	Company D covers business in construction, property development and investment. The Group's construction projects mainly include commercial and residential projects from both public and private sectors.	1.0%
5	Company E	Listed	Company E is one of the largest listed construction and civil engineering contractors in Singapore. The company's main focus is property development business and building residential, commercial and industrial buildings	1.0%
				11.6%

Source(s): The Ipsos Report

Our Group's market share in the building construction works industry in Singapore

The total revenue of the building construction works industry in Singapore in 2018 is SGD19.1 billion according to the Ipsos Report. The total revenue of our Group for the year ended 30 June 2018 was SGD53.9 million. Based on these figures, it is estimated that our Group's market share in the building construction works industry in Singapore is 0.3%.

COMPETITIVE LANDSCAPE FOR THE A&A WORKS INDUSTRY

According to the Ipsos Report, the top five contractors (in terms of market share in the Singapore's A&A works industry in 2018) and their respective backgrounds are as follows:

Ranking	Contractor	Listing status	Company background	Approximate market share
1	Company A	Listed	Company A is a leading company in design, engineering and construction delivering high-tech facilities, plants and factories.	7.4%
2	Company B	Not listed	Company B is one of the largest interiors fit out and A&A contractor in Singapore. The company operates in both the residential and commercial sectors	6.2%
3	Company C	Listed	Company C is an architectural, civil engineering and general contracting firm. The Group's construction projects in Singapore mainly cover office, medical, educational and cultural sectors	4.1%
4	Company D	Listed	Company D is a company that provides engineering, procurement, construction and maintenance services.	2.8%
5	Company E	Listed	The construction arm of Company E had undertaken many residential, commercial, industrial, hospitality and conservation & asset enhancement projects, both in conventional build-only and design and build arrangements.	2.2%
				22.7%

Note(s): The ranking is subjected to be updated upon release of all key players' 2018 annual report.
Source(s): The Ipsos Report

Our Group's market share in the A&A work industry in Singapore

The total revenue of the A&A work industry in Singapore in 2018 is SGD2.2 billion according to the Ipsos Report. The revenue of our Group derived from the provision of A&A works for the year ended 30 June 2018 was SGD34.0 million. Based on these figures, it is estimated that our Group's market share in the A&A work industry in Singapore is 1.5%.

COMPETITIVE ANALYSIS FOR THE BUILDING CONSTRUCTION AND A&A WORKS INDUSTRY

Factors of competition

1. Adoption of advanced technologies

The Building Information Modelling (BIM) roadmap was first introduced by the Building and Construction Authority (BCA) in 2010 aimed to reduce the reliance on foreign construction workers and enhance the construction industry's productivity. To successfully implement BIM in building construction tasks, it is vital to equip construction professional with BIM-related skills, knowledge and expertise etc., resources are thereafter devoted to providing training and workshops. With the Singapore Government's plans in transforming the Singapore construction industry into a technology-based one, contractors who can showcase their capabilities and resources to execute and manage construction projects with BIM technologies would have comparably higher chance to be awarded with construction projects.

2. Industry reputation and proven track record

Reputation of main contractors is based on track record of previous projects, which account for timeliness of delivery, quality of work, compliance with safety and environment requirement. Particularly in the public sector, contractors are to be registered with the Contractor Registration System regulated by the BCA. BCA divides the registered contractors into seven grades and A1 is the highest grade. In general, BCA would prefer A1 contractors because they are deemed to execute projects in accordance to BCA quality standard and complete the construction works on time as compared to other industry players. Therefore, main contractors with good reputation and credibility will be able to gain trust from customers, thus more likely to be awarded projects.

3. Technical and project management experience

Technical expertise and experience in project management are important to meet project timeline, quality and budget. With an experienced project management team having good technical understanding of the building construction industry including the A&A works industry, a contractor is able to address different issues that may arise during project execution, and foresee potential problems during the project. The contractor's experience will also determine its capability to efficiently manage works of its subcontractors and allocate resources including workers, raw materials and machineries to complete works on time and within a competitive budget.

Industry drivers and future opportunities

1. Increasing ageing population

Singapore is currently facing the challenge of an ageing population. According to the Budget 2018, the number of elderly residents will almost double the current number and reach to over 90,000 citizens by 2030. To accommodate the number of elderly residents, the Singapore Government has unveiled several plans which include increasing the number of elderly homes, public hospitals, polyclinics and more nursing homes. This is expected to drive the demand for building construction including A&A works.

2. *Increase in public spending*

Public spending is estimated to be in the range of SGD16 billion to SGD19 billion from 2020-2023 on various projects that would include new construction works as well as upgrading existing facilities. According to the 2013 Land Use Plan to Support Singapore's Future Population, the number of public residential units ready for occupation is expected to increase substantially over the coming years due to government's plan to roll out at least 700,000 new housing units by 2030; all of which will drive the demand for construction works in Singapore. Additionally, continuous maintenance and improvement work done on community clubs, bus terminal, and buildings have been creating demand for A&A works. The Home Improvement Programme has been extended to HDB apartments built during 1987 and 1997 and the improvement work is expected to benefit around 230,000 HDB apartments. The laid-out plans are expected to drive the demand for A&A works in Singapore.

Entry barrier

1. *Established relationship with clients, subcontractors, raw material suppliers and workers*

Private sector building construction projects are often awarded through a selective tender process and customers often select contractors based on previous working relationships record. New entrants without these relationships may find it challenging to obtain the contracts. In addition, maintaining established relationships with raw material suppliers, subcontractors and workers would enable the building construction contractors to have more flexibility in negotiating prices, allocating resource and executing projects as compared to their competitors. Companies with a longer operating history have more established working relationships. On the other hand, new entrants without these relationships may find it difficult to compete with established contractors.

2. *Possession of experienced and qualified personnel*

It is vital for building construction including A&A works contractor to hire highly experienced personnel in project management and executions to complete complicated works in a timely manner. Due to the competitive environment and reliance of low-skilled foreign workers in Singapore's construction industry, it is challenging for contractors to recruit a crew of experienced project managers and skilled workers, especially for new entrants, to deliver quality works within the project's schedule. Therefore, having and maintaining an experienced team will be a significant barrier to entry for new entrants in the building construction including A&A works industry to handle projects effectively.

Threats and challenges

1. *Lack of skilled labour*

The construction sector is generally a labour-intensive sector and particularly reliant on foreign workers. As such further levies imposed on foreign workers or reduced quotas for workers to come into Singapore will negatively impact the country's competitiveness as regional business hub. Shortage of labour in this sector presents a weighty challenge in the building construction including A&A works industry, thus making it hard to sustain the business.

2. *Increased competition from foreign players*

Although the construction industry in Singapore is one of the most structured and well managed system in the region, its position is subsequently threatened by the growth and entry of other construction companies from countries like China and Japan. As such, Singapore's building construction and A&A works companies/contractors are constantly adapting to competition not only from local but foreign companies at large.

PRICE TREND OF MAJOR COST COMPONENTS

The major cost components of our Group's operation include, among others; concreting sand, granite, reinforcement steel bars and direct labour cost.

Raw Materials	2013	2014	2015	2016	2017	2018	CAGR
Concreting sand (SGD per tonne)	23.0	23.3	22.7	18.3	17.1	18.6	-4.1%
Granite (SGD per tonne)	20.6	22.5	19.7	15.4	16.1	17.2	-3.5%
Reinforcement steel bars (SGD per tonne)	766.9	653.9	501.4	500.5	688.8	786.4	0.5%
Wage change for construction (%)	5.2	3.8	3.1	2.1	2.0	2.8	-11.7%

Source(s): Singapore Department of Statistics; Singapore Ministry of Manpower; The Ipsos Report

The price of concreting sand fluctuated from SGD23.0 per tonne in 2013 to SGD18.6 per tonne in 2018. The price of concreting sand mirrored the gross output value and demand of construction works in Singapore.

The price of granite fluctuated from SGD20.6 per tonne in 2013 to SGD17.2 per tonne in 2018, was mainly affected by the demand of construction industry in Singapore and the supply of granite from the major import source countries which were Malaysia and mainland China.

Conversely, there has been a general downward trend of the wholesale price of steel reinforcements from SGD766.9 per tonne in 2013 to SGD500.5 per tonne in 2016 in Singapore. The drop was also attributed to the decrease in downstream industries' demand for steel production during this period. According to the World Steel figures 2018, China has been the largest exporter of crude steel since 2007. In 2017, China's crude steel production was 49.2% of the world's total production. As a result, steel prices in Singapore is fairly sensitive to crude steel production in China and the decrease in steel prices was a direct consequence of china's steel dumping. To ease the problem of overcapacity in china's steel industry, the central government encouraged de-capacity of steel production to protect loss-making mills starting from 2016. The success in steel capacity cut has led to recovery of steel price since the second half of 2016 and resulted in higher steel prices in Singapore. Along with the recovering global economic recovery, average wholesale price of steel reinforcements increased from SGD500.5 per tonne in 2016 to SGD786.4 per tonne in 2018.

Wages change for construction industry in Singapore

The wage for construction industry in Singapore increased consistently from 2013 to 2018, with rate of change ranging from 2.0% to 5.2%. The Singapore construction industry is highly reliant on foreign construction workers, participation rate by local Singaporean workers is comparably low. On average, from 2013 to 2018, approximately 21.0% of the construction workers in Singapore were local Singaporeans. Therefore, the wage rate for construction industry had increased throughout the years to attract more talents to join the construction industry.

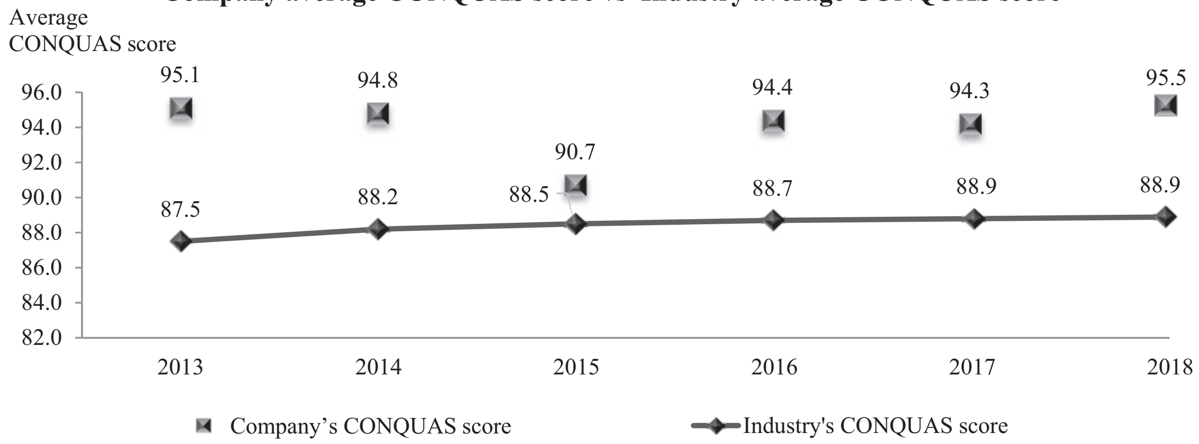
The total wage change experienced a decreasing trend primarily due to lower demand for construction workers resulted from lower volume of construction projects awarded. Also, the Singapore Government invested extensively in construction technologies in order to reduce the number of workers needed for construction tasks.

CONQUAS

Construction Quality Assessment System, or commonly known as CONQUAS, is a standard quality system developed by the BCA in conjunction with major public-sector agencies and various leading industry professional bodies, organisations and firms to benchmark quality of construction projects and measure quality of constructed works against workmanship standards and specifications. Our average CONQUAS score has been consistently above the industry's average CONQUAS score from 2013 to 2018. While we experienced a slight drop in its average CONQUAS score in 2015, the score was still well maintained above 90.0.

In the institutional sector, we were ranked 4th with an average institution CONQUAS score of 95.5 among contractors in Singapore in 2018.

Company average CONQUAS score vs Industry average CONQUAS score



We are subject to all relevant laws and regulations of the countries where our business operations are located and may be affected by policies which may be introduced by the relevant governments from time to time. As at the Latest Practicable Date, except as disclosed herein, our business and operations are not subject to any special legislation or regulatory controls which have a material impact on our business operations other than those generally applicable to companies and businesses operating in Singapore.

BUILDING CONTROL ACT (CHAPTER 29)

Overview

The building and construction industry in Singapore is regulated by the Building and Construction Authority ("**BCA**"), which is an agency under Singapore's Ministry of National Development. The BCA's primary role is to champion the development of an excellent built environment for Singapore, and the BCA does this by, amongst others, developing and regulating Singapore's building and construction industry.

The BCA administers the Builder's Licensing Scheme ("**BLS**"), while the Building Control Act (Chapter 29) of Singapore (the "**Building Control Act**") and its subsidiary legislation, particularly, the Building Control (Licensing of Builders) Regulations 2008, sets out the requirements for licensing of builders.

From 16 June 2009, all builders carrying out building works where plans are required to be approved by the Commissioner of Building Control and/or builders who work in specialist areas which have a high impact on public safety will require a builder's licence. This requirement applies to both public and private construction projects. There are two (2) types of builder's licences, namely, the general builder licence (the "**GB Licence**") and the specialist builder licence.

General Builder Licence

GB Licences are further sub-divided into two (2) classes, namely, the General Builder Class 1 Licence ("**GB1 Licence**"); and (ii) the General Builder Class 2 Licence ("**GB2 Licence**"). The former authorises a builder to carry on the business of a general builder generally, while a GB2 Licence authorises a builder to carry on the business of a general builder restricted to contracts or engagements for an estimated final price each of not more than S$6 million. It is an offence for a person to advertise or hold himself out or conduct himself in any way or by any means as a person who is authorised to carry on the business of a general builder or a specialist builder, or carries on the business of a general builder or specialist builder, without a valid GB Licence or a specialist builder's licence.

As at the Latest Practicable Date, we hold a GB1 Licence, the expiry date of which is 16 June 2021.

The work scope under GB Licences includes all general building works as well as the following minor specialist building works: (a) all specialist building works associated with minor specialist building works; (b) structural steelwork comprising fabrication and erection work for structures with a cantilever length of not more than three (3) metres, a clear span of less than six (6) metres and a plan area not exceeding 150 sq.m.; and (c) pre-cast concrete work comprising casting of pre-cast reinforced concrete slabs or planks on site.

In addition to the above minor specialist building works, a builder with a GB Licence may also 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 designated as specialist works to be carried out only by companies holding a specialist builder licence.

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

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

To maintain the GB1 Licence, the following conditions must be met:

Financial	**Approved Person**[(1)]		**Technical Controller**[(2)]	
Minimum Paid-up Capital	*Course*	*Practical Experience*	*Course*	*Practical Experience*
S$300,000	A course leading to a bachelor's degree or postgraduate degree in any field	At least three (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	At least five (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	At least five (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 ten (10) years (in aggregate) of practical experience in the execution of construction projects in Singapore		

1 The approved person is the appointed key personnel under whose charge and direction of the management of the business of the licensee, insofar 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 of 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 licensee whose licence has been revoked in the twelve (12) months preceding the date of application. The approved person is not acting, and for so long as he is the approved person for the builder that he does not intend to act, as a technical controller for any other holder of a licence (this criterion is applicable for all business entities except sole-proprietorship). The approved person must give his consent that he is to carry out the duties of an approved person for the licensee.

2 The technical controller(s) is/are 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 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 of 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 licensee whose licence has been revoked in the twelve (12) months preceding the date of application. The appointed technical controller is not acting, and for so long as he is the technical controller for the licensee that he does not intend to act, as a technical controller for any other holder of licence. The technical controller must give his consent that he is to carry out the duties of a technical controller for the licensee.

Specialist Builder Licence

A specialist builder licence is also issued under the BLS and is required for builders which intend to undertake specialist building works in six (6) prescribed categories, based on the types of work to be carried out: piling works, ground support and stabilisation works, site investigation works, structural steelwork, pre-cast concrete work or in-situ post-tensioning work. A builder 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, we hold a specialist builder licence (pre-cast concrete work), the expiry date of which is 29 October 2020.

To maintain the specialist builder licence (pre-cast concrete work), the following conditions must be met:

Financial	Approved Person[3]		Technical Controller[4]	
Minimum Paid-up Capital	*Course*	*Practical Experience*	*Course*	*Practical Experience*
S$25,000	A course leading to a diploma in a construction-related field, or a bachelor's degree or postgraduate degree in any field	At least three (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 the field of civil or structural engineering from a recognised institution	At least five (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 eight (8) years (in aggregate) of practical experience in the execution of construction projects in Singapore		

3 The approved person is the appointed key personnel under whose charge and direction of the management of the business of the licensee, insofar 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 of 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 licensee whose licence has been revoked in the twelve (12) months preceding the date of application. The approved person is not acting, and for so long as he is the approved person for the builder that he does not intend to act, as a technical controller for any other holder of a licence (this criterion is applicable for all business entities except sole-proprietorship). The approved person must give his consent that he is to carry out the duties of an approved person for the licensee.

4 The approved person is the appointed key personnel under whose charge and direction of the management of the business of the licensee, insofar 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 of 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 licensee whose licence has been revoked in the twelve (12) months preceding the date of application. The approved person is not acting, and for so long as he is the approved person for the builder that he does not intend to act, as a technical controller for any other holder of a licence (this criterion is applicable for all business entities except sole-proprietorship). The approved person must give his consent that he is to carry out the duties of an approved person for the licensee.

Contractor's Registration System ("CRS")

The CRS is administered by the BCA and registration with the CRS is a pre-requisite to tendering for projects in the public sector in Singapore. A company involved only in private sector projects need not register with the CRS and will only require a builder's licence under the BLS. At present, there are seven (7) major categories of registration: Construction (CW), Construction-Related (CR), Mechanical and Electrical (ME), Maintenance (MW), Trade Heads for Subcontractors (TR), Regulatory Workhead (RW) and Supply (SY). These seven (7) categories are further divided into a total of sixty-three (63) workheads. Each major category of registration is also subject to up to seven (7) financial grades.

Registration is dependent on the fulfilment of specific requirements, including the value of previously completed projects, personnel resources, and consistent and continuous good performance. In order to qualify for a particular grade, companies must satisfy the respective grade requirements in terms of (i) financial capability (valid audited accounts, paid-up capital, net worth, etc.); (ii) relevant technical personnel (full-time employed, recognised professional, technical qualifications, valid licences, etc.); (iii) management certifications (Singapore Accreditation Council accredited ISO 9000, ISO 14000, OHSAS 18000, etc.); and (iv) track record (valid projects with documentary proof, endorsed and assessed by clients). Each grade corresponds to a tendering limit which is valid for one (1) year from 1 July to 30 June. The tendering limit may be adjusted every year by the BCA depending on the economy driving the construction industry in Singapore.

As at the Latest Practicable Date, we are registered with the BCA under the following workheads:

Workheads	Title	Scope of work		Grade	Expiry Date
CW01	General Building	(a)	All types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes the construction of multi-storey carparks, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants.	A1	1 January 2021
		(b)	Addition and alteration works on buildings involving structural changes.		
		(c)	Installation of roofs.		

Workheads	Title	Scope of work	Grade	Expiry Date
CW02	Civil Engineering	(a) Works involving concrete, masonry and steel in bridges, sewers, culverts, reservoirs, retaining walls, canals drainage systems, underground structures, cutting and filling of embankment, river banks, excavation of deep trenches, scraping of sub-soil, surface drainage works, flexible pavement, rigid pavement or laterite roads, bus bays, open carparks and related works such as kerbs and footways. (b) Works involving dredging in canal, river and offshore for the purpose of deepening and extraction of mineral or construction material. It also includes reclamation works. (c) Works involving marine piling and the construction of marine structures such as jetties, wharves, sea and river walls. The head does not cover the construction and fabrication of marine crafts, pontoons and oil rigs or any floating platform.	C3	1 January 2021
CR06	Interior Decoration & Finishing Works	Interior design, planning and the decoration of buildings. This includes ceiling panels, partitions, built-in fitments, raised floor works, plastering and tiling.	L1	1 January 2021

Accordingly, our Group is able to undertake:

(i) (in its capacity as the holder of a GB1 Licence) contracts for private sector building works of any value;

(ii) (in its capacity as the holder of a specialist builder licence (pre-cast concrete work)) private sector contracts for pre-cast concrete work;

(iii) (in its capacity as a contractor registered under CW01 Workhead, A1 grade) direct tendering for public sector projects of an unlimited contract value;

(iv) (in its capacity as a contractor registered under CW02 Workhead, C3 grade) direct tendering for public sector projects of a contract value not exceeding S$0.65 million; and

(v) (in its capacity as a contractor registered under CR06 Workhead, L1 grade) direct tendering for public sector projects of a contract value not exceeding of S$0.65 million.

In order for our Group to maintain its existing gradings, there are certain requirements to be complied with, including but not limited to requirements relating to minimum paid-up capital and net worth, employment of personnel, and track record of past projects or contracts secured.

Some of the specific requirements for our Group's gradings as at the Latest Practicable Date are as follows:

Workhead/Title/Grade	Requirements	
CW01/General Building/A1	Minimum paid-up capital and minimum net worth	S$15,000,000
	Track record	Secure, over a three (3) year period, projects with an aggregate contract value of at least S$150 million, of which a minimum of S$75 million worth of the projects are executed in Singapore, S$112.5 million worth of the projects are executed from main contracts, and S$37.5 million worth of the projects are from a single main contract or nominated subcontract (the percentage of the subcontract value taken into consideration shall be 50%).
	Personnel	Employ at least twenty-four (24) registrable professionals[5] ("**RP**"), professionals[6] ("**P**") or technicians[7] ("**T**") with the requisite qualifications, with a minimum of eight (8) RPs and one (1) RP, P or T who have obtained a Specialist Diploma in Construction Productivity conducted by the BCA Academy or being a Certified Construction Productivity Personnel. At least one third of the RP, P or T are required to have a minimum of twenty-four (24) months of relevant experience in Singapore; out of the twenty-four (24) months, at least twelve (12) months of such relevant experience in Singapore must be within the last three (3) years. All personnel are required to submit annual continuing education and training ("**CET**") declarations to the CRS.
	Management and development	Obtain the following certifications: (i) ISO 9001: 2008; (ii) ISO 14001; (iii) ISO14001 / OHSAS 18001; and (iv) Green and Gracious Builders Scheme
	Additional requirement	To possess GB1 Licence

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

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

7 A technician must have a minimum technical qualification of any of the following: (a) a diploma in civil/structural, mechanical or electrical engineering, architecture, building or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic; (b) a National Certificate in Construction Supervision or Advanced National Building Qualification/Specialist Diploma in Mechanical and Electrical Coordination awarded by the BCA Academy; or (c) such other diplomas or qualifications as approved by the BCA from time to time.

Workhead/Title/Grade	Requirements	
CW02/Civil Engineering/C3	Minimum paid-up capital and minimum net worth	S$25,000
	Track record	Secure, over a three (3) year period, projects with an aggregate contract value of at least S$100,000.
	Personnel	Employ at least one (1) RP, P or T who has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy.
	Management and development	—
	Additional requirement	To process GB1 Licence or GB2 Licence.
CR06/ Interior Decoration & Finishing Works/L1	Minimum paid-up capital and minimum net worth	S$10,000
	Track record	Secure, over a three (3) year period, projects with an aggregate contract value of at least S$100,000.
	Personnel	Employ at least one (1) T with three (3) years of relevant experience and who has obtained a Certificate of Attendance in Basic Concept in Construction Productivity Enhancement conducted by the BCA Academy.
	Management and development	—
	Additional requirement	—

Building Plans

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

Under the Building Control Act, a builder undertaking any building works shall, amongst others: (a) ensure that the building works are carried out in accordance with the provisions of the Building Control Act, the plans approved by the CBC and supplied to it by a Qualified Person and with any terms or conditions imposed by the CBC; (b) notify the CBC of any contravention of the Building

Control Act or the building regulations relating to those building works; (c) keep at the premises on which the building works are carried all plans of those building works approved by the CBC and supplied to him by a Qualified Person; and (d) within seven (7) days from the completion of the building works, certify that the new building has been erected or the building works have been carried out in accordance with the Building Control Act and the building regulations and deliver such certificate to the CBC.

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

Public Sector Standard Conditions of Contract for Construction Works

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

BUILDING AND CONSTRUCTION INDUSTRY SECURITY OF PAYMENT ACT (CHAPTER 30B)

Under the Building and Construction Industry Security of Payment Act (Chapter 30B) of Singapore (the "**BCISPA**") which is administered by the BCA, any person who has carried out any construction work or supplied any goods or services under a construction or supply contract is entitled to a progress payment. The BCISPA also contains provisions relating to, amongst others, the amount of the progress payment to which a person is entitled, the valuation of the construction work and the date on which a progress payment becomes due and payable. In addition, the BCISPA, amongst others, endorses the following rights:

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

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

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

Under the BCISPA, where a construction contract provides for the date on which a progress payment becomes due and payable, the progress payment becomes due and payable on the earlier of the following dates: (a) the date as specified in or determined in accordance with the terms of the contract; or, in any other case (b)(i) the date immediately upon the expiry of thirty-five (35) days after submission of a tax invoice for the progress payment if the claimant is a taxable person under the Goods and Services Tax Act (Chapter 117A) of Singapore (the "**GSTA**"); or (b)(ii) if the respondent (i.e. the customer) fails to provide a payment response (i.e. the response to the progress payment claim submitted to the customer for approval), the date immediately upon the expiry of thirty (35) days after: (i) the date specified in or determined in accordance with the terms of the construction contract or within twenty-one (21) days after the progress payment claim is served, whichever is earlier; or (ii) where the construction contract does not contain such a provision, within seven (7) days after the progress payment claim is served.

Where a construction contract does not provide for the date on which a progress payment becomes due and payable, the progress payment shall become due and payable on: (a) the date immediately upon the expiry of fourteen (14) days after submission of a tax invoice if the claimant is a taxable person under the GSTA; or (b) in any other case, whether or not a payment response is provided, the date immediately upon the expiry of fourteen (14) days after: (i) the date specified in or determined in accordance with the terms of the construction contract, or within twenty-one (21) days after the progress payment claim is served, whichever is earlier; or (ii) where the construction contract does not contain such a provision, within seven (7) days after the progress payment claim is served.

With respect to the due date of payment for supply contracts, the BCISPA provides that where a supply contract provides for the date on which a progress payment becomes due and payable, the progress payment shall become due and payable on the earlier of: (a) the date as specified or determined in accordance with the terms of such supply contract; or (b) the date immediately upon the expiry of sixty (60) days after the relevant payment claim is served. Where a supply contract does not provide for the date on which a progress payment becomes payable, the progress payment becomes due and payable upon the expiry of thirty (30) days after the relevant payment claim is served.

Under the BCISPA and in relation to a construction contract, a claimant will be entitled to make an adjudication application in relation to the relevant payment claim in any of the following situations: (a) if the claimant fails to receive a payment by the due date of the response amount which he has accepted; (b) the claimant disputes a payment response provided by the respondent and the dispute is not settled within seven (7) days after the date on which the period within which the payment response is required to be provided; or (c) the respondent fails to provide a payment response to the claimant within seven (7) days after the specified period within which the payment response is required to be provided. An adjudication application shall be made within seven (7) days after the entitlement of the claimant to make the application first arises, failing which the claimant will lose his statutory right to make such an application. However, in such event, the claimant will still be entitled to make a contractual claim against the respondent for the relevant payment claim.

The BCISPA provides that its provisions shall have effect notwithstanding any provision to the contrary in any contract or agreement.

EMPLOYMENT ACT (CHAPTER 91)

The Employment Act (Chapter 91) of Singapore (the "**Employment Act**") is the main legislation governing employment in Singapore. The Employment Act covers every employee who is under a contract of service with an employer and includes a workman (defined under the Employment Act to include any person, skilled or unskilled who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, or any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and through the performance of his work) but does not include seafarers, domestic workers, statutory board employees or civil servants. The Employment Act and its subsidiary legislation are administered by Singapore's Ministry of Manpower (the "**MOM**").

Part IV of the Employment Act contains provisions relating to, amongst others, working hours, overtime, rest days, holidays, annual leave, payment of retrenchment benefit, priority of retirement benefit, annual wage supplement and other conditions of work or service, which apply to (a) workmen earning basic monthly salaries of not more than S$4,500; and (b) employees (excluding workmen) earning basic monthly salaries of not more than S$2,600 ("**Part IV Employee**"). Paid public holidays and sick leave apply to all employees who are covered by the Employment Act regardless of salary levels.

The Employment Act provides that a Part IV Employee is not allowed to work for more than twelve (12) hours in any one (1) day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, the Employment Act limits the extent of overtime work that a Part IV Employee can perform to seventy-two (72) hours a month. Employers must seek the prior approval of the Commissioner for Labour ("**CL**") if they require a Part IV Employee or class of Part IV Employees to work for more than twelve (12) hours a day or perform overtime work for more than seventy-two (72) hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the Part IV Employee or class of Part IV Employees, by order in writing, exempt such Part IV Employee or class of Part IV Employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such Part IV Employee or class of Part IV Employees are employed.

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

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

CENTRAL PROVIDENT FUND ACT (CHAPTER 36)

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

The penalties that employers may face for not complying with the CPF Act are as follows:

(a) late payment interest charged at 18% per annum (1.5% per month), starting from the first day of the following month after the contributions are due. The minimum interest payable is S$5 per month;

(b) a fine of up to S$5,000 and no less than S$1,000 per offence and/or up to six (6) months' imprisonment;

(c) a fine of up to S$10,000 and no less than S$2,000 per offence and/or twelve (12) months imprisonment for repeat offenders; and/or

(d) fine of up to S$10,000, imprisonment of up to seven (7) years or both if the employer made a deduction to the employee's share of CPF contributions but failed to pay the contributions to CPF Board.

IMMIGRATION ACT (CHAPTER 133) AND EMPLOYMENT OF FOREIGN MANPOWER ACT (CHAPTER 91A)

The Immigration Act (Chapter 133) of Singapore provides that no person, other than a citizen of Singapore, shall enter or attempt to enter Singapore unless, amongst others, he is in possession of a valid pass lawfully issued to him to enter Singapore. Such valid pass would include, amongst others, a valid work pass issued by the Controller of Work Passes under the Employment of Foreign Manpower Act (Chapter 91A) ("**EFMA**") and the regulations issued pursuant thereto.

Under Section 5(1) of the EFMA, no person shall employ a foreign employee in Singapore unless he has obtained a valid work pass in respect of the foreign employee from the MOM, which allows the foreign employee to work for him. 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.

A work pass includes the following: (a) employment pass, for foreign professionals, managers and executives earning at least S$3,600 per month and who have acceptable qualifications; (b) "S pass", for mid-level skilled staff who earn at least S$2,300 per month and who meet the assessment criteria; and (c) work permit for foreign worker, for semi-skilled foreign workers.

Apart from the general requirements for employing foreign workers, there are requirements additional and specific to the construction sector which our Group has to fulfil. These include specific requirements with respect to a foreign worker's nationality, quota and levy. The availability of foreign workers is regulated by the MOM through its various policies on, amongst others:

(i) approved source countries;

(ii) the imposition of security bonds and levies;

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

(iv) quotas based on the man-year entitlement ("**MYE**") in respect of workers from Non-Traditional Sources ("**NTS**") and the People's Republic of China (the "**PRC**").

Approved Source Countries

In Singapore, employers in the construction industry can only employ foreign workers who satisfy the conditions in relation to source countries, age when applying, and maximum period of employment. The approved source countries for construction workers are Malaysia, the PRC, NTS and North Asian Sources ("**NAS**"). NTS refer to India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines. NAS includes Hong Kong (holders of Hong Kong passports), Macau, South Korea and Taiwan.

Construction companies must have Prior Approval ("**PA**") from the MOM to employ foreign workers from NTS 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: (a) the duration of the work permits applied for; (b) the number of full-time local workers employed by the company over the past three (3) months as reflected in the company's CPF contribution statements; (c) 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 (d) the remaining quota (dependency ratio ceiling) available.

With respect to NTS and PRC construction workers, basic skilled workers are allowed to work up to a maximum of fourteen (14) years, while higher skilled workers would be allowed to work up to twenty-six (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 sixty (60) years old.

In addition, for each individual's work permit, in-principle approvals have to be sought. Within two (2) 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.

The MOM requires all new workers in the construction sector from NTS countries and the PRC recruited under the PA scheme to possess either the Skills Evaluation Certificate ("**SEC**") or the Skills Evaluation Certificate (Knowledge) ("**SEC(K)**") before they are allowed to work in Singapore. The SEC and SEC(K) schemes are initiated by the BCA to raise the skill levels of the construction workforce, thus improving productivity and enhancing safety in the construction sector. All workers from NAS countries must possess either the SEC or SEC(K) and all Malaysian workers must possess either, the Sijil Pelajaran Malaysia ("**SPM**") or its equivalent, the SEC or the SEC(K) before they are allowed to work in Singapore.

All foreign workers in the construction sector must also attend the Construction Safety Orientation Course ("**CSOC**"), a course conducted by various training centres accredited by the MOM and obtain a valid CSOC pass. The CSOC is to (i) ensure that these construction workers are familiar with common safety requirements and health hazards in the industry, including the use of personal protective equipment; (ii) educate them on the required measures to prevent accidents and diseases; and (iii) ensure that they are aware of their rights and responsibilities under the relevant employment law in Singapore. Employers must ensure that their foreign workers attend the CSOC within two (2) weeks of their arrival in Singapore before their work permits can be issued. At the end of the CSOC, the workers will receive a safety orientation pass upon passing the course requirements or assessment. Foreign workers who have failed the CSOC must retake the course as soon as possible. Employers who fail to ensure that their foreign workers take and pass the CSOC will be barred from applying for any new work permits for three months, while the affected foreign workers will have their work permits revoked.

Security Bonds and Foreign Worker Levies

For each NAS, NTS or PRC construction worker 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 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 such requirement of furnishing a security bond.

The employment of foreign workers is also subject to the payment of levies. The foreign worker levy, commonly known as "levy", is a pricing mechanism to regulate the number of foreign workers in Singapore. Employers pay the levy according to the qualifications of the foreign workers employed and the dependency ceiling. The levy liability will start from the day the temporary work permit or work permit is issued, whichever is earlier. It ends when the permit is cancelled or expires. The levy rates for each year are subject to changes as and when announced by the Singapore government.

As at the Latest Practicable Date, a levy of S$700 will apply to basic skilled workers (workers who possess SEC or SEC(K)), and a levy of S$300 will apply to higher skilled workers registered under the CoreTrade Scheme or issued with certifications recognised by the BCA with at least four (4) years of construction experience in Singapore. Foreign workers with at least three (3) years' working experience in the construction sector will qualify for the MYE waiver. The monthly levy rate for the construction sector is as follows:

Worker Category	Monthly Levy Rate
Workers from Malaysia and NAS — higher skilled	300
Workers from Malaysia and NAS — basic skilled	700
Workers from NTS and the PRC — higher skilled and on MYE	300
Workers from NTS and the PRC — basic skilled	700
Workers from NTS and the PRC — higher skilled with MYE waiver	600
Workers from NTS and the PRC — basic skilled with MYE waiver	950

Dependency Ceilings

The dependency ceiling for the construction industry is currently set at a ratio of one (1) full-time local worker to seven (7) foreign workers. This means that for every full-time Singapore citizen or Singapore permanent resident who is employed by a company in the construction sector with regular full month CPF contributions made by the employer, the company can employ a maximum of seven (7) foreign workers. A full-time employee refers to a Singapore citizen or Singapore permanent resident employee who earns at least S$1,200 per month under a contract of service.

MYE

The MYE is a work permit allocation system for the employment of construction workers from NTS 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 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 (1) man-year is equivalent to one (1) year's employment under a work permit. All levels of subcontractors are required to obtain their MYE allocation from their main contractors.

At the time of the MYE application, the balance duration of the project must be at least one (1) month and the total remaining contract value of the project must be at least S$500,000. To employ construction workers from NTS or the PRC, the employer must make an application for MYE, PAs and in-principle approvals for individual work permits.

A main contractor's MYE will expire on the completion date of the relevant project. In the event of an extension of a project completion date, the main contractor may request to extend the MYE. If the extension is approved, the new project completion date will be indicated in the original MYE certificate which will be sent to the main contractor.

Additional Conditions

Employers are required to comply with the conditions of the work permits, such as the requirement to provide acceptable accommodation for their foreign workers. Such accommodation must meet the statutory requirements set out by various government agencies.

Other conditions of the work permits which employers of foreign construction workers are also required to comply with include the following: (a) ensuring that the foreign worker performs only those construction activities specified in the conditions; (b) ensuring that the foreign worker is not sent to work for any other person, except as provided for in the conditions; (c) providing safe working conditions for their foreign workers; (d) insuring and maintaining workmen's compensation insurance in respect of the foreign worker; and (e) purchasing and maintaining medical insurance with coverage of at least S$15,000 per twelve (12) month period of the foreign worker's employment (or for such shorter period where the worker's period of employment is less than twelve (12) months) for the foreign worker's in-patient care and day surgery except as the Controller of Work Passes may otherwise provide by notification in writing.

WORKPLACE SAFETY AND HEALTH ACT (CHAPTER 354A)

Under the Workplace Safety and Health Act (Chapter 354A) of Singapore ("**WSHA**"), every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health and adequate with regard to facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

The Workplace Safety and Health (Construction) Regulations 2007 sets out additional specific duties on employers and applies to all worksites. It includes, amongst others, appointing a workplace safety and health coordinator in respect of every worksite to assist and identify 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. The regulations further set out the duties of the occupier of a worksite, amongst others, in relation to structures and supports, stability of structures, storage and placement of materials and equipment, protection against falling objects, hazards arising from protruding objects, runways and ramps, entry into building under construction and lighting.

More specific duties imposed on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations ("**WSHR**"). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health. Under the WSHR, it is the duty of the occupier of a workplace in which the equipment is used to comply with the provisions of the WSHR, and to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines.

Under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health ("**CWSH**") may, amongst others, enter the workplace to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

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

Demerit Points System for the Construction Sector

The MOM has also implemented an enhanced demerit points system for the construction sector. Pursuant thereto, main contractors and subcontractors in the construction sector will be issued with demerit points for breaches under the WSHA and relevant subsidiary legislation.

Under the system, the number of demerit points awarded depends on the severity of the infringement. An accumulation of a minimum of 25 demerit points would immediately trigger debarment for the contractor, and applications for all types of work passes for foreign employees will be rejected by the MOM. The accumulation of more demerit points will result in longer periods of debarment. Contractors that have been issued with demerit points will be informed by MOM in writing. Each demerit point is valid for eighteen (18) months. A list of contractors with demerit points is published on the MOM's website. As at the Latest Practicable Date, we do not have any demerit points.

The number of demerit points issued to contractors will be based on the severity of the offences committed:

Type of incident	Demerit points	Effective date
Composition fines	1 point per fine from the 4th composition fine onwards	Date of MOM's decision to offer composition fines
Stop work order (partial)	5	Date of stop work order issued
Stop work order (full)	10	Date of stop work order issued
Prosecution action taken for accident that led to serious injuries to any person	18	Date of MOM's decision to prosecute
Prosecution action taken for dangerous occurrence (potential for multiple fatalities)	18	Date of MOM's decision to prosecute
Prosecution action taken for accident that led to death of one (1) person	25	Date of MOM's decision to prosecute
Prosecution action taken for accident that led to death of more than one (1) person	50	Date of MOM's decision to prosecute

Demerit points for a contractor are calculated by adding the points accumulated from all the worksites under the same contractor.

Contractors, including all main and subcontractors who accumulate a pre-determined number of demerit points within an 18-month period, will be debarred from employing foreign workers. The following table indicates the scope and duration of debarment for the accumulated demerit points.

Phase	Demerit points accumulated within 18-month period	Allowed to hire new workers	Allowed to renew the passes of existing workers	Duration of debarment
1	25 to 49	No	Yes	3 months
2	50 to 74	No	Yes	6 months
3	75 to 99	No	Yes	1 year
4	100 to 124	No	Yes	2 years
5	125 and above	No	No	2 years

WORK INJURY COMPENSATION ACT (CHAPTER 354)

The Work Injury Compensation Act (Chapter 354) of Singapore ("**WICA**"), which is regulated by the MOM, applies to employees who are engaged under a contract of service or apprenticeship, regardless of their level of earnings. The WICA does not cover self-employed persons or independent contractors. However, as the WICA provides that, where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the subcontractor employer), the principal shall be liable to compensate those employees of the subcontractor employer who were injured while employed in the execution of work for the principal.

The WICA provides that if an employee dies or sustains injuries in a work-related accident or contracted occupational diseases in the course of the employment, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. An injured employee is entitled to claim medical leave wages, medical expenses and lump sum compensation for permanent incapacity or death, subject to certain limits stipulated in the WICA.

An employee who has suffered an injury arising out of and in the course of his employment can choose to either: (a) submit a claim for compensation through the MOM without needing to prove negligence or breach of statutory duty by the employer (there is a fixed formula in the Work Injury Compensation Act on amount of compensation to be awarded); or (b) commence legal proceedings to claim damages under common law against the employer for breach of duty or negligence.

Damages under a common law claim are usually more than an award under the WICA and may include compensation for pain and suffering, loss of wages, medical expenses and any future loss of earnings. However the employee must show that the employer has failed to provide a safe system of work, or breached a duty required by law or that the employer's negligence caused the injury.

Under the WICA, every employer is required to insure and maintain insurance under approved policies with an insurer against all liabilities which he may incur under the provisions of the Work Injury Compensation Act in respect of all employees employed by him, unless specifically exempted. Work injury compensation insurance is required for all employees doing manual work, regardless of salary level, and all employees doing non-manual work, earning less than S$1,600 a month.

ENVIRONMENTAL PUBLIC HEALTH ACT (CHAPTER 95)

The Environmental Public Health Act (Chapter 95) of Singapore (the "**EPHA**") requires, amongst others, a person, during the 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, amongst others, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Director-General of Public Health and authorised officers may, on receipt of any information respecting the existence of a nuisance liable to be dealt with summarily under the EPHA and if satisfied of the existence of a nuisance, serve a nuisance order on the person by whose act, default or sufferance the nuisance arises or continues, or if the person cannot be found, on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with summarily under the EPHA include any factory or workplace which is not kept in a clean state, any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety.

ENVIRONMENTAL PROTECTION AND MANAGEMENT ACT (CHAPTER 94A)

The Environmental Protection and Management Act (Chapter 94A) of Singapore seeks to provide for the protection and management 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.

BCA has enhanced the Building Control Act and put in place the Building Control (Environmental Sustainability) Regulations 2008 ("**BCESR**"), to require a minimum environmental sustainability standard equivalent to the Green Mark Certified Level for new buildings and existing ones that undergo major retrofitting. The requirements on environmental sustainability of buildings are integrated with the building plan process. The developer or building owner shall engage a qualified person and other appropriate practitioners to assess and score building works under their charge, ensure that the building works are designed with physical features or amenities, and may be carried out using methods and materials to meet the minimum environmental sustainability standard stipulated in the BCESR. The qualified person who submits the building plan will take overall responsibility for ensuring that the minimum environmental sustainability standard is met.

COMPANIES ACT (CHAPTER 50)

Kwan Yong Construction Pte. Ltd. is an indirect wholly-owned subsidiary of our Company and the operating subsidiary of our Group. It is a private company limited by shares, incorporated and governed under the provisions of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**").

The Companies Act generally governs, amongst others, matters relating to the status, power and capacity of a company, shares and share capital of a company (including issuances of new shares (including preference shares), treasury shares, share buybacks, redemption, share capital reduction, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders' rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution.

Members of a Singapore company are also subject to, and bound by the provisions of, its constitution.

PERSONAL DATA PROTECTION ACT 2012

Personal data in Singapore is protected under the Personal Data Protection Act 2012 ("**PDPA**"). The PDPA governs the collection, use, disclosure and care of personal data by organisations in a manner that recognises both the right of individuals to protect their personal data and the need of organisations to collect, use or disclose the same for purposes that a reasonable person would consider legitimate and reasonable in the circumstances. Under the PDPA, personal data is defined as data, whether true or not, about an individual (whether living or deceased) who can be identified: (a) from that data; or (b) from that data and other information to which the organisation has, or is likely to have access.

Generally, the PDPA imposes the following obligations on organisations collecting, using or disclosing personal data of individuals: obligations of obtaining consent, giving notification and access and correction rights to the aforesaid individuals, purpose limitation in respect of use of, and retention limitation and transfer limitation in respect of personal data collected , ensuring accuracy and protection of data collected and openness in making information available on its privacy policies and procedures relating to protection of personal data.

THE PRODUCTIVITY AND INNOVATION CREDIT SCHEME

The Productivity and Innovation Credit ("**PIC**") Scheme was first introduced in the Singapore Budget 2010 to encourage businesses to invest in productivity and innovation.

The PIC Scheme was supposed to continue for five (5) years from the Year of Assessment ("**YA**") 2011 to YA 2015 (i.e. in respect of the Company, from 1 July 2009 to 30 June 2014) but was extended in the Singapore Budget 2014 for another three (3) years to YA2018 (i.e. in respect of the Company, 30 June 2017). The PIC Scheme will not be available from YA2019 (i.e. in respect of the Company, 1 July 2017).

Under the PIC scheme, active businesses were able to convert qualifying expenditure into non-taxable cash payouts at a rate of 60% on up to S$100,000 of expenditure across six (6) qualifying activities per YA (40% if such expenditure was incurred on or after 1 August 2016). Alternatively, businesses were able to claim 400% tax deductions/allowances on up to S$400,000 of spending per year in each of the six (6) qualifying activities (600% under the PIC+ Scheme, which applied to qualifying small and medium enterprises).

The six (6) qualifying activities under the PIC Scheme were:

(a) acquisition and leasing of certain prescribed PIC information technology and automation equipment;

(b) training of employees;

(c) acquisition and licensing of intellectual property rights;

(d) registration of patents, trademarks, designs and plant varieties;

(e) research and development activities; and

(f) design projects approved by DesignSingapore Council.

THE PRODUCTIVITY INNOVATION PROJECT SCHEME

The Productivity Innovation Project ("**PIP**") Scheme was first introduced in 2010 as part of the Construction Productivity and Capability Fund (which was established out of the National Productivity Fund introduced in the Singapore Budget 2010). The PIP Scheme's primary aim is to encourage and facilitate Singapore-registered construction-related businesses to build up their capability (through, amongst others, technology adoption), identify productivity gaps and improve site processes so as to achieve higher site productivity.

The PIP Scheme operates in tranches, and the most recent tranche has ended as of 31 August 2018.

Under the PIP Scheme, financial assistance was provided to cover a percentage of the qualifying cost of a developmental project, while expenses in manpower, equipment, materials, professional services and intellectual property acquisition for conducting the same was supported on a co-funding basis. The standard PIP Scheme allowed the co-funding of up to 50% (capped at S$100,000 per application for firms, and S$500,000 per application for prefabricators and groups) while the enhanced PIP scheme allowed for co-funding of up to 70% (capped at S$300,000 per application for firms, and S$500,000 per application for prefabricators and groups (although it should be noted that prefabricators could get up to S$1,000,000 per application in respect of applications for highly automated technology)).

To have been eligible for the PIP Scheme, a business must have satisfied the following conditions:

(a) be a Singapore-registered construction-related business enterprise;

(b) the project should involve significant improvement in building design, products, processes and applications and lead to significant site productivity improvement;

(c) the project should develop new capabilities within the company and/or industry; and

(d) the deliverable of the project must aim to achieve improvement in site productivity (reduced cycle time, reduced manpower, higher yield etc.) by at least 20% (to be eligible for the enhanced PIP Scheme, firms must achieve at least 30% productivity improvement and demonstrate development in any 2 of the 3 areas in financial standing, human resource development or certifications/awards).

Additional criteria applied, including but not limited to the project not having commenced at the time of application and the project duration being preferably kept within two (2) years.

THE MECHANISATION CREDIT SCHEME

The Mechanisation Credit ("**MechC**") Scheme was first introduced in 2010 as part of the Construction Productivity and Capability Fund (which was established out of the National Productivity Fund introduced in the Singapore Budget 2010) and has since been discontinued on 31 May 2018.

The MechC Scheme provided funding support to Singapore-registered businesses to defray the cost of adopting technologies that improve productivity in construction projects. The MechC Scheme provided funding support as follows:

	Standard MechC Scheme	Enhanced MechC Scheme(1)
For Purchase of Equipment	Equipment cost ≤ S$100,000, grant up to 50% or capped at S$20,000 Equipment cost > S$100,000, grant up to 20% or capped at S$100,000	Equipment cost ≤ S$125,000, grant up to 70% or capped at S$25,000 Equipment cost > S$125,000, grant up to 20% or capped at S$100,000
For Leasing of Equipment	Equipment cost ≤ S$30,000, grant up to 50% or capped at S$6,000 Equipment cost > S$30,000, grant up to 20% or capped at S$30,000	Equipment cost ≤ S$30,000, grant up to 70% or capped at S$6,000 Equipment cost > S$30,000, grant up to 20% or capped at S$30,000

Note:

(1) To have qualified for the enhanced MechC Scheme, firms would have had to achieve at least 30% productivity improvement and show evidence that they were also building capability through areas such as financial standing, human resource development, and certifications and awards.

To have been eligible for the MechC Scheme, a business must have satisfied the following conditions:

(a) be a Singapore-registered business enterprise;

(b) equipment must be used in a local construction project and achieved at least 20% (standard MechC Scheme) or 30% (enhanced MechC Scheme) in manpower savings (measured by way of number of workers and over a period of four (4) weeks) or in site productivity (measured by way of decrease in man-days used per square metre or equivalent and over a period of four (4) weeks) of the applicant, in the particular area of work in which the equipment has been used. Productivity data of the purchased or leased equipment must have been recorded and submitted to BCA upon request;

(c) purchase or lease of equipment must not have been made before the time of application;

(d) purchase of used equipment would not have been supported;

(e) support for leasing would have been applicable to equipment with a lease period of at least one (1) month and not more than twelve (12) months, within the qualifying period. No support would have been provided for short term rental of equipment;

(f) no purchase or lease of equipment from related companies would have been allowed.

Additional criteria applied, including but not limited to, date of purchase and holding periods.

SINGAPORE TAXATION

Corporate Income Tax

Corporate taxpayers (both resident and non-resident) are subject to Singapore income tax on income accrued in or derived from Singapore (i.e. Singapore-sourced) and income received in Singapore from outside Singapore (i.e. foreign-sourced income received or deemed received in Singapore) unless it is specifically exempted from tax. A company is regarded as a Singapore tax resident if the control and management of the business is exercised in Singapore. In general, the control and management of a company's business is vested in its board of directors and its tax residency is generally where its board of directors meet to make strategic business decisions of the company.

Under Section 13(8) of the Singapore Income Tax Act ("**SITA**"), foreign-sourced income in the form of branch profits, dividends and service fee income ("**specified foreign income**") received or deemed received in Singapore by a Singapore tax resident company is exempted from Singapore tax provided that the following qualifying conditions are met:

(a) such income is subject to tax of a similar character to income tax under the law of the territory from which such income is received;

(b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received is at least 15.0%; and

(c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the specified foreign income.

The prevailing corporate income tax rate in Singapore is 17.0% with the first S$300,000 of chargeable income subject to normal tax rate being partially exempt from tax. The calculation of the partial tax exemption is as follows:

(a) 75.0% of the first S$10,000 of chargeable income; and

(b) 50.0% of the next S$290,000 of chargeable income.

From YA 2020, 75.0% of the first S$10,000 of a company's normal chargeable income and 50.0% of the next S$190,000 of its normal chargeable income will be exempt from tax. Any chargeable income that exceeds S$200,000 will no longer enjoy the partial tax exemption.

Notwithstanding the above, new start-up companies, subject to certain conditions, will be eligible for full tax exemption on the first S$100,000 and 50.0% tax exemption on the next S$200,000 of their normal chargeable income for each of their first three (3) consecutive YAs. With effect from YA 2020, 75.0% of the first S$100,000 of a company's normal chargeable income and 50.0% of the next S$100,000 of its normal chargeable income will be exempt from tax.

As announced in the Singapore Budget 2018, for YA 2018, companies will receive a corporate income tax rebate of 40.0% of the corporate tax payable, up to a cap of S$15,000. For YA 2019, companies will receive a corporate income tax rebate of 20.0% of the corporate tax payable, subject to a cap of S$10,000. The rebate will not be applicable to the income derived by a non-Singapore tax resident company that is subject to final withholding tax.

Dividend Distributions

Singapore adopted the one-tier corporate tax system from 1 January 2003. Under the one-tier corporate tax system, the tax paid by a Singapore resident company on its corporate profits is a final tax. Dividends payable by the Singapore resident company to its shareholders are exempt from Singapore income tax in the hands of the shareholders.

There is no withholding tax on the dividend payments to both resident and non-resident shareholders.

Goods and Services Tax

The Goods and Services Tax, commonly known as "GST", in Singapore is a consumption tax that is levied on import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 7.0%.

OVERVIEW

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 7 September 2018 and is the holding company of our Group. As at the Latest Practicable Date, our Group had two subsidiaries, namely, Forever Brilliant and Kwan Yong. Details of these subsidiaries and the corporate structure of our Group are set out in the sub-section headed "Establishment and development of the subsidiaries of our Company" in this section.

Immediately following completion of the Capitalisation Issue and the Global Offering, Ideal Smart will own 75% of the issued share capital in our Company (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued pursuant to the exercise of options which may be granted under the Share Option Scheme).

BUSINESS DEVELOPMENT

Our Group's history can be traced back to 1984 when Mr. Kwan together with three Independent Third Parties, namely Mr. Ng Hua Kiong, Mr. Ng Hua Tiong and Mr. Wai Shiang Woh, incorporated Kwan Yong in equal shares to undertake building and construction projects in Singapore. Mr. Ng Hua Kiong and Mr. Ng Hua Tiong exited the Group's business in 1989 and 1990, respectively, as they no longer wanted to continue business as contractors. Mr. Wai Shiang Woh retired after disposing his entire shareholding in Kwan Yong in 2009. Since 4 December 2009, Kwan Yong was owned by Mr. Kwan and Ms. Tay in equal shares. For details of the shareholding changes in Kwan Yong, please refer to the paragraph headed "Establishment and development of the subsidiaries of our Company — Kwan Yong" in this section.

Kwan Yong started as the main contractor for small scale renovation and building projects in Singapore, and gradually built up its reputation and track record in the renovation and building industry which has facilitated it to secure projects in larger scale. In 1991, Kwan Yong completed our first major project as the main contractor for the construction of an office building at King Albert Park, Singapore which had since been used as the headquarter in Singapore for a well-known fast food restaurant chain worldwide, until 2014.

In 1997, we were awarded our first education institution building construction project by Singapore Government Agency A, which enabled us to gain experience into the specifications and requirements for undertaking works for education institutions in Singapore.

Our business operations have expanded since 1994 as we were awarded more main contractor projects for public education institutions from Singapore Government Agency A and building projects from other Singapore Government agencies. Nowadays, we are known for our quality of work, especially in building construction works for the public sector.

During the Track Record Period and up to the Latest Practicable Date, Kwan Yong is a registered contractor and licensed builder with the BCA. For details of the licences we possess, please refer to the section headed "Business — Major qualifications and licences" in this prospectus.

Our key business milestones

The following is a chronological summary of our Group's milestones of our business development:

Year	Event
1984	Kwan Yong was incorporated in Singapore on 17 May 1984.
1991	Kwan Yong completed the construction of the headquarter for a well-known fast food restaurant chain worldwide at King Albert Park, Singapore as the main contractor in May 1991.
1994	Kwan Yong completed its first education institution building construction project for public sector as the main contractor.
1997	Kwan Yong was tasked to spearhead one of Singapore's design and build projects, and to construct two aged homes, which were constructed with precast structural elements such as precast beams and hollow core slabs. Kwan Yong completed the construction works in 1997.
	Kwan Yong first obtained ISO 9001:2008 in December 1997.
2002	Kwan Yong first obtained ISO 14001:2004 in February 2002.
	Kwan Yong was first registered with the BCA in Singapore under the CW01 Workhead for "General Building" (G7 Grade), CW02 Workhead for "Civil Engineering" (G4 Grade) and CR06 Workhead for "Interior Decoration and Finishing Works" (L2 Grade) in May 2002.
	Kwan Yong's registration with the BCA in Singapore under the CW01 Workhead for "General Building" and CW02 Workhead for "Civil Engineering" was revised to B1 Grade and C2 Grade in May 2002 respectively.
2009	Kwan Yong first obtained bizSAFE Level Star certification on 1 January 2009.
	Kwan Yong first obtained bizSAFE Partner certification on 15 August 2009.
2011	Kwan Yong was licensed under the Singapore BCA SB(PC) licensing code for "Specialist Builder (Pre-cast Concrete Work)" on 30 October 2011.
	Kwan Yong was first granted BCA Green and Gracious Builder Award under "Merit" category on 3 May 2011.
2012	Kwan Yong adopted BIM technology, which is a component of the VDC technology and is within scope of IDD under the Industry Transformation Map, in 2012 for an education institution building construction project, for which our Group was awarded the BCA Construction Excellence Award and the BCA Green Mark Award (Platinum), and received a CONQUAS score of 96.1 points.
	Kwan Yong undertook its first A2 Grade project under the CW01 Workhead for "General Building" in February 2012.
	Kwan Yong was licensed under the Singapore BCA GB1 licensing code for "General Builder Class 1" on 16 June 2012.

Year	Event
2013	Kwan Yong was first granted BCA Green and Gracious Builder Award under the "Excellent" category on 7 March 2013.
2017	Kwan Yong first obtained SS 506 Part 1:2009/ BS OHSAS18001:2007 in November 2017.
2018	Kwan Yong was upgraded to A1 Grade under the CW01 Workhead for "General Building" on 23 July 2018.
2019	In June 2019, Kwan Yong won tenders for projects involving the application of PPVC technology, being (i) an education institution A&A project awarded by Singapore Government Agency A; and (ii) an education institution new construction project awarded by Singapore Government Agency A.

ESTABLISHMENT AND DEVELOPMENT OF THE SUBSIDIARIES OF OUR COMPANY

As at the Latest Practicable Date, our Group consists of our Company, Forever Brilliant and Kwan Yong. Set out below is the brief corporate development of each member of our Group since their respective dates of incorporation.

Our Company

Our Company was formed as the listing vehicle for our Group and was incorporated in the Cayman Islands as an exempted company with limited liability on 7 September 2018 and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 19 November 2018. As at the date of incorporation, our Company had an authorised share capital of HK$380,000 divided into 38,000,000 Shares of par value HK$0.01 each, of which one subscriber's Share was allotted and issued as fully paid to the subscriber. Subsequently on the same date, the subscriber transferred the subscriber's Share to Ideal Smart. Following completion of the Reorganisation, our Company became the holding company of our subsidiaries. For details of the Reorganisation, please refer to the paragraph headed "Reorganisation" below in this section.

Since its incorporation and as at the Latest Practicable Date, the principal activity of our Company was investment holding.

Kwan Yong

Kwan Yong, our principal operating subsidiary, was incorporated on 17 May 1984 in Singapore with limited liability. Kwan Yong has more than 30 years of experience in building construction works for various types of buildings including institutional buildings (such as education institutions, hospitals, and nursing homes), commercial buildings (such as office buildings and restaurants), as well as industrial and residential buildings. During the Track Record Period and as at the Latest Practicable Date, Kwan Yong mainly engaged in provision of building construction works as main contractor for institutional buildings (such as education institutions and healthcare institutions) and commercial buildings.

As at the date of incorporation, Kwan Yong allotted at par and issued, credited as fully paid, one share (representing 25% of the issued shares of Kwan Yong at the time) to each of Mr. Kwan, and three Independent Third Parties, namely Mr. Ng Hua Kiong, Mr. Ng Hua Tiong and Mr. Wai Shiang Woh.

On 21 June 1984, Kwan Yong allotted (i) 16,999 shares, credited as fully paid, to each of Mr. Kwan and Mr. Wai Shiang Woh respectively; and (ii) 8,499 shares, credited as fully paid, to each of Mr. Ng Hua Kiong and Mr. Ng Hua Tiong respectively. Upon completion of the allotment, Kwan Yong was owned as to 33.33% by each of Mr. Kwan and Mr. Wai Shiang Woh respectively and 16.67% by each of Mr. Ng Hua Kiong and Mr. Ng Hua Tiong respectively.

On 10 January 1985, Kwan Yong allotted (i) 10,000 shares to each, credited as fully paid, of Mr. Kwan and Mr. Wai Shiang Woh respectively; and (ii) 5,000 shares to each of Mr. Ng Hua Kiong and Mr. Ng Hua Tiong respectively. Upon completion of the allotment, the shareholding structure of Kwan Yong remain unchanged.

On 7 August 1985, Kwan Yong allotted 2,400 shares, credited as fully paid, to each of Mr. Kwan, Mr. Wai Shiang Woh and Mr. Ng Hua Kiong respectively. Upon completion of the allotment, Kwan Yong was owned as to 33.33% by Mr. Kwan, 33.33% by Mr. Wai Shiang Woh, 18.03% by Mr. Ng Hua Kiong and 15.31% by Mr. Ng Hua Tiong respectively.

On 19 August 1986, Kwan Yong allotted 10,000 shares, credited as fully paid, to each of Mr. Kwan, Mr. Wai Shiang Woh and Mr. Ng Hua Kiong respectively. Upon completion of the allotment, Kwan Yong was owned as to 33.33% by Mr. Kwan, 33.33% by Mr. Wai Shiang Woh, 21.92% by Mr. Ng Hua Kiong and 11.42% by Mr. Ng Hua Tiong respectively.

On 26 January 1989, Kwan Yong allotted 35,000 shares, credited as fully paid, to each of Mr. Kwan, Mr. Wai Shiang Woh and Mr. Ng Hua Kiong respectively. Upon completion of the allotment, Kwan Yong was owned as to 33.33% by Mr. Kwan, 33.33% by Mr. Wai Shiang Woh, 27.29% by Mr. Ng Hua Kiong and 6.05% by Mr. Ng Hua Tiong respectively.

On 28 March 1989, Kwan Yong allotted 9,000 shares, credited as fully paid, to each of Mr. Kwan, Mr. Wai Shiang Woh and Mr. Ng Hua Kiong respectively. Upon completion of the allotment, Kwan Yong was owned as to 33.33% by Mr. Kwan, 33.33% by Mr. Wai Shiang Woh, 27.94% by Mr. Ng Hua Kiong and 5.40% by Mr. Ng Hua Tiong respectively.

On 24 April 1989, Kwan Yong allotted 83,268 shares, credited as fully paid, to each of Mr. Kwan, Mr. Wai Shiang Woh and Mr. Ng Hua Kiong respectively. Upon completion of the allotment, Kwan Yong was owned as to 33.33% by Mr. Kwan, 33.33% by Mr. Wai Shiang Woh, 30.64% by Mr. Ng Hua Kiong and 2.70% by Mr. Ng Hua Tiong respectively.

On 28 November 1989, Mr. Ng Hua Tiong transferred his entire shareholdings in Kwan Yong to Mr. Ng Hua Kiong at the consideration of SGD20,337.80 and such transfer was properly and legally completed and settled on 6 December 1989. On 5 January 1990, Mr. Ng Hua Kiong transferred his entire shareholdings in Kwan Yong to Mr. Kwan and Mr. Wai Shiang Woh in equal shares at the consideration of SGD95,000 each and such transfer was properly and legally completed and settled on the same date. Following completion of the transfers, Kwan Yong was owned as to 50% by each of Mr. Kwan and Mr. Wai Shiang Woh respectively.

Various allotments had been made subsequently but the shareholding structure of Kwan Yong remained unchanged until 4 December 2009 where Mr. Wai Shiang Woh transferred his entire shareholding in Kwan Yong, representing 50% of its then issued and paid-up share capital to Ms. Tay at the consideration of SGD4,320,000. Such transfer was properly and legally completed and settled on the same date. Following completion of the said transfer, Kwan Yong was owned as to 50% by each of Mr. Kwan and Ms. Tay respectively.

On 12 January 2010, Kwan Yong by way of bonus issue issued 1,750,000 shares, credited as fully paid, to each of Mr. Kwan and Ms. Tay respectively. Upon completion of the bonus issue, the shareholding structure of Kwan Yong remain unchanged i.e. owned as to 50% by each of Mr. Kwan and Ms. Tay, respectively.

On 28 June 2013, Kwan Yong allotted 1,000,000 shares, credited as fully paid, to each of Mr. Kwan and Ms. Tay respectively. On 31 May 2018, Kwan Yong allotted at par 3,250,000 shares to each of Mr. Kwan and Ms. Tay respectively. Following completion of the said allotments, Kwan Yong was owned as to 50% by each of Mr. Kwan and Ms. Tay respectively.

Upon completion of the Reorganisation, Kwan Yong became an indirect wholly-owned subsidiary of our Company.

Forever Brilliant

Forever Brilliant was incorporated in the BVI on 6 July 2018 as a limited liability company and was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00, of which (i) one share (representing 50% of the issued shares of Forever Brilliant at the time) was allotted and issued to Mr. Kwan, credited as fully paid; and (ii) one share (representing 50% of the issued shares of Forever Brilliant at the time) was allotted and issued to Ms. Tay, credited as fully paid on 3 September 2018.

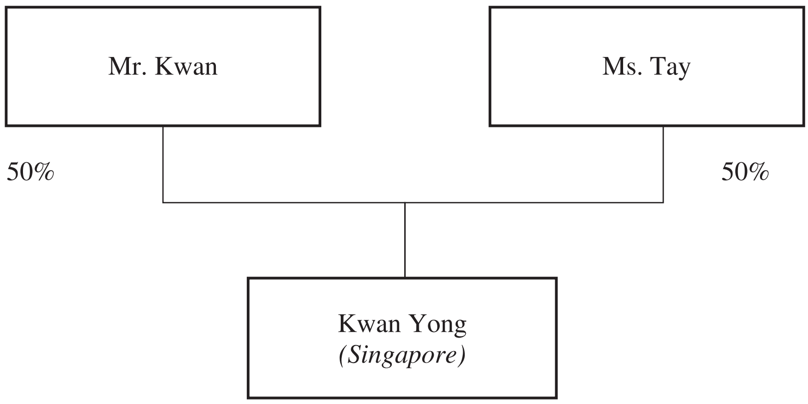
As part of the Reorganisation, on 10 October 2018. Mr. Kwan and Ms. Tay transferred their respective entire issued shares of Kwan Yong to Forever Brilliant. Such transfers were properly and legally completed and settled on 16 October 2018. In consideration thereof, Forever Brilliant allotted and issued one share of Forever Brilliant credited as fully paid to each of Mr. Kwan and Ms. Tay respectively. As a result, Kwan Yong becomes a wholly-owned subsidiary of Forever Brilliant.

As part of the Reorganisation, on 13 December 2019, Mr. Kwan and Ms. Tay together as vendors and our Company as purchaser entered into a reorganisation agreement, pursuant to which our Company acquired the entire issued shares of Forever Brilliant from Mr. Kwan and Ms. Tay (the "**Reorganisation Agreement**"). After the said acquisition, Forever Brilliant has become a wholly-owned subsidiary of our Company. For details of the Reorganisation, please refer to the paragraph headed "Reorganisation" below in this section.

All of the share transfers mentioned above in this section have been properly and legally completed and settled.

REORGANISATION

The following chart shows the shareholding structure of our Group immediately prior to the Reorganisation and the Global Offering:



Corporate restructuring

In preparation for the Listing, our Group has undergone a group reorganisation to rationalise our Group structure. The Reorganisation involved the following steps:

(1) On 6 July 2018, Ideal Smart was incorporated in BVI with limited liability and was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. On 31 August 2018, one subscriber share (representing 50% of the issued shares at the time) was allotted and issued/credited as fully paid, to each of Mr. Kwan and Ms. Tay. Ideal Smart is the investment holding vehicle of Mr. Kwan and Ms. Tay, and is owned by Mr. Kwan and Ms. Tay in equal shares.

(2) On 6 July 2018, Forever Brilliant was incorporated in the BVI with limited liability and was authorised to issue a maximum of 50,000 shares of a single class each with a par value of US$1.00. For details of Forever Brilliant, please refer to the paragraph headed "Establishment and development of the subsidiaries of our Company — Forever Brilliant" above in this section.

(3) On 7 September 2018, our Company was incorporated in the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of par value HK$0.01 each, of which one subscriber's Share was allotted and issued, credited as fully paid, as fully paid, to the subscriber, which was transferred to Ideal Smart on the same date. For details of our Company, please refer to the paragraphs headed "Establishment and development of the subsidiaries of our Company — Our Company" above in this section.

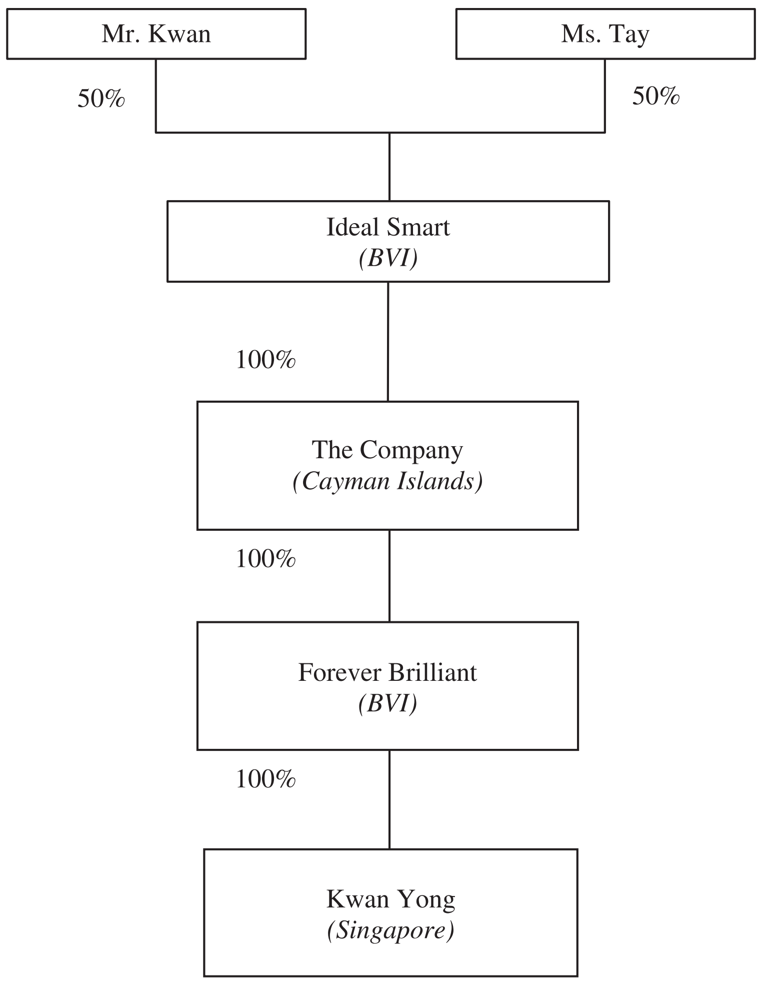
(4) On 10 October 2018, as part of the Reorganisation, (i) Mr. Kwan transferred 7,500,000 shares of Kwan Yong (representing 50% of the entire issued share capital of Kwan Yong at the material time) to Forever Brilliant; and (ii) Ms. Tay transferred 7,500,000 shares of Kwan Yong (representing 50% of the entire issued share capital of Kwan Yong at the

material time) to Forever Brilliant. In consideration thereof, Forever Brilliant allotted and issued one share of Forever Brilliant, credited as fully paid, to each of Mr. Kwan and Ms. Tay, respectively. Such transfers were properly and legally completed and settled on 16 October 2018. After the above transfers, Kwan Yong becomes a wholly-owned subsidiary of Forever Brilliant.

(5) On 13 December 2019, the Reorganisation Agreement was entered into between Mr. Kwan and Ms. Tay together as vendors and our Company as purchaser, pursuant to which our Company acquired the entire issued shares of Forever Brilliant from Mr. Kwan and Ms. Tay. In consideration thereof and at the instruction of Mr. Kwan and Ms. Tay, our Company allotted and issued as fully paid two Shares, credited as fully paid, to Ideal Smart. The said transfer was properly and legally completed and settled on the same date. After the said transfer, Forever Brilliant becomes a wholly-owned subsidiary of our Company.

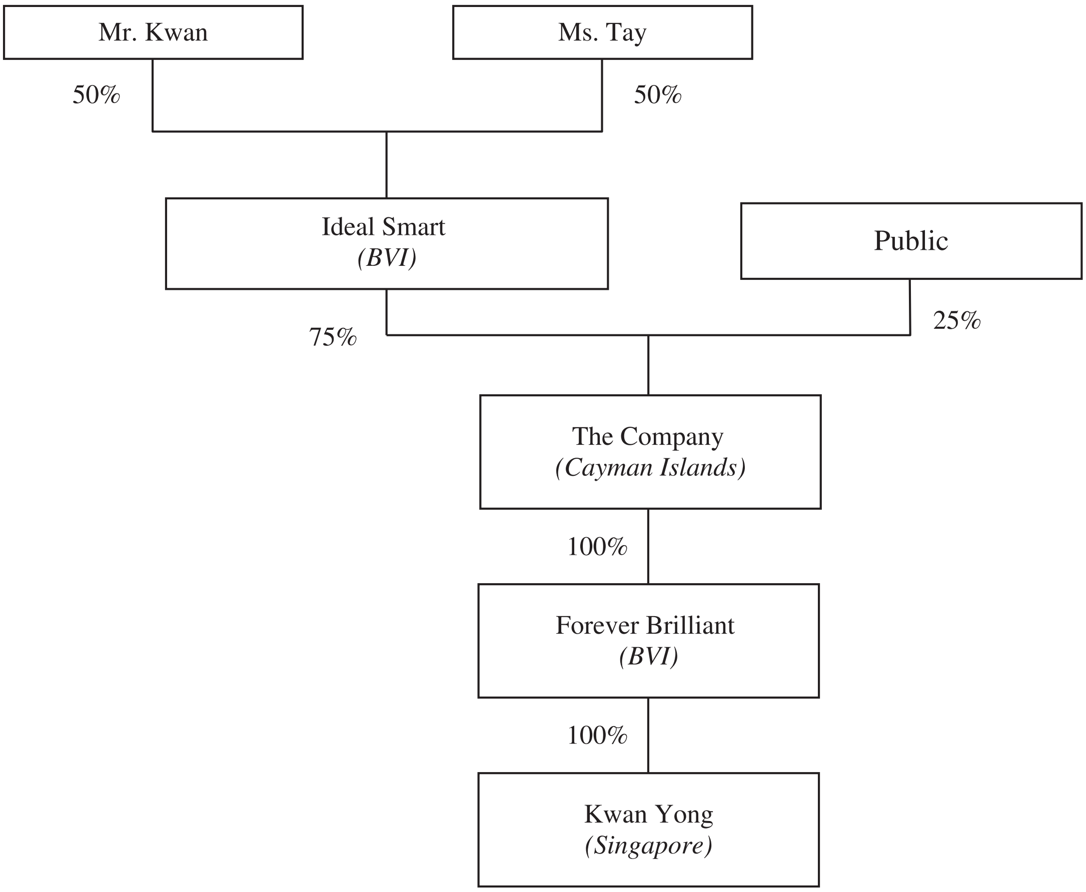
On 13 December 2019, the Reorganisation had been completed in compliance with all relevant laws and regulations.

Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The following chart sets out the corporate structure of our Group immediately following the Reorganisation but before the Global Offering and the Capitalisation Issue:



Conditional upon the share premium account of our Company being credited as a result of the issue of Offer Shares pursuant to the Global Offering, an amount standing to the credit of the share premium account of our Company will be capitalised and applied in paying up in full at par such number of Shares for allotment and issue to its Shareholder (i.e. Ideal Smart) in proportion to its shareholdings prior to trading and dealing of the Shares on the Main Board, to enable them to maintain their aggregate shareholding in our Company at a percentage of 75% of the enlarged issued share capital of our Company (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

The following chart sets out the shareholding structure of our Group immediately following the completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme):



OVERVIEW

Our Group acts as a main contractor in the provision of building construction works in Singapore. We are known for our quality of work, especially in building construction works for the public sector. According to the Ipsos Report, our Group ranked fourth among contractors in the institutional sector in Singapore in terms of the average institution CONQUAS score in 2018. We have more than 30 years of experience in building construction works for various types of buildings including institutional buildings (such as education institutions, hospitals and nursing homes), commercial buildings (such as office buildings and restaurants), as well as industrial and residential buildings. During the Track Record Period, most of the building construction works undertaken by our Group were education institution building construction projects for the public sector.

Construction projects undertaken by our Group during the Track Record Period can be broadly divided into two categories, namely (i) new construction; and (ii) A&A works. Consistent with the industry practice, as a main contractor, we subcontract most of the works to our subcontractors, and are responsible for the site supervision, management of subcontractors and overall project management.

During the Track Record Period and up to the Latest Practicable Date, we had completed seven building construction projects, comprising six education institution projects and a childcare centre project. Revenue from the six completed education institution projects accounted for approximately 98.0%, 50.0% and 9.4% of our total revenue for the three years ended 30 June 2019, respectively. During the Track Record Period, all of our on-going and completed projects had recorded a gross profit and we did not have any loss-making contracts. The childcare centre project awarded by a private sector customer accounted for approximately 1.6% and 35.4% of our total revenue for the two years ended 30 June 2018, respectively.

As at the Latest Practicable Date, we had 10 ongoing projects, comprising five education institution projects, one childcare centre project, one office building project, two nursing home projects, and one residential building project. The aggregate contract sum of these projects amounted to approximately SGD405.9 million (before any adjustments to the contract sum due to variation orders and fluctuations in certain material costs (please refer to the section headed "Business — Our customers — Salient terms of the PSSCOC contracts" in this section for further details)). Revenue from our nine on-going projects which generated revenue during the Track Record Period amounted to approximately SGD7.0 million and SGD99.0 million, and accounted for approximately 13.0% and 89.7% of our total revenue for the two years ended 30 June 2019, respectively. As at the Latest Practicable Date, we were in the tendering process of four projects with an estimated total contract sum of SGD338.5 million. In addition, our Group intended to submit tender applications for four projects with a total contract sum of approximately SGD229.0 million in December 2019 and January 2020.

The following table sets forth a breakdown of revenue and the number of projects (including completed and ongoing projects) by customer type with revenue recognised during the Track Record Period:

	Year ended 30 June								
	2017			2018			2019		
	Number of projects	Revenue recognised	Percentage of revenue	Number of projects	Revenue recognised	Percentage of revenue	Number of projects [1]	Revenue recognised	Percentage of revenue
		SGD'000	%		*SGD'000*	%		*SGD'000*	%
New construction									
Public sector *(Note 1)*	—	—	—	—	—	—	5	52,705	47.8
Private sector	1	1,237	1.6	1	19,074	35.4	1	1,152	1.0
	1	1,237	1.6	1	19,074	35.4	6	53,857	48.8
A&A works									
Public sector *(Note 1)*	5	77,102	98.0	6	33,970	63.0	4	55,503	50.3
Private sector	—	—	—	—	—	—	—	—	—
	5	77,102	98.0	6	33,970	63.0	4	55,503	50.3
Others *(Note 2)*	N/A	325	0.4	N/A	839	1.6	N/A	1,004	0.9
	6	78,664	100.0	7	53,883	100.0	10	110,364	100.0

Notes:

(1) For the sole purpose of presentation in this prospectus, our two completed education institution projects awarded by the school running body of a government-aided school and a government-aided school; and one ongoing education institution project awarded by a government-aided (in respect of its primary school division) and independent (in respect of its secondary school division) school have been included in the public sector projects.

(2) Being revenue generated from minor renovation works we undertook for certain individuals and our tenant and the adjustments to revenue arisen upon finalisation of variation orders of our prior years' projects (for further details, see "Description of Selected Items in Combined Statements of Profit or Loss and Other Comprehensive Income-Revenue" under "Financial Information" section).

Our completed building construction projects

The following table sets forth the projects completed by our Group during the Track Record Period and up to the Latest Practicable Date.

Project no.	Description of works	Project location (Note 1)	Building type	Customer	Contract date	Duration	Contract sum (Note 2)	Revenue recognised before Track Record Period	Revenue recognised for the year ended 30 June		
									2017	2018	2019
						months	*SGD (million)*	*SGD (million)*	*SGD (million)*	*SGD (million)*	*SGD (million)*
1	A&A works for two government schools	West Region	Education institution	Singapore Government Agency A	25 May 2015	24	22.91	16.23	6.69	—	—
2	A&A works for a government-aided school	Central Region	Education institution	The school running body	25 November 2015	17	15.92	5.38	10.54	—	—
3	A&A works for two government schools	North Region & East Region	Education institution	Singapore Government Agency A	8 April 2016	22	20.73	1.25	13.48	6.00	—
4	A&A works for four government schools	East Region	Education institution	Singapore Government Agency A	26 April 2016	18	37.96	1.36	25.16	11.44	—
5	A&A works for a government school	West Region	Education institution	Singapore Government Agency A	20 May 2016	14	28.16	0.47	21.23	6.46	—
6	New construction works for a childcare centre	North-east Region	Commercial building	Private sector customer	26 April 2017	11	20.31	—	1.24	19.07	—
7	A&A works for a government-aided school (Note 3)	East Region	Education institution	The school	12 January 2018	18					
	A&A works for a government school (Note 3)	East Region	Education institution	Singapore Government Agency A	12 January 2018	18	13.43	—	—	3.05	10.37
						Total		24.69	78.34	46.02	10.37

Notes:

1. Based on the classifications adopted by the Urban Redevelopment Authority of Singapore.
2. The figures represent the contract sum after adjusting for variation orders and fluctuations in certain material costs (please refer to the section headed "Business — Our customers — Salient terms of the PSSCOC contracts" in this prospectus for further details), if any.
3 This project was completed after the Track Record Period but before the Latest Practicable Date in July 2019.

Our ongoing building construction projects

As at the Latest Practicable Date, our Group has 10 ongoing construction projects, including seven new construction and three A&A projects, which have commenced but not yet completed. Details of which are set out below:

Project no.	Description of works	Project location (Note 1)	Building type	Customer	Contract date	Duration	Contract sum (Note 2)	Revenue recognised for the year ended 30 June 2018	Revenue recognised for the year ended 30 June 2019	Remaining contract sum expected to be recognised for the year ending 30 June 2020	2021
						months	*SGD (million)*	*SGD (million)*	*SGD (million)*	*SGD (million)*	*SGD (million)*
1	A&A works for a government-aided/ independent school	Central Region	Education institution	The school	8 January 2018	22	24.87	3.61	17.70	3.56	—
2	A&A works for four government schools	North-east Region & East Region	Education institution	Singapore Government Agency A	6 February 2018	21	31.82	3.41	27.36	1.05	—
3	New construction works for the office buildings of Singapore Government Agency B	Central Region	Institutional building	Singapore Government Agency B	3 July 2018	16	57.07	—	31.14	25.93	—
4	New construction works for a government school	North-east Region	Education institution	Singapore Government Agency A	3 December 2018	18	56.37	—	18.73	37.64	—
5	New construction works for a nursing home	North-east Region	Healthcare institution	Singapore Government Agency C	4 January 2019	19	18.60	—	2.24	14.79	1.57
6	New construction works for a childcare centre	North-east Region	Commercial building	Private sector customer	3 April 2019 *(note 3)*	8	12.20	—	1.15	11.05	—
7	New construction works for a nursing home	East Region	Healthcare institution	Singapore Government Agency C	17 May 2019	21	36.40	—	0.43	17.12	18.85
8	A&A works for a government school	North-east Region	Education institution	Singapore Government Agency A	3 June 2019	16	33.00	—	0.06	28.12	4.82
9	New construction works for a government school	East Region	Education institution	Singapore Government Agency A	4 June 2019	16	50.20	—	0.17	47.07	2.96
10	New construction works for a government housing development	Central Region	Residential building	Singapore Government Agency D	22 November 2019 *(Note 3)*	52	87.00	—	—	4.52	21.49
						Total		7.02	98.98	190.85	49.69

Notes:

1. Based on the classifications adopted by the Urban Redevelopment Authority of Singapore.
2. The figures represent the contract sum after adjusting for variation orders and fluctuations in certain material costs (please refer to the section headed "Business — Our customers — Salient terms of the PSSCOC contracts" in this prospectus for further details), if any, up to 30 June 2019.
3. As at the Latest Practicable Date, we had obtained the letter of award for these projects but the execution of final contract was still pending.

Backlog of our construction projects

The table below sets forth the movement of the number of our Group's construction projects during the Track Record Period:

	For the year ended 30 June		
	2017	**2018**	**2019**
Opening number of construction projects *(Note 1)*	5	4	3
Number of construction projects awarded *(Note 2)*	1	3	7
Number of construction projects completed *(Note 3)*	2	4	—
Closing number of construction projects *(Note 4)*	4	3	10 *(Note 5)*

Notes:

1. Opening number of construction projects refers to construction projects awarded to our Group but not yet completed as at the beginning of the relevant year indicated.
2. Number of construction projects awarded refers to construction projects awarded to our Group during the relevant year indicated.
3. Number of construction projects completed refers to construction projects completed by our Group during the relevant year indicated.
4. Closing number of construction projects refers to construction projects awarded to our Group but not yet completed as at the end of the relevant year indicated.
5. Among the 10 ongoing projects as at 30 June 2019, one project, being an education institution A&A project, was completed after the Track Record Period but before the Latest Practicable Date in July 2019.

The table below sets forth the movement of the outstanding contract sum of our Group's construction projects during the Track Record Period:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD (million)	*SGD (million)*	*SGD (million)*
Opening value of outstanding contract sum *(Note 1)*	99.6	41.1	58.5
Contract sum of construction projects awarded during the year *(Note 2)*	19.6	68.6	263.7
Adjustment for variation orders and fluctuation in certain material costs	0.2	1.8	1.7
Revenue recognised during the year *(Note 3)*	78.3	53.0	109.4
Closing value of outstanding contract sum *(Note 4)*	41.1	58.5	214.5

Notes:

1. Opening value of outstanding contract sum refers to the aggregate awarded contract sum (after adjustment for variation orders and fluctuations in certain material costs) less revenue recognised during prior year(s)/period as at the beginning of the relevant year indicated.

2. Contract sum of construction projects awarded during the year refers to the aggregate contract sum of the construction projects awarded to our Group during the relevant year indicated.
3. Revenue recognised during the year refers to the aggregate revenue recognised by our Group from the construction projects during the relevant year indicated, excluding revenue derived from minor renovation works we undertook for certain individuals and our tenant.
4. Closing value of outstanding contract sum refers to the opening value of outstanding contract sum, plus contract sum of construction projects awarded and adjustment for variation orders and fluctuation in certain material costs, less revenue recognised during the relevant year indicated.

We pride ourselves in our ability to deliver quality building construction works timely and reliably. We believe that our established track record, stable relationship with our customers, subcontractors and suppliers as well as commitment to adopting new construction technologies and enhancing productivity have given us tremendous competitive advantages in the building construction industry in Singapore. Under the leadership of Mr. Kwan as well as our experienced management team, on 23 July 2018, our Group has been granted the "A1" grade under CW01 Workhead for General Building which allows us to tender for public sector projects of unlimited contract sum and opens the door to a wider varieties of opportunities to us. Please refer to the section headed "Business — Major qualifications and licenses" in this prospectus for further details.

COMPETITIVE STRENGTHS

We believe that the following principal strengths have played a critical role to our success and are essential for our future growth:

We have a proven track record of delivering quality building construction works to our customers

We are committed to providing high quality building construction works to our customers. We have established a stringent quality management system with the objectives to, among other things, complete our projects on time, maintain a high quality standard for our building construction works and promote efficient use of resources. We assign to each of our projects designated quality control staff to ensure that our quality control measures are implemented throughout the project implementation phase and the post-project phase by our workers as well as our subcontractors. Composition of our project teams is also carefully formulated to ensure effective implementation of the work programs, supervision of our subcontractors and management of the projects. For new construction or A&A project, our project team typically consists of a project manager, a site supervisor, a site engineer, an architectural coordinator, a M&E engineer, a M&E coordinator and a workplace safety and health officer, each possessing the necessary experience and professional qualifications in their respective fields such as engineering, quantity surveying and architecture. We also place strong emphasis on the quality of services and products, regulatory compliance record, timeliness of delivery of services and products and past track record and performance when evaluating and selecting our subcontractors and suppliers.

CONQUAS is a system developed by the BCA in conjunction with other public sector agencies and industry professional bodies to benchmark quality of construction projects and measure quality of constructed works against workmanship standards and specifications. Owing to our commitment to providing high quality building construction works, all of our completed public sector projects during the Track Record Period achieved a CONQUAS score of over 90 points out of 100 points, with one project completed during the year ended 30 June 2018 scoring as high as 96.8 CONQUAS score. Further, according to the Ipsos Report, our Group ranked fourth among contractors in the institutional sector in terms of the average institution CONQUAS score in 2018. We also place strong emphasis on the timeliness of our works. With our experienced and professional execution team as well as our ability to adopt new construction technologies and capability to offer valued-added engineering solutions to our customers, we have managed to complete all of our projects on time or ahead of schedule during the Track Record Period.

Our dedication to delivering high quality building construction works has also earned us a number of awards from the Singapore Government, including BCA Green and Gracious Builder Award in the Excellent category in 2019 which remains valid till March 2022, BCA Construction Excellence Award (Merit) in 2017, BCA Construction Productivity Awards (Platinum — Institutional Buildings) in 2017, and bizSAFE Exemplary Award in 2018. For further details of our awards and certifications received, please refer to the section headed "Business — Major awards and certifications" in this prospectus.

To the best of our Directors' knowledge, we have been awarded certain public sector construction projects for which our tender prices were not among the lowest, which we believe our success in bidding for these projects was primarily attributable to our track record of being able to consistently deliver high quality building construction works on time. Under the PQM framework, which is a system standardising the evaluation of bids and applies to all public sector construction tenders with the BCA construction workheads CW01 (General Building) and CW02 (Civil Engineering) with an estimated procurement value of over SGD3 million, both price and non-price (that is, quality and productivity) attributes will be given weightages in bid assessments. The "quality" component, which includes attributes such as relevant track record, performance in the past or ongoing projects in areas such as timeliness, safety and quality, work methods and resources assigned to the project, and awards received, has a weightage of 30% based on the current PQM system. We believe our unwavering commitment to providing quality building construction works to our customers and our reputation of being a reliable and quality main contractor has given us an important competitive advantage in winning tenders especially for building construction works in the public sector.

We have a long-term relationship with our customers, suppliers and subcontractors which is crucial to our business development

In 1997, we were awarded our first education institution building construction project by Singapore Government Agency A. Since then and up to the Latest Practicable Date, we have been awarded 38 education institution new construction or A&A projects by Singapore Government Agency A. As discussed in the paragraph headed "Business — Competitive strengths — We have a proven track record of delivering quality building construction works to our customers" in this prospectus, under the "quality" component of the PQM system, attributes including relevant track records, performance in past or ongoing projects in areas such as timeliness, safety and quality etc. are assessed in public sector tender evaluation processes. Our Directors owe our ability to consistently win tenders from Singapore Government Agency A to our track record of being a quality and reliable main contractor capable of providing value-added engineering solutions and delivering building construction works to our customers timely. Our long-term relationship with Singapore Government Agency A has helped us build up our track record in the public sector building construction works which is essential for winning other public sector construction tenders. In July 2018, we have been awarded a new construction project from Singapore Government Agency B for building an office premises in Singapore with a contract sum of SGD57.0 million. Furthermore, we have been awarded two nursing home new construction projects by Singapore Government Agency C with a contract sum of SGD18.6 million in January 2019 and a contract sum of SGD36.4 million in May 2019, respectively.

We also enjoy the benefits of having a long-term relationship with our suppliers and subcontractors. We believe that having a stable and long-term relationship with our suppliers and subcontractors enables us to maintain a high quality standard for our works and helps us remain price competitive in the tender process. The average length of business relationship with our top five suppliers for each of the three years ended 30 June 2019 was 9.6 years, 6.6 years and 9.6 years, respectively; while the average length of business relationship with our top five subcontractors for each of the three years ended 30 June 2019 was 8.1 years, 9.2 years and 3.5 years, respectively. To cope with the demand of the larger scale projects we secured during the year ended 30 June 2019, there is a need for us to diversify our subcontractor base and to engage subcontractors with the necessary resources and capacity to undertake those larger scale projects. As such, we commenced business relationships with, among others, three subcontractors which had become our top five subcontractors during the year ended 30 June 2019, resulting in the relatively shorter average length of business relationship with our top five subcontractors for the year ended 30 June 2019.

We are committed to adopting new construction technologies to enhance our productivity, quality and safety, and providing our customers with value-added engineering solutions

According to the Ipsos Report, the Singapore Government has been actively promoting the use of technologies in the construction industry to enhance productivity. In 2010, the Building Information Modelling (BIM) Roadmap was first introduced by the BCA aiming at reducing the reliance on foreign construction workers and enhancing the construction industry's productivity. Since 2015, it has become mandatory to employ BIM technologies for new building construction projects with a gross floor area of 5,000 square meter or above. Further, in 2017, the Singapore Government introduced the Industry Transformation Map (the "**Industry Transformation Map**") targeting the construction industry in Singapore which focused on three key areas, namely, design for manufacturing and assembly ("**DfMA**"), green buildings and integrated digital delivery ("**IDD**").

We are committed to adopting new construction technologies to enhance our productivity, quality and safety. Our Group first adopted BIM technology, which is a component of the VDC technology and is within scope of IDD under the Industry Transformation Map, in 2012 for an education institution building construction project, for which our Group was awarded the BCA Construction Excellence Award and the BCA Green Mark Award (Platinum), and received a CONQUAS score of 96.1 points. The BIM technology, which replaces traditional two-dimensional drawings by three-dimensional model and visualisation, allows for early detection of potential design clashes and minimises the amount of unnecessary reworks which lead to enhanced productivity. During the Track Record Period and up to the Latest Practicable Date, 15 out of our 17 completed and ongoing building construction projects employed or have employed BIM technology. We also started employing VDC technology in each of our ongoing new construction project for Singapore Government Agency A, Singapore Government Agency B and Singapore Government Agency C as at the Latest Practicable Date. In addition to BIM, we also believe strongly in the potential of precast technology, which is within the scope of DfMA under the Industry Transformation Map, and have been a Specialist Builder (Pre-cast Concrete Work) under the BCA since 2011. We completed our first project with the adoption of precast technology, which allows traditional onsite manual construction tasks to be shifted offsite and results in higher productivity and safer working environment, as early as 1994 in the hollow-core slabs for an education institution building construction project. Subsequently in 1997, we successfully extended the employment of precast technology to the structural framework of buildings and completed our first design and build construction project with precast structural elements which won us our first Best Buildable Design Awards 1997. In 2014 and 2015, we further extended our application of precast technology in one and four education institution construction projects where most structural element and architectural facade walls and fins were constructed using precast technology. During the Track Record Period and up to the Latest Practicable Date, 16 out of our 17 completed and ongoing building construction projects employed or have employed precast technology. Since February 2018 and up to the Latest Practicable Date, our Group has also started adopting Mass Engineered Timber ("**MET**") technology, which falls within the scope of DfMA under the Industry Transformation Map, in three of our ongoing education institution building construction projects. The employment of MET, which comprises engineered wood products with improved structural integrity that can be used for the construction of various types of buildings, has the advantages of, among other things, improved construction productivity through reduction in construction time and manpower, as well as being environmentally sustainable due to the high renewability, high durability and long life cycle of timber. With our Group's unceasing efforts in enhancing our technical capability, in June 2019, we won the tenders for our first projects ever involving the application of PPVC technology, being (i) an education institution A&A project awarded by Singapore Government Agency A with a contract sum of SGD33.0 million; and (ii) an education institution new construction project awarded by Singapore Government Agency A with a contract sum of SGD50.2 million. According to the Ipsos Report, the key benefits of PPVC technology, which falls within the scope of DfMA, include (i) improved productivity which can be up to 40% in terms of manpower and time savings, depending on the complexity of the projects; (ii) better construction environment which can be brought about as bulk of the installation activities and manpower are moved off-site to a factory controlled environment; and (iii) improved quality control since off-site fabrication can result in higher quality end products through quality control in a factory-like environment. Our Directors believe that the adoption of PPVC technology in building construction will become the future trend of the construction industry in Singapore. During the Track Record Period, the total capital expenditure incurred by our Group for the development and adoption of new construction technologies including BIM, VDC, precast, PPVC, MET etc. amounted to approximately SGD1.1 million.

In addition to adopting new construction technologies, our project teams also seek to provide our customers with value-added engineering solutions with a view to enhance productivity, site safety and quality, shorten construction schedule, and reduce costs. For instance, for some of our education institution projects completed during the Track Record Period, we proposed to convert certain in situ structure in the original design to precast structure to our customers, which resulted in enhanced site safety and reduced construction noise, thereby minimising the disturbance of the construction works to the schools' operations. Our other value-added engineering solutions to our customers include the employment of pre-engineered steel, which optimised the effectiveness of each steel section and hence achieved better aesthetic and cost savings by permitting the use of less bulky and lighter steel. With the employment of precast technology and pre-engineered steel, as well as other mechanical and electrical engineering value-added solutions, we managed to significantly shorten the construction schedules of two of our education institution new construction projects completed in May 2016 from 18 months as stipulated in their respective contracts to 12 months, while maintaining a high quality standard for our works. We obtained a CONQUAS score of 95.8 points and 93.4 points respectively for the above two projects and were awarded the BCA Construction Productivity Awards (Platinum — Institutional Buildings) in 2017 for one of them, and the BCA Construction Excellence Award in 2017 for both of them.

Under the PQM framework, weightage of the "productivity" component, which includes attributes such as constructability, technology adoption and workforce development etc., accounts for 10% of the total PQM score. Therefore, we believe that our ability to integrate new construction technologies into our building construction works has allowed us to remain competitive in the tender process especially for public sector construction projects.

Experienced senior management team with comprehensive industry, market and technical knowledge and a proven track record

Our Group's long operating history of over 30 years in the construction industry has enabled us to establish a strong management team with comprehensive industry, market and technical knowledge. Our senior management team is characterised principally by their continued commitment to our Group, entrepreneurship, professional execution capability, and solid experience in the construction industry. Mr. Kwan, an executive Director and one of the founders of our Group, has over 44 years of experience in the construction industry in Singapore. Mr. Kwan is well supported by our experienced senior management team including Mr. Jacob Wong, our executive Director, who has over 23 years of experience in the construction industry in Singapore; Mr. Tang Siew Tuck, general manager of our Group and one of our Project Directors, who has over 30 years of experience in the construction industry in Singapore; Mr Koh Puay Hock, one of our Project Directors, who has over 15 years of experience in the construction industry in Singapore; and Ms. Tan Mee Nak, our senior cost manager, who has approximately 30 years of experience in construction management including cost analysis and procurement. We believe that our stable and highly experienced senior management team which possesses extensive knowledge and experience in the areas of financial, operation and business management within the construction industry is key to our success. A vast majority of our executive Directors and senior management have served our Group for over 25 years. We attribute our low turnover rate to our commitment to cultivate and nurture our talents.

Under the leadership of Mr. Kwan and our senior management team, our Group has established itself as a main contractor capable of providing innovative value-added engineering solutions and delivering quality building construction works in a timely manner. In July 2018, our Group has been granted the "A1" grade under CW01 Workhead for General Building. We also successfully established business relationship with two other Singapore Government agencies and won the tender for the office building new construction project from Singapore Government Agency B with a contract sum of SGD57.0 million in July 2018 and two nursing home new construction projects from Singapore Government Agency C with a contract sum of SGD18.6 million in January 2019 and a contract sum of SGD36.4 million in May 2019, respectively. In November 2019, we were awarded Project A.

BUSINESS STRATEGIES

According to the Ipsos Report, the overall gross output value of building construction works in Singapore from 2018 to 2022 is expected to grow at a CAGR of 5.9% from SGD19.1 billion to SGD24.0 billion. While the gross output value of building construction works for the private sector is expected to grow at a CARG of 3.6% from SGD11.8 billion in 2018 to SGD13.6 billion in 2022 only, the gross output value of building construction works for the public sector is expected to grow at a CARG of 9.3% from SGD7.3 billion to SGD10.4 billion during the same period, mainly supported by the Singapore Government's initiatives to upgrade public flats, healthcare facilities, and certain major infrastructure projects. The Singapore Government's effort to tackle aging population will boost the demand for healthcare facilities projects by building more public hospitals, polyclinic and nursing homes, and improving building's accessibility et cetera. Additionally, according to Ipsos, A&A works for schools are also expected to stay on an increasing trend in the future fueled by merging of schools and upgrading of education institutions in Singapore.

Taking into account our track records in public sector building construction projects, our Directors believe that our Expansion Plan (as defined below) will be supported by adequate market demand. In fact, for the year ended 30 June 2019, in addition to three education institution projects awarded by Singapore Government Agency A with a total contract sum of approximately SGD139.5 million, we also managed to secure an office building project awarded by Singapore Government Agency B with a contract sum of SGD57.0 million and two nursing home projects awarded by Singapore Government Agency C with a total contract sum of SGD55.0 million. All in all, our Group was awarded seven projects with a total contract sum of SGD263.7 million for the year ended 30 June 2019, as compared to three projects with a total contract sum of SGD68.6 million for the year ended 30 June 2018 and one project with a total contract sum of SGD20.0 million for the year ended 30 June 2017.

In order to further strengthen our market position and overall competitiveness as a main contractor in the provision of building construction works in Singapore, our Directors intend to pursue the following key strategies to achieve our Group's future expansion plans (the "**Expansion Plan**"):

Strengthen our Group's financial capabilities to undertake new construction and A&A projects of larger contract value

Business operations of our Group are labour intensive in nature. For the three years ended 30 June 2019, total direct labour costs amounted to approximately SGD4.9 million, SGD3.5 million and SGD4.7 million, respectively, representing approximately 7.0%, 8.1% and 4.9% of our total cost of sales of the corresponding periods. Due to the business nature of our Group, our Group normally incurs net cash outflows of approximately 15% to 20% of the contract sum at the early stage of its projects (the "**Initial Capital Requirements**") when our Group is required to pay the labour costs as well as other upfront costs such as prepayment of subcontracting fees and material costs. More particularly, the upfront labour costs, subcontracting fees and material costs incurred by our Group at the early stage of its projects would normally account for approximately 6% to 19%, 55% to 75%, and 9% to 36% of the Initial Capital Requirements, respectively, with the remaining 1% to 2% of the Initial Capital Requirements being other costs such as insurance premiums. However, the actual amount and composition of the Initial Capital Requirements can vary widely from project to project depending on the project nature and the scope of works involved. Our customers make monthly payments to us in accordance with the Security of Payment Act and based on the percentage of work completed which is generally required to be certified by the consultants of our customers. During the Track Record Period, our Group utilised banking facilities and internal resources to finance such Initial Capital Requirements. On 23 July 2018, our Group has been granted the "A1" grade under CW01 Workhead for General Building and accordingly we are qualified to tender for public sector projects of unlimited contract value. To achieve sustainable business growth and to further strengthen our position as a main contractor in the provision of building construction works in Singapore, we will continue to commensurate our primary business strategy to undertake more projects, in particular, those with larger contract value, leveraging on the "A1" grade under CW01 Workhead for General Building granted to us on 23 July 2018. Our Directors are of the view that it is important for us to take up more larger scale projects and to engage in a wider variety of works to enhance our market position and competitiveness, which our Directors believe that the "A1" qualification would give us a competitive edge in obtaining more projects with higher contract value. While our Group may continue to rely on our banking facilities and internal resources to operate at our current capacity, in order for us to bid for, and undertake, larger value contracts to realise our business strategy to achieve business growth and enhance our market position, we have to obtain additional resources to satisfy the said Initial Capital Requirements, which would be more significant for larger value contracts.

The business of our Group had experienced remarkable growth since our obtaining of the "A1" grade under CW01 Workhead for General Building in July 2018. For the two years ended 30 June 2018, none of our Group's projects had a contract sum of more than SGD50.0 million. For the year ended 30 June 2019, we were awarded three projects with contract sums exceeding SGD50.0 million, namely (i) an office building new construction project awarded in July 2018 with a contract sum of SGD57.0 million; (ii) an education institution new construction project awarded in December 2018 with a contract sum of SGD56.3 million; and (iii) an education institution new construction project awarded in June 2019 with a contract sum of SGD50.2 million. Not only were we able to secure projects with higher contract values, the number of projects awarded to us also grew significantly. More particularly, we were awarded seven projects with a total contract sum of SGD263.7 million for the year ended 30 June 2019, as compared to three projects with a total contract sum of SGD68.6 million for the year ended 30 June 2018 and one project with a total contract sum of SGD20.0 million for the year ended 30 June 2017. Given our recent success in securing more tenders and tenders with higher contract values, our Directors believe that our ability to undertake larger scale projects is recognised by our customers, and that we will be able to tender for, and obtain, more larger value contracts should we have the financial resources needed to fund the Initial Capital Requirements of those larger value contracts. In view of the above, our Directors consider now to be a good time for our Group to further its business development and growth by way of taking up more higher value contracts, which, at present, would not be feasible for our Group without the net proceeds from the Global Offering. Pursuant to the invitations to tender or tender documents for public sector projects, any withdrawal of tender after the closing date of the tender may result in debarment from future government tenders. While there were occasions in the past where our Group had to decline certain invitations to tender due to working capital constraints, our Group had not declined any awarded projects during the Track Record Period in view of the severity of the consequences as described above. In the absence of the additional financial resources as well as the necessary investments in the machinery and equipment, new construction technology, and human resources (as discussed in detail below) to be funded by the net proceeds from the Global Offering, our Group will not be able to implement the above business strategy to undertake more higher value contracts without putting a strain on the Company's cash flow as well as significantly increasing the liquidity risk, gearing and operating costs of our Group.

Due to the timing mismatch between the cash outflows and cash inflows of a typical project as discussed above, we have to carefully assess the Initial Capital Requirements of each tender opportunity before we proceed to submit our tender for the project, and to avoid tendering for too many high value contracts with concurrent construction periods, which has restricted the business development and growth potential of our Group. We also manage and monitor our working capital and available banking facilities closely to ensure that we have sufficient financial resources to implement our projects. Furthermore, during the Track Record Period, our Group had been inclined to tender for institutional projects from Singapore government agencies whom our Directors consider to be more prompt in bill settlement and have low credit risk. During the Track Record Period and up to the Latest Practicable Date, our Group had been able to operate our projects without disruption by adopting the above measures to manage the timing mismatch between the cash outflows and cash inflows of our projects. However, in order to expand and broaden our project pipeline so as to achieve long-term sustainable growth and diversification, it is important for us to enhance our financial resources to satisfy the Initial Capital Requirements of more and/or larger value contracts.

As at Latest Practicable Date, we have secured Project A. We have commenced construction works for Project A. We estimate that the Initial Capital Requirement of Project A will be approximately HK$87.6 million, of which, approximately HK$23.0 million is intended to be funded by the net proceeds from the Global Offering, with the remaining balance of approximately HK$64.6 million to be funded by our internal resources. As at the Latest Practicable Date, we were in the tendering process of four projects with an estimated total contract sum of SGD338.5 million. In addition, our Group intended to submit tender application for four projects with a contract sum of approximately SGD229.0 million in December 2019 and January 2020. After considering the amount of internal resources and banking facilities available to us, as well as the capital requirements of our existing projects and potential projects which were still in the tendering process or for which we intended to submit a tender as at the Latest Practicable Date, we would not be able to undertake more higher value contracts without putting a strain on our cash flow as well as increasing the liquidity risk, gearing and operating costs of our Group. However, our Directors are of the view that there are ample opportunities for our Group to pursue more higher value projects based on the tender opportunities listed on GeBiz as at the Latest Practicable Date should we have the additional financial resources from the net proceeds from the Global Offering. For instance, based on the tender opportunities listed on the tendering platform as at the Latest Practicable Date, there was an additional three projects with estimated aggregate contract sum of approximately SGD260.0 million and construction period ranging from 27 months to 57 months which our Directors consider would meet our tender assessment criteria in terms of the nature and scope of work involved as well as the qualifications and experience required, and for which our Group would have submitted a tender if the net proceeds from the Global Offering were in place as at the Latest Practicable Date. For the sole purpose of illustration, assuming (i) a tender success rate of approximately 20.0%, which is equivalent to our 3 year historical average tender success rate during the Track Record Period; and (ii) Initial Capital Requirements of 17.5% of the contract sum, being the mid-point of 15% to 20% of the contract sum normally incurred by our Group as Initial Capital Requirements, the hypothetical aggregate Initial Capital Requirements of (i) the four projects of which we were in the tendering process as at the Latest Practicable Date was estimated to be approximately SGD11.8 million; (ii) the potential four projects for which our Group intended to submit a tender in December 2019 and January 2020 was estimated to be approximately SGD8.0 million; and (iii) the additional three projects for which our Group would have submitted a tender if the net proceeds from the Global Offering were in place as at the Latest Practicable Date was estimated to be approximately SGD9.1 million. The above aggregate Initial Capital Requirements were estimated by multiplying the relevant aggregate contract sum/estimated aggregate contract sum by a tender success rate of 20.0% and a ratio of Initial Capital Requirements to contract sum of 17.5%. It should be noted that the above analysis is for illustration purpose only, and due to its hypothetical nature, should not be taken as an indication of the actual contract sum which our Group may be awarded from its tenders submitted or to be submitted.

While our Group may continue to rely on our banking facilities and internal resources (including the cash inflows from our existing projects) to operate at our current level, having taken into account (i) our obtaining of the "A1" grade under CW01 Workhead for General Building on 23 July 2018 which our Directors believe would give us a competitive edge in obtaining more higher value contracts; and (ii) our recent success in securing more tenders and tenders with relatively higher contract values, our Directors consider it reasonable and commercially justifiable for our Group to seek to further our business development and growth at this stage by taking up more higher value contracts. As illustrated above, in the absence of the additional financial resources, it would not be possible for our Group to undertake those projects considering the amount of Initial Capital Requirements involved. To equip ourselves with the necessary resources to bid for contracts of larger value and to satisfy the Initial Capital Requirements of larger value contracts, we intend to utilise approximately HK$23.0 million, representing approximately 23.6% of the Net Proceeds from the Global Offering and the balance of the costs is expected to be funded by our internal resources. The above intended use of net proceeds from the Global Offering is earmarked for the Initial Capital Requirement of Project A.

Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment to enhance our productivity and quality

We believe the machinery and equipment we use in carrying out our building construction works are essential for maintaining our work quality, safety and productivity. As at 30 June 2019, we had over 70 pieces of construction machinery and equipment which were used in the construction sites of our Group's projects and the workshop located in our headquarters for cutting and bending of steel bar, such as bar cutter and bar bender, crawler tower crane, hydraulic excavator, aluminium formwork, telescopic handler and telescopic forklift, and we also had a fleet of over 30 vehicles including trucks and passengers vehicles. As at 30 June 2019, the average remaining useful life of our machinery and equipment was 1.3 years and the average remaining useful life of our vehicles was 5.7 years. Replacement of aged machinery and equipment would reduce electricity consumption, minimise downtime and defective rate, and shorten production lead time which in turn reduces our maintenance costs, improves workplace safety and enhances overall production efficiency. In addition to replacing our aged machinery and equipment, we intend to acquire additional machinery and equipment to cope with our planned business expansion. While replacing our aged machinery and equipment is important for our Group to reduce maintenance costs, improve workplace safety and enhance production efficiency, it is necessary for us to acquire additional machinery and equipment to cope with the needs of our Group's planned expansion. As discussed in the section headed "Business — Business strategies — Strengthen our Group's financial capabilities to undertake new construction and A&A projects of larger contract value" in this Prospectus, we were awarded seven projects with a total contract sum of SGD263.7 million for the year ended 30 June 2019, as compared to three projects with a total contract sum of SGD68.6 million for the year ended 30 June 2018 and one project with a total contract sum of SGD20.0 million for the year ended 30 June 2017. Among the seven projects awarded to us during the year ended 30 June 2019, three had contract sums exceeding SGD50.0 million. Given our recent success in securing more tenders and tenders with higher contract values, our Directors believe that our ability to undertake larger scale projects is recognised by our customers, and that we will be able to tender for, and obtain, more larger value contracts should we have the financial resources, as well as the necessary investments in the machinery and equipment, new construction technology, and human resources to meet the needs of those higher value and/or larger scale contracts. Our Directors are also of the view that there will be ample opportunity for our Group to pursue more higher value projects based on the outlook of the construction industry in the public sector as well as the tender opportunities listed on GeBiz as at the Latest Practicable Date as detailed in the above section in this prospectus. In view of the above, despite our relatively low machinery and equipment rental costs in the past, our Directors expect that our Group's demand for machinery and equipment will continue to rise in light of the need of our existing projects as well as the potential projects in the future. To cope with our increasing demand for machinery, equipment and motor vehicles driven by the substantial growth in number and scale of our projects, during the year ended 30 June 2019 and up to the Latest Practicable Date, we had acquired 25 additional machinery, equipment and motor vehicles. The total purchase cost of those machinery, equipment and motor vehicles was approximately SGD1.8 million. However, in light of the strong growth in both number and scale of our projects, we still experienced a shortage in machinery, equipment and motor vehicles to support our business expansion. As at the Latest Practicable Date, all of our existing machinery and equipment were deployed to the construction sites of our Group's existing projects. As we did not have enough machinery and equipment for the construction sites of our existing projects, we also had to rely on rented machinery and equipment as at the Latest Practicable Date. We intend to utilise approximately HK$27.2 million, representing approximately 27.9% of the Net Proceeds from the Global Offering, for the acquisition of (i) over 30 pieces of new machinery and equipment, such as crawler tower crane, overhead gantry crane, telescopic handler, hydraulic excavator for the addition to or replacement of our existing machinery and equipment; and (ii) motor vehicles for use in our daily operation. Please refer to the section headed "Business — Machinery and equipment" in this prospectus for further details.

Set out below is a summary of our Group's existing machinery and equipment and vehicles and their respective remaining useful lives and book values as at 30 June 2019:

Types of machinery, equipment and vehicles	Description	Units	Average remaining useful life as at 30 June 2019	Book value as at 30 June 2019
			Years	*SGD' 000*
Machinery and equipment				
Air compressors	Equipment for converting power into potential energy stored in pressurised air	8	0.78	11.7
Bar cutters and bar benders	Equipment for bending and cutting reinforcement bar	5	1.5	301.4
Cranes	Equipment for hoisting of building materials by vertical and horizontal movement	1	—	—
Excavators	Equipment for excavation of earth work	8	0.76	79.2
Forklifts	Equipment for lifting and moving building material	9	2.11	418.0
Formworks	Equipment for concrete infrastructure building work	6	0.62	109.0
Scissors lifts	Equipment for hoisting of manpower and building material by vertical movement	15	0.46	55.9
Security access equipment	Biometric system and mechanical gate security system	10	0.25	1.3
Others	Equipment for testing, measurement and engineering	20	2.54	105.5
Motor vehicles				
Heavy goods vehicles	Transportation of workers and building materials	12	5.04	551.5
Passenger bus	Transportation of workers	1	1.15	18.1
Passenger vehicles	Transportation of workers	24	6.27	1,543.2

As disclosed above, all of our machinery and equipment were deployed to the construction sites of our Group's existing projects as at the Latest Practicable Date. Some of our machinery and equipment, such as cranes and excavators, are large in size and heavy in weight. Because of the costs and efforts involved in moving these machinery and equipment from one construction site to another, once our machinery and equipment are deployed to a construction site, they would normally be kept there until the relevant works have been completed, and will then be moved to another construction site. Our Directors consider that the utilisation rates for our machinery and equipment and vehicles are not meaningful to our business as our work progress mainly involves project management and our machinery and equipment and vehicles are used by us and/or our subcontractors as and when required and are not directly related to the progress of our projects. As discussed above, to cater for our business growth and to enable us to take up more construction projects concurrently, it is necessary for us to acquire additional machinery and equipment. Set out below is a summary of the machinery and equipment that our Group plans to purchase using the net proceeds from the Global Offering:

		Machinery and equipment and vehicles planned to be purchased using the net proceeds from the Global Offering		
Types of machinery, equipment and vehicles	**Description**	**For replacement of our aged machinery and equipment and vehicles**	**For addition to our existing machinery and equipment and vehicles**	**Total**
		(unit)	*(unit)*	*(unit)*
Machinery and equipment				
Air compressors	Equipment for converting power into potential energy stored in pressurised air	6	—	6
Cranes	Equipment for hoisting of building materials by vertical and horizontal movement	1	2	3
Excavators	Equipment for excavation of earth work	5	2	7
Forklifts	Equipment for lifting and moving building materials	2	1	3
Scissors lifts	Equipment for hoisting of workers and building material by vertical movement	13	1	14

Types of machinery, equipment and vehicles	Description	Machinery and equipment and vehicles planned to be purchased using the net proceeds from the Global Offering: For replacement of our aged machinery and equipment and vehicles	For addition to our existing machinery and equipment and vehicles	Total
		(unit)	*(unit)*	*(unit)*
Security access equipment	Biometric system and mechanical gate security system	4	6	10
Others	Steel casting beds	—	4	4
Motor vehicles				
Heavy goods vehicles	Transportation of workers and building material	3 *(Note)*	2	5
Passenger bus	Transportation of workers	1	—	1
	Total expected number of machinery, equipment and vehicles to be acquired	35	18	53
	Total estimated purchase costs to be financed by the net proceeds from the Global Offering (SGD'000)	3,360	1,410	4,770

Note: The three heavy goods vehicles to be purchased will be used to replace our three existing heavy goods vehicles which had nil remaining useful life as at 30 June 2019.

Our Directors consider it imperative to purchase new machinery and equipment and to replace some of our aged machinery and equipment on the following grounds:

(i) Ensuring our work quality which is critical in maintaining our competitive edge

We believe our unwavering commitment to providing quality building construction works to our customers has given us an important competitive advantage in winning tenders especially for building construction works in the public sector. The "quality" component, which includes attributes such as performance in past or ongoing projects in areas including timeliness, safety and quality etc., has a weightage of 30% based on the current PQM system. Notwithstanding that we, as main contractor, subcontract most of the building construction works to our subcontractors, we are responsible for providing our subcontractors with the necessary machinery and equipment for them to perform their works at the sites. Our Directors consider that having adequate and up-to-date machinery and equipment plays a crucial role in ensuring our work quality, and hence, maintaining our position as a reliable and quality main contractor to our customers and in the industry.

(ii) Replacing our aged machinery, equipment and motor vehicles to ensure work safety and productivity

As at 30 June 2019, the average remaining useful lives of our machinery, equipment and motor vehicles that we plan to replace ranged from approximately zero to 1.2 years. Our Directors consider that replacing our aged machinery, equipment and motor vehicles is important for us to ensure work safety and productivity, as well as reducing our repair and maintenance costs and loss associated with machinery, equipment and motor vehicles downtime. The new machinery and equipment our Group intends to purchase will be of the latest or a newer model with better functions, performance, precision and more advanced technology which will enable our construction works to be carried out more efficiently and effectively, thereby reducing the amount of manpower, utilities and resources needed in conducting such work. Therefore, replacing certain of our existing machinery and equipment with newer models will also enable our Group to achieve cost saving brought by the overall increase in efficiency and effectiveness and increase our capacity to undertake more projects.

(iii) Equipping ourselves to cater for the needs of additional and larger scale projects and cope with the expansion plans of our Group

In July 2018, our Group has been granted the "A1" grade under CW01 Workhead for General Building which allows us to tender for public sector projects of unlimited contract value and opens the door to a wider varieties of opportunities to us. Our Directors believe that such qualification would put us in a better position in obtaining more projects with higher contract value. It is expected that we will have higher demand for machinery, equipment and motor vehicles to cater for the needs of these larger scale projects.

The table below illustrates our Group's use of self-owned and rented machinery, equipment and motor vehicles as at 30 June 2019:

As at 30 June 2019

	Units required for our on-going construction projects	Units owned by our Group	Units rented by our Group
Machinery and equipment			
Air compressors	8	8	0
Cranes	4	2	2
Excavators	23	8	15
Forklifts	14	9	5
Scissors lifts	35	15	20
Security access equipment	10	10	0
Motor vehicles			
Heavy goods vehicles	16	12	4
Passenger bus	1	1	0

Note: The table above only includes the types of machinery, equipment and motor vehicles which we intend to purchase using the net proceeds from the Global Offering.

It is disclosed earlier in this section that, as at the Latest Practicable Date, all of our machinery and equipment were deployed to the construction sites of our Group's existing projects. As further illustrated in the table above, we had to rely on rented machinery, equipment and motor vehicles to cater for the needs of our existing projects. As such , it will not be possible for our Group to undertake additional projects under our Expansion Plan without having to rely on rented machinery and equipment, which in turn would result in higher construction costs, alongside other drawbacks including the lack of control over the availability, condition and specifications of the rented machinery and equipment as detailed in the section headed "Business — Business strategies — Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment to enhance our productivity and quality — (iv) Better control and cost effectiveness as compared to rented machinery and equipment" in this prospectus.

In addition to catering for the needs of more and/or larger scale projects, the new machinery and equipment are also essential to the implementation of our Expansion Plan, for instance, some of the additional heavy goods vehicles we intend to purchase are for the transportation of the precast structures and products from the centralised precast production sites to our construction sites situated across Singapore. For further details regarding our Expansion Plan to construct a centralised precast production site, please refer to the section headed "Business — Business strategies — Strength our technical capability and productivity through investment in new construction technology" in this prospectus.

(iv) Better control and cost effectiveness as compared to rented machinery and equipment

Our Directors consider that it is not practical for us to rely on rented machinery and equipment to cope with our business expansion in the long run due to the lack of control over the availability, condition and specifications of the rented machinery and equipment, as well as the terms on which we rented such machinery and equipment from third party suppliers, which in turn would restrain our ability and flexibility to undertake multiple projects concurrently, especially those which require intensive use of machinery and equipment. The certainty in terms of availability, condition, specifications and costs of self-owned machinery and equipment allows us to devise work schedules for our projects in the most efficient manner and to minimise the risk of delay. Having self-owned machinery and equipment will also reduce our risk of reliance on our suppliers for the provision of rental services. Further, purchasing our own machinery and equipment enables us to benefit from cost savings as compared to rental, thereby reducing our costs of operation and enhancing our profit margin. Set out below is the analysis of costs associated with using self-owned and rented machinery and equipment:

Types of machinery, equipment and vehicles	**Estimated rental cost per unit of rented machinery and equipment per annum**	**Estimated operating costs** *(Note 3)* **per unit of self-owned machinery and equipment per annum**	**Estimated cost-savings per unit of self-owned machinery and equipment per annum**	**Total number of machinery and equipment to be purchased using the net proceeds from the Global Offering**	**Total estimated cost-savings**
	(SGD'000)	*(SGD'000)*	*(SGD'000)*		*(SGD'000)*
Machinery and equipment					
Air compressors	7.8	3.5	4.3	6	25.8
Cranes	276.0	264.0	12.0	3	36.0
Excavators	45.6	30.5	15.1	7	105.7
Forklifts	55.2	25.4	29.8	3	89.4
Scissors lifts	30.0	6.3	23.8	14	333.2
Security access equipment *(Note 2)*	N/A	N/A	N/A	10	N/A
Others *(Note 2)*	N/A	N/A	N/A	4	N/A
Motor vehicles					
Heavy goods vehicles	120.0	34.6	85.4	5	427.0
Passenger bus	84.0	32.0	52.0	1	52.0
			Total		1,069.1

Note:

1. The table above only includes the types of machinery, equipment and motor vehicles which we intend to purchase using the net proceeds from the Global Offering.

2. These machinery and equipment are not available for rental in the market and therefore the analysis is not applicable.

3. Operating cost consist of depreciation charges, repairment fee and maintenance fee, etc. of self-owned machinery and equipment, but exclude costs that would be incurred by both rented and self-owned machinery (e.g. salary of the operators).

Based on the above analysis, our Group would have saved approximately SGD1.1 million annually if we purchase our own machinery and equipment instead of relying on rented machinery and equipment. It should be noted that the above analysis is for illustrating the potential cost savings of having self-owned machinery and equipment as compared to rental based on the current level of rental and operating costs which may or may not remain the same in the future. All in all, our Directors are of the view that acquiring new machinery and equipment is necessary for our Group to implement the Expansion Plan and is superior to renting machinery and equipment in terms of costs effectiveness, flexibility, control and project management ability.

Strengthen our technical capability and productivity through investment in new construction technology

Under the PQM framework, the weightage of the "productivity" score component is 10% of the total PQM score. In order to improve our level of productivity and achieve a higher PQM score which in turn increase our chance of wining a tender for public sector projects, our Directors are of the view that our Group has to enhance its technical capability and ability to adopt new construction methods such as BIM, VDC, PPVC and precast technologies, as such, it would be necessary for the Group to increase its investment in these technologies.

Since 2015, it has become mandatory to employ BIM technologies for new building construction projects with a gross floor area of 5,000 square meter or above. Further, some of the Singapore Government agencies had specifically required the use of advanced and/or latest hardware and software for some of their building construction projects. In some cases, some projects also specified the use of certain equipment and devices for the purpose of BIM modelling and execution of VDC processes, for example, we will have to provide workstation for each BIM modeller with detailed minimum performance specifications. In addition to technical requirements in terms of software and hardware, some public sector projects would also specify a certain number of technical staff, such as VDC manager, VDC coordinator and BIM modeller, to station at the work site during the construction period to monitor and implement the BIM and VDC technologies. Similar to the BIM and VDC technologies, with the Singapore Government's emphasis on DfMA, more and more public sector projects require the employment of PPVC technology, which falls within the scope of DfMA, as well as the engagement of technical staff, such as PPVC design engineer, to implement the project. According to the Ipsos Report, The Buildable Design Appraisal System (BDAS) is introduced in the Code of Practice on Buildability on 2017. Three key areas are covered in the BDAS for assessment, namely (1) structural system, (2) wall system and (3) Design for Manufacturing and Assembly (DfMA). Specifically for DfMA, the mandatory adoption of PPVC, one of the DfMA technologies, on the total super structural floor area of the building or the building components of any buildings for residential or private dwelling purposes should be at least 65%. Therefore, unless we possess the hardware, software and/or construction technologies required for the projects, or adequate number of staff with the necessary experience and qualifications for designation to individual projects, our Group would not be able to tender for, or would have to limit our exposure to, these projects, which in turn would restrain the business growth and future development of our Group. During the Track Record Period and up to the Latest Practicable Date, our Group had implemented three-dimensional BIM technology ("**3D BIM**") in 15 of our building construction projects. As at the Latest Practicable Date, our Group had commenced employing four-dimensional BIM technology (which adds an extra dimension of information on construction sequencing to 3D BIM) in three ongoing projects. With our Group's unceasing efforts in enhancing our technical capability, in June 2019, we won the tenders for our first projects ever involving the application of PPVC technology, being (i) an education institution

A&A project awarded by Singapore Government Agency A with a contract sum of SGD33.0 million; and (ii) an education institution new construction project awarded by Singapore Government Agency A with a contract sum of SGD50.2 million. To remain competitive in the building construction industry in Singapore, our Directors consider it critical for us to enhance our capability in employing new construction technology. The advancement in our ability to adopt new construction technology will assist us in increasing our tender success rate as technical capability is an important criteria in assessing tendering applications.

In addition to the above, in order to further enhance our precast production capability, we plan to construct a precast production site close to our headquarters to centralise our precast production. Currently, our precast production is carried out in various temporary locations. Our Directors are of the view that the setting up of a centralised precast production site will streamline our production process, lower wastage of raw materials, optimise the utilisation of our labour and machinery and most importantly, reduce our reliance on and costs associated with engaging subcontractors to provide precast production services.

Our Group has long recognised the potential of precast technology and the need to continually enhance our precast production capability. Since 2011, our Group has been a Specialist Builder (Pre-cast Concrete Work) under the BCA. As disclosed in the section headed "Business — Competitive strengths — We are committed to adopting new construction technologies to enhance our productivity, quality and safety, and providing our customers with value-added engineering solutions" in this prospectus, our Group completed our first project with the adoption of precast technology in the hollow-core slabs for an education institution building construction project as early as 1994; successfully extended the employment of precast technology to the structural framework of buildings and completed our first design-and-build construction project with precast structural elements (which won our Group's first Best Buildable Design Awards) in 1997; and further extended our application of precast technology in one education institution new construction project in 2014 and four education institution new construction projects in 2015 where most structural element and architectural façade walls and fins were constructed using precast technology. During the Track Record Period, our total subcontracting charges amounted to approximately SGD44.8 million, SGD28.6 million and SGD57.2 million, respectively, of which, approximately SGD 2.0 million, SGD0.2 million and SGD1.6 million, respectively were subcontracting charges for precast production works. Such subcontracting charges for precast production works were the actual costs incurred and attributable to 9 out of the 16 projects of our Group during the Track Record Period. Notwithstanding the many benefits of having a centralised precast production site as detailed below, without the net proceeds from the Global Offering, it would not be feasible for our Group to construct the precast production site by simply relying on our internal resources and available banking facilities. More particularly, we estimate that the total investment required for the construction of the precast production site will be approximately HK$42.5 million, of which, approximately HK$17.0 million will be funded by the net proceeds from the Global Offering, with the remaining balance of approximately HK$25.5 million to be funded by internal resources and bank borrowings of our Group. Following our Group's obtaining of the "A1" grade under CW01 Workhead for General Building on 23 July 2018 as well as our recent success in securing tenders with relatively higher contract values, our Directors consider now to be a good time for the Group to further its business development and growth by way of the Expansion Plan to be funded partly by the net proceeds from the Global Offering, including enhancing our precast production capability. Furthermore, with the Singapore government's initiatives to promote the use of precast technology in building construction, and our Group's plan to undertake more higher value projects leveraging on its "A1" grade status, our Directors expect that there will be an even greater need for our Group to employ precast technology in the future, further justifying the cost of constructing the centralised precast production site.

Set forth below are further details of the benefits of having a centralised precast production site:

(1) Enhanced control and supervision of production process

Currently, our precast production is carried out in various temporary locations which our precast production engineer and QAQC team have to travel between different locations to supervise the precast production process and perform quality assessment. Instead of splitting our precast production into various temporary locations, having a permanent precast production site that centralises our precast production will enable us to better control and supervise the entire production process, from procurement of raw materials, production, quality control to despatch to the construction sites.

(2) Lower wastage of raw materials and more efficient deployment of labour

Concrete is the major construction material for precast production, which is made from cement and cannot be stored once it is produced. Also, there is typically a minimum purchase quantity for each purchase order of concrete required by our suppliers. With a single production site, any unused concrete mixture for the precast production of one construction site can be used for the precast production of another construction site, such sharing of surplus materials results in a significant reduction in the wastage of raw materials. Having a centralised production site would also reduce the travelling time of our workers which are currently deployed to our various temporary production sites and would result in a more efficient deployment of labour.

(3) Lower costs of machinery and equipment rental

Instead of renting the same machinery and equipment for each of our temporary production sites, having a centralised precast production site would significantly reduce the number of machinery and equipment needed to produce the same amount of output. As such, we can substantially reduce the costs of renting and/or purchasing excess machinery and equipment for our precast production. For an analysis of costs associated with using self-owned and rented machinery and equipment, please refer to the section headed "Business — Business Strategies — Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment to enhance our productivity and quality". Consolidating our precast production at a single location can also reduce the idle time and optimise the utilisation of our machinery and equipment and enhance the cost effectiveness of our precast production.

(4) Reduce reliance on subcontractors

During the Track Record Period, 15 out of 16 of our construction projects involved the engagement of subcontractors for the provision of precast production services. Our Directors are of the view that enhancing our precast production capability through setting up of a centralised precast production site will allow us to reduce our reliance on our subcontractors together with the risks associated with it, as well as achieve cost savings as detailed below.

For the aforesaid 15 projects, our total estimated subcontracting costs for precast production are approximately SGD16.9 million. The total estimated subcontracting costs for precast production to be incurred is significantly higher than our total subcontracting charges incurred for precast production during the Track Record Period for the following reasons: Based on the current construction schedule, a majority portion of the precast production subcontracting costs of the 5 recently awarded projects which remain ongoing as at the end of the Track Record Period are expected to be incurred after the Track Record Period. In additions, according to the Ipsos Report, there is a substantial demand for precast production works in Singapore and such demand has been and is expected to be on an increasing trend. As at 15th December 2019, there were more than 1,800 registered general building contractors while there were only 56 CR10 registered precast concrete work contractors. The shortage in the supply of precast production services in turn drove up the costs for engaging such services, as a result, our subcontracting costs would also increase accordingly. Furthermore, in the extent of precast technology employed in the 5 recently awarded projects of our Group has increased as compared with previous projects due to the active promotion by the Singapore Government. During the Track Record Period, our Group had been able to achieve cost savings through shifting certain of the precast production work in-house. For illustration purpose only, set out below is an estimation of the costs that our Group would have saved if the precast production works for all of our 15 projects which involved the engagement of precast production subcontractors were performed at our centralisedprecast production site instead, assuming the centralised precast production site had been established throughout the implementation of those projects:

Items	**Estimated cost**
	(SGD'000)
Total estimated costs of engagement of subcontractors for the provision of precast production services for the said 15 construction projects during the Track Record Period	**16,909**
Less:	
Costs of materials used for precast production *(Note 1)*	7,599
Cost of land lease for the precast production site *(Note 2)*	733
Utilities *(Note 3)*	965
Labour cost *(Note 4)*	1,008
Depreciation cost of machinery and equipment *(Note 5)*	736
Depreciation cost of plant *(Note 6)*	1,732
Estimated total costs of conducting precast production at a self-owned centralised precast production site for the 15 construction projects	**12,773**
Costs saved	**4,136**

Notes:

1. The costs of materials comprise mainly costs of concrete and prefabricated rebar which were estimated based on their respective prices as at the Latest Practicable Date and the estimated total usage for the 15 projects.

2. The cost of land lease was estimated based on a useful life of 20 years with reference to the Industrial Government Land Sales programme for a period equivalent to the implementation period of the 15 projects.

3. The cost of utilities was estimated by assuming that the precast production site will be operating at eight hours a day, five days a week and 46 weeks a year for a period equivalent to the implementation period of the 15 projects.
4. The labour cost represents the estimated costs of a precast production manager, a precast production supervisor, a lifting supervisor and five construction workers required to perform the precast production works for the 15 projects.
5. The depreciation of machinery and equipment was estimated based on a useful life of five years for a period equivalent to the implementation period of the 15 projects.
6. The depreciation of plant was estimated based on a useful life of 20 years, which is the same as that of the land for a period equivalent to the implementation period of the 15 projects.

Based on the above analysis, our Group would have saved approximately SGD4.1 million if we conduct the precast production works for the said 15 projects at a self-owned centralised product site. It should be noted that the above analysis is solely for the purpose of illustrating the potential cost savings of having a self-owned centralised precast production site based on the current level of costs (including material costs, utilities, labour costs etc.) which may or may not remain the same in the future. Our Directors are of the view that there is a significant cost saving impact by setting up a centralised precast production site to be funded partly by the net proceeds from the Global Offering.

Our Directors consider that the analysis on the breakeven period and payback period for the centralised precast production site is not meaningful for the reasons that (i) the cost of precast production varies widely from project to project as it depends on, among other things, the construction materials used in, and the design, size, quantity and other specifications of, the precast structures involved in the project, and therefore, the amount of cost savings that can be achieved by shifting the precast production in-house at our self-owned centralised production site also differs greatly from project to project; and (ii) our Group does not generate revenue or income directly from carrying out precast production at the centralised precast production site as it is only one of the many work streams that are involved in a construction project. As disclosed above, we estimate that the total investment required for the construction of the precast production site will be approximately HK$42.5 million, of which, approximately HK$17.0 million will be funded by the net proceeds from the Global Offering, with the remaining balance of approximately HK$25.5 million to be funded by internal resources and bank borrowings of our Group. Considering that (i) by shifting the precast production works in-house at our centralised precast production site, our estimated cost savings for the 15 projects alone would be approximately SGD4.1 million (equivalent to approximately HK$23.3 million), representing more than 50% of the estimated total investment required for the construction of the precast production site; and (ii) with the Singapore government's initiatives to promote the use of precast technology in building construction, and our Group's plan to undertake more higher value projects leveraging on its "A1" grade status, it is expected that there will be an even greater need for our Group to employ precast technology in the future, further justifying the cost of constructing the centralised precast production site, our Directors are of the view that it is commercially justifiable for our Group to enhance our precast production capability by way of constructing the precast production site.

Besides cost-effectiveness, our Directors consider that establishing a centralised precast production site is an important strategy for our Group to reduce its reliance on precast subcontractors in light of the current market condition and industry trend. More particularly, our Group has been experiencing a shortage of supply and a surge in unit costs of precast production works recently. According to the Ipsos Report, with the mandatory requirement to adopt PPVC technology in selected sites offered in the Government Land Sales programme following the introduction of the Building Control (Buildability and Productivity) Regulations enacted in December 2014, there is a substantial demand for precast production works in Singapore. Furthermore, as at 10 October 2019, there were 1,805 registered general building contractors while there were only 55 CR10 registered precast concrete work contractors. To ensure a steady supply of precast components at reasonable costs, it is not uncommon for general building contractors in Singapore to set up their own precast production sites or operations.

The engagement of subcontractors might also bring a number of risks to our Group, including but not limited to the delay in delivery and defective product or services. For details of the risks involved in engaging subcontractors, please refer to the section headed "Risk factors — We are dependent on suppliers and subcontractors to implement our construction contracts". By contrast, in-house production can enable us to respond promptly to changes in design, thus reducing the communication time lags with our customers. In addition, through precast production on our own, we can monitor the production schedule closely to suit construction site conditions as projects progress. Also, quality of in-house precast product can be examined by our own QAQC team immediately after production, thus reducing the defect rate of the product delivered to construction sites and avoiding the unnecessary time wasted on returning the defective products to our subcontractors for reproduction. Enhancing our capability in undertaking precast production in-house can not only minimise risks associated with the engagement of subcontractors but also enable us to enjoy a better profit margin and/or keep our price at a competitive level.

To achieve the above, we intend to utilise approximately HK$38.5 million, representing approximately 39.5% of the Net Proceeds from the Global Offering, for the investment in new construction technology as detailed below. We expect to utilise the sum to fund our enhancement plan upon Listing and up to the six months ending 31 December 2021.

Construction technology	**Current level of adoption**	**Future plan**	**Estimated total investment and sources of funding**
BIM and VDC	We first adopted BIM technology in 2012 for an education institution project. During the Track Record Period and up to the Latest Practicable Date, 15 out of our 17 completed and ongoing building construction projects employed or have employed BIM technology. As at Latest Practicable Date, we have a team of 14 staff designated to the adoption and application of BIM technology in our building construction projects. We also started employing VDC technology in three of our ongoing new construction projects for Singapore Government Agency B and Singapore Government Agency C as at the Latest Practicable Date.	(1) Purchase and upgrade hardware and software for BIM and VDC applications	approximately HK$4.1 million; Net Proceeds from Global Offering
		(2) Hire six additional staff with relevant experience, and offer training for both new and existing staff involved in the application of BIM and VDC technologies	approximately HK$6.2 million; Net Proceeds from Global Offering

Construction technology	Current level of adoption	Future plan	Estimated total investment and sources of funding
Precast	We completed our first project with the adoption of precast technology as early as 1994 in the hollow-core slabs for an education institution building construction project. Subsequently in 1997, we successfully extended the employment of precast technology to the structural framework of buildings and completed our first design and build construction project with precast structural elements. Since 2011, we have been a Specialist Builder (Pre-cast Concrete Work) under the BCA. During the Track Record Period and up to the Latest Practicable Date, 16 out of our 17 completed and ongoing building construction projects employed or have employed precast technology.	(1) In order to further enhance our precast production capability, construct a precast production site close to our headquarters in the Tuas area in Singapore at a leased site with an area of approximately 4,000 square meters to centralise our precast production which currently takes place in various temporary locations, which is expected to bring various benefits to our Group including enhanced supervision, lowering of wastage of raw materials and improvement in efficiency	approximately HK$17.0 million; Net Proceeds from Global Offering/ approximately HK$25.5 million; Internal resources/ bank borrowing
PPVC	During the Track Record Period and up to the Latest Practicable Date, we have employed PPVC technology in two of our building construction projects.	Hire ten design engineers and a PPVC consultant to support our Group's adoption and application of PPVC technology in our construction projects.	approximately HK$11.2 million; Net Proceeds from Global Offering

As at the Latest Practicable Date, we were in the tendering process of four projects with an estimated total contract sum of SGD338.5 million. In addition, our Group intended to submit tender application for four projects with a contract sum of approximately SGD229.0 million in December 2019 and January 2020. Out of these eight projects, seven of them will require the employment of BIM and precast and one of them will require the employment of PPVC technology.

Enhance and expand our workforce to cope with our business expansion

Our business operations are labour intensive in nature. We also rely on our team of professional staff in the implementation and management of our construction projects. Therefore, we consider that our employees are crucial to maintaining our competitive strengths and success. To cater for the increasing demand caused by the significant increase in the number and scale of our projects, during the year ended 30 June 2019, we hired 166 additional staff, comprising mainly construction workers and project department staff. All of our newly hired construction workers and project department staff were deployed to our construction projects as at the Latest Practicable Date. Generally speaking, to maintain the quality of our work and service to our customers, and depending on the size and complexity of the projects, each of our construction sites has one designated site supervisor and one to two site engineers for smaller scale projects; and two to four designated site supervisors and site engineers for larger scale projects. We may also assign more site supervisors and/or site engineers to a project that is close to completion phase to ensure that the project can be completed on time and with high quality standard. As at the Latest Practicable Date, we had 19 site supervisors and 20 site engineers. The table below sets out the number of site supervisors and site engineers designated to each of our construction sites as at the Latest Practicable Date:

Project no.	Description of works	Number of construction sites	Number of designated site supervisors	Number of designated site engineers
1	A&A works for a government-aided/ independent school	1	1	1
2	A&A works for four government schools	4	1	1
3	New construction works for the office buildings of Singapore Government Agency B	1	3	2
4	New construction works for a government school	1	3	3
5	New construction works for a nursing home	1	2	3
6	New construction works for a childcare centre	1	1	1
7	New construction works for a nursing home	1	2	4
8	A&A works for a government school	1	2	1
9	New construction works for a government school	1	2	3
10	New construction works for a residential building	1	2	1
	Total	**13**	**19**	**20**

As illustrated in the table above, all of our site supervisors and site engineers were assigned to our construction sites as at the Latest Practicable Date. Therefore, in order for our Group to take up additional projects, we will have to hire more site supervisors and site engineers to oversee and handle the works of any new projects awarded to our Group. Unlike our site supervisors and site engineers who normally station at their designated construction sites, our crane and excavator operators and general workers usually travel between our different construction sites depending on the requirement and work schedule of our projects.

To cope with our business expansion in light of our recent upgrade to the "A1" grade under CW01 Workhead for General Building, we plan to expand different levels of our workforce, including general workers, crane and excavator operators, site engineers and site supervisors.

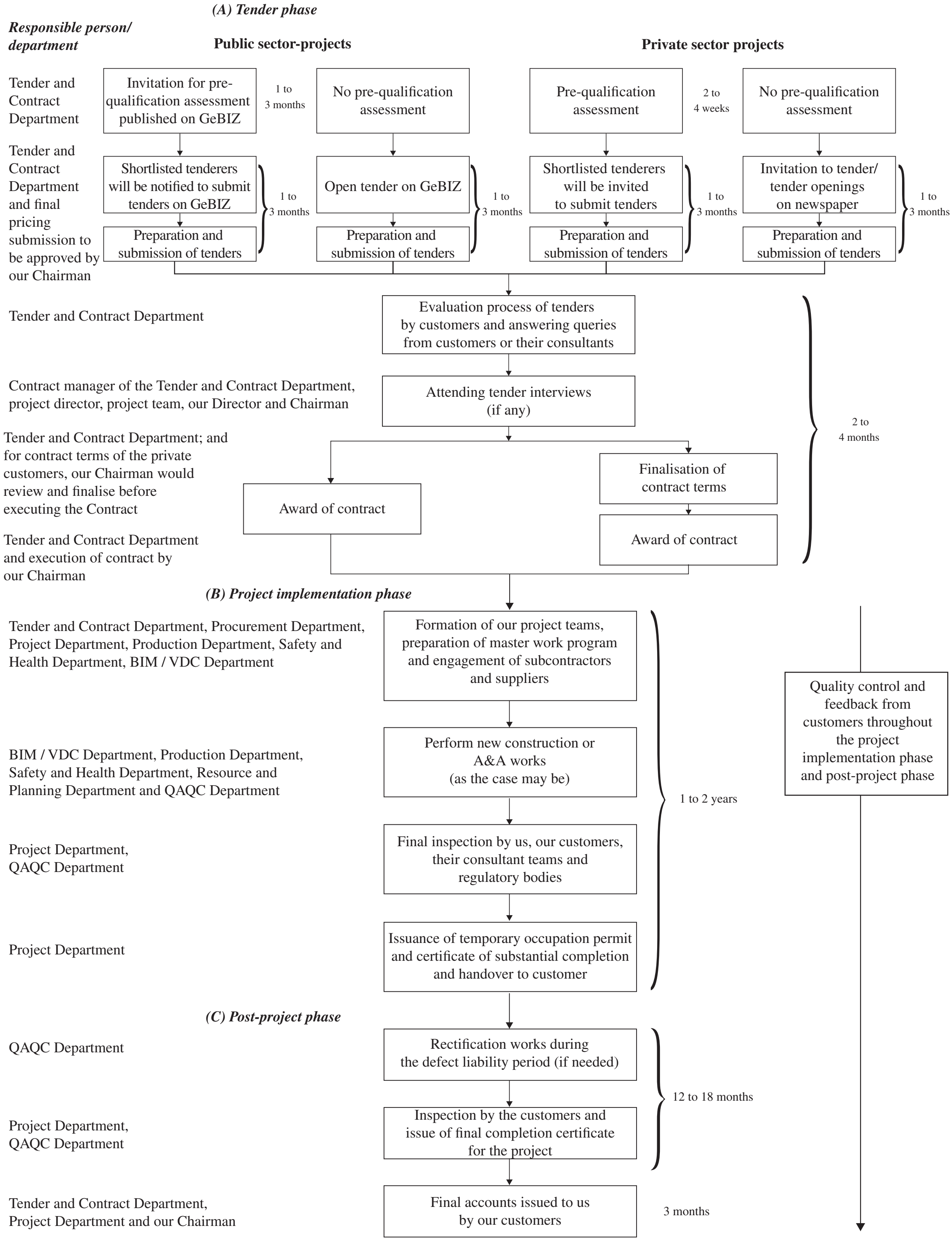
Details of the numbers, qualifications and experience and estimated investment of the workforce we intend to recruit is set forth in the table below:

Title of workforce	Headcounts to be recruited	Qualification and/or experience	Estimated investment (approximately)
General workers	10	Experience in related works with construction companies	HK$1.3 million
Crane and excavator operators	3	Experience in related works with construction companies	HK$2.8 million
Site engineers	1	Diploma or tertiary education in engineering studies and relevant experience in related works with construction	HK$1.1 million
Site supervisors	4	Experience in related works with construction companies	HK$3.1 million

We believe that the expansion of our workforce is crucial for maintaining our quality and productivity while coping with the expected increase in the number and scale of the construction projects in the future. We intend to utilise approximately HK$8.3 million, representing approximately 8.5% of the Net Proceeds from the Global Offering to expand our workforce and professional team to cope with our business expansion. Out of the 18 additional staff we intend to hire using the net proceeds, eight of them are expected to be local workers while 10 of them are expected to be foreign workers. We expect to utilise the sum upon Listing and up to the year ending 30 June 2021.

OUR OPERATION PROCEDURES

The following diagram illustrates our operation flow for a construction project:



(A) Tender phase

Identification of tender opportunities

During the Track Record Period, we sourced all of our public sector projects from open tender opportunities published on GeBIZ and the private sector project from tender opportunity published on newspaper by the private customer. For some projects, main contractors are required to submit certain information such as track record, key personnel and financial information for pre-qualification assessment by the customers before they are shortlisted and invited to submit their tenders. Potential bidders are usually given one to three months to prepare for the tender submission.

Preparation and submission of tenders and evaluation of tender submissions by customers

Upon receiving an invitation to tender or identifying a suitable tender opportunity, our tender and contract department will evaluate and conduct analysis of the potential project in terms of (i) scope of work and complexity of the project; (ii) schedule and completion timeline of the project; (iii) our current projects on hand and capacity: and (iv) estimated capital commitment and manpower required for completing the project. Our tender and contract department will communicate with other departments such as the finance department and procurement department before reaching a preliminary report on the feasibility of a tender opportunity, which will then be submitted to our senior management for review and final decision.

Once our senior management has decided to proceed to bid for the potential project, our tender and contract department will proceed to prepare the tender documents, which include information such as tender price, construction method and work programme, our past track record as well as composition and experience of the project team.

During the tender evaluation process, we may be requested to attend tender interviews with the customers, where we would provide further information and/or clarifications of our tender. The tender evaluation process generally takes two to four months before the award of contract.

Award of contract and finalisation of contract terms

Award of contract is generally confirmed by way of a letter of award issued by the customer. To formalise the award of contract, our Group will then enter into formal contract with the customer. As a vast majority of our construction projects during the Track Record Period were public sector projects, most of our contracts signed with our customers during the Track Record Period were based on PSSCOC, which is a common contract form prescribed by BCA to be used in all public sector construction contracts. For our private sector customer during the Track Record Period, our contract signed was based on SIA Conditions Contract, which is a commonly used standard form construction contracts in Singapore proposed by the Singapore Institute of Architect. For contracts with private customers, we usually negotiate the commercial terms before execution of the formal contracts.

Tender success rate

Our overall tender success rate was approximately 7.1%, 21.1% and 27.3% respectively for the three years ended 30 June 2019. Consistent with the industry norm, we submitted more tenders than our available capacity so as to allow us to keep abreast of the latest market environment, customers' requirements and pricing levels of our competitors which are useful for our strategic planning and securing future tenders of similar projects. This would also enable us to maximise the utilisation of our available resources, as it is unlikely that our tender success rate would be 100% based on our experience. During the Track Record Period, the number of contracts awarded to us was within our capacity.

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

	Year ended 30 June		
	2017	**2018**	**2019**
Open tenders			
— Number of projects which we submitted tender	10	15	15
— Number of projects awarded	0	4	4
— Success rate *(Note)*	0%	26.7%	26.7%
Invited tenders			
— Number of projects which we submitted tender	4	4	7
— Number of projects awarded	1	0	2
— Success rate *(Note)*	25%	0%	28.6%
Total (Open and invited tenders)			
— Number of projects which we submitted	14	19	22
— Number of projects awarded	1	4	6
— Success rate *(Note)*	7.1%	21.1%	27.3%

Note: Tender success rate is computed based on the number of contracts awarded (regardless of the date of award) out of the number of tenders submitted during the respective financial years.

Our Directors are of the view that the relatively low number of tenders submitted by and projects awarded to our Group for the year ended 30 June 2017 was mainly due to the slowdown in the construction industry, in particular, the private property market, in 2017, which our Directors believe had caused some contractors who previously focused on the private sector to move into the public sector and in turn further intensified the competition in the public sector and drove prices down. For the year ended 30 June 2018, our tender success rate increased and we were awarded four contracts for our tenders submitted during the year ended 30 June 2018 as the market began to pick up. We were further awarded seven projects for our tenders submitted during the year ended 30 June 2019 and up to the Latest Practicable Date. As at the Latest Practicable Date, we were in the tendering process of four projects with an estimated total contract sum of SGD338.5 million. In addition, our Group intended to submit tender application for four projects with a contract sum of approximately SGD229.0 million in December 2019 and January 2020.

(B) Project implementation phase

Formation of our project teams, preparation of master work program and engagement of subcontractors and suppliers

Upon the award of contract, we will finalise the composition of our project team. Each project is headed by a project manager and comprises a site supervisor, a site engineer, an architectural coordinator, a M&E engineer, a M&E coordinator, and a workplace safety and health officer. For smaller scale projects, our project manager may also act as the site supervisor of the project.

Our project managers formulate the work plan and monitor the execution of the entire project. More particularly, our project managers will prepare the master work program before commencement of the building construction works, which specifies the detailed steps to be taken for the entire construction process and duration of each steps, as well as the control measures to ensure work quality. We will also obtain the relevant permits and approvals from the respective government authorities such as the structural work permit, award contracts to the subcontractors and suppliers, set up amenities such as site offices and construct temporary draining system before the building construction works commence. Throughout the project implementation phase, our project managers will monitor the completion timeline and attend regular meetings with the customer and its consultant team to understand their concerns and requests.

Our procurement department will work alongside our project teams and negotiate on pricing and contract terms with the subcontractors and suppliers, and will then put forward the recommendation to our senior management team for approval. Once approval is obtained, we will arrange for signing of contracts with the subcontractors and suppliers who will then be obligated to fulfil the services or delivery at the agreed price and in accordance with the construction schedule. For further details of our selection criteria and contractual terms with our suppliers and subcontractors, please refer to the section headed "Business — Our suppliers" and "Business — Our subcontractors" in this prospectus respectively.

Implementation and management of building construction works

During the Track Record Period, our projects lasted from one to two years. Our project duration usually depends on the scale and complexity of the project, instances of variation orders by the customers, which involves variation from the original scope of work, and in the case of A&A works to education institution projects, the school term and operating schedule of the schools. Where a project involves variation order, our service fees charged therefor would be based on a pre-agreed service fee schedule. Throughout the construction phase, our project team would carry out regular inspection and require our subcontractors to undertake rectifications works when needed, as well as to identify and rectify any safety issues which may appear at the site. In addition to constant communication with different parties involved in the project during the project implementation phase, we also have regular meetings every one to two weeks with the customer and its consultant team to discuss the progress of the project.

Throughout the project implementation phase, monthly progress payment will be made to our Group by our customers based on the completion progress of our work. Our quantity surveyors will coordinate with our finance department and issue monthly billings to our customers. The quantity surveyor consultant of our customers will verify the completion status of our works and issue a valuation certification, based on which we will issue an invoice to our customers. We also pay our subcontractors on a monthly basis in accordance with their work progress. The billing arrangement is consistent with the relevant laws and regulations in Singapore, and in particular, the BCISPA and the Building and Construction Industry Security of Payment Regulations. For further details, please refer to the section headed "Regulatory overview" in this prospectus.

Completion and inspection of building construction works and handover to our customers

Upon completion of the building construction works, our customers and their consultant team will carry out final inspection of the building construction works before we handover our works to our customers. The building construction works will also have to go through the inspection by the registered inspector of the Singapore Civil Defence Force and the temporary occupation permit inspection by the BCA. A certificate of substantial completion will then be issued to us by the consultant team of our customer which indicates that our services have been completed, inspected and approved.

(C) Post-project phase

Commencement of defect liability period

The defect liability period, which lasts for 12 to 18 months, commences from the date of substantial completion, and we are required to rectify or procure our subcontractors to rectify, any defects which are identified during the period.

Final completion of the project

Upon the expiry of the defect liability period, a final completion certificate will be issued to us. The customers' consultants will issue the final accounts in respect of any remaining balance of the contract to us and we would submit the final claims to the customers for final settlement, which the remaining balance would usually be settled by the customers within three months.

Feedback from customers

To monitor our quality of service and identify areas for improvement, we will obtain feedback from customers during project implementation and upon completion of the project. We collect feedbacks from our customers through progress meetings during the project implementation phase and continuous communication with our customers in respect of (i) our progress and schedule; (ii) quality of work; (iii) safety performance; and (iv) competence and responsiveness of project team staff. Please refer to the section headed "Business — Quality control" in this prospectus for our internal procedures in quality management. Our performance in public sector project is also subject to the CONQUAS assessment by BCA and we will be rated by reference to CONQUAS points, please refer to the section headed "Business — Major awards and certifications" in this prospectus for further details of our recognition received.

Backlog of our construction projects

The table below sets forth the movement of the number of our Group's construction projects during the Track Record Period:

	Year ended 30 June		
	2017	**2018**	**2019**
Opening number of construction projects *(Note 1)*	5	4	3
Number of construction projects awarded *(Note 2)*	1	3	7
Number of construction projects completed *(Note 3)*	2	4	—
Closing number of construction projects *(Note 4)*	4	3	10*(Note 5)*

Notes:

1. Opening number of construction projects refers to construction projects awarded to our Group but not yet completed as at the beginning of the relevant year indicated.
2. Number of construction projects awarded refers to construction projects awarded to our Group during the relevant year indicated.
3. Number of construction projects completed refers to construction projects completed by our Group during the relevant year indicated.
4. Closing number of construction projects refers to construction projects awarded to our Group but not yet completed as at the end of the relevant year indicated.
5. Among the 10 ongoing projects as at 30 June 2019, one project, being an education institution A&A project, was completed after the Track Record Period but before the Latest Practicable Date in July 2019.

The table below sets forth the movement of the outstanding contract sum of our Group's construction projects in terms of backlog value during the Track Record Period:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD (million)	*SGD (million)*	*SGD (million)*
Opening value of outstanding contract sum *(Note 1)*	99.6	41.1	58.5
Contract sum of construction projects awarded during the year *(Note 2)*	19.6	68.6	263.7
Adjustment for variation orders and fluctuation in certain material costs *(Note 4)*	0.2	1.8	1.7
Revenue recognised during the year *(Note 3)*	78.3	53.0	109.4
Closing value of outstanding contract sum *(Note 4)*	41.1	58.5	214.5

Notes:

1. Opening value of outstanding contract sum refers to the aggregate awarded contract sum (after adjusting for variation orders and fluctuations in certain material costs) less revenue recognised during prior year(s)/period as at the beginning of the relevant year indicated.

2. Contract sum of construction projects awarded during the year refers to the aggregate awarded contract sum of the construction projects awarded to our Group during the relevant year indicated.
3. Revenue recognised refers to the aggregate revenue recognised by our Group from the construction projects during the relevant year indicated, excluding revenue derived from minor renovation works we undertook for certain individuals and our tenant.
4. Closing value of outstanding contract sum refers to the opening value of outstanding contract sum, plus contract sum of construction projects awarded and adjustment for variation orders and fluctuation in certain material costs, less revenue recognised during the relevant year indicated.

OUR CUSTOMERS

Profile of our Group's customers

During the Track Record Period, we derived approximately 97.9%, 63.0% and 67.4% of our revenue from education institution building construction projects. According to the Ipsos Report, education institutions in Singapore are divided into government schools, independent schools, government-aided schools and private schools. Among our 11 completed and on-going education institution projects during the Track Record Period and up to the Latest Practicable Date, nine were new construction or A&A projects for government schools where Singapore Government Agency A engaged us and settled the service fees with us directly. The remaining two projects were A&A projects for independent schools or government-aided schools where the school running body or the schools engaged us and paid our service fees. We have established approximately 22 years of business relationship with Singapore Government Agency A. We offered Singapore Government Agency A a credit period of 30 days upon the issuance of invoice, and were paid by bank transfer. We also offer a similar credit period to the independent schools and government aided schools.

Our long-term relationship with Singapore Government Agency A has helped us build up our track record in the public sector building construction works which is essential for winning other public sector construction tenders. In July 2018, we have been awarded a new construction project from Singapore Government Agency B for building an office premises in Singapore with a contract sum of SGD57.0 million. Furthermore, we have been awarded two nursing home new construction projects by Singapore Government Agency C with a contract sum of SGD18.6 million in January 2019 and a contract sum of SGD36.4 million in May 2019, respectively. In November 2019, we were awarded Project A.

For the years ended 30 June 2017, 2018 and 2019, we have also derived approximately 1.6%, 35.4% and 1.04% of our revenue from a private customer, which operates a portfolio of preschools and afterschool caring services and engaged us to act as main contractor for constructing two large-scale childcare centres with a maximum capacity of housing 1,000 children and 660 children respectively during the Track Record Period. We offered such customer a credit period of 35 days upon the issuance of invoice, and were paid by cheque.

To the best knowledge of our Directors, none of our Directors, their respective close associates, or Shareholders who own more than 5% of our share capital, had any interest in any of our customers during the Track Record Period.

The following table sets forth our top customers for each of the three years ended 30 June 2019:

For the year ended 30 June 2017

Rank	Name of Customer	Principal business and business profile	Services provided by our Group	Years of business relationship	Amount of revenue recognised (SGD million)	Percentage of our Group's total amount of revenue (%)	Credit terms	Payment method
1	Singapore Government Agency A	A ministry of the Government of Singapore that directs the formulation and implementation of policies related to education in Singapore, with 17 divisions under the department covering different aspects relating to education including, amongst others, curriculum planning and policy, educational technology, infrastructure and facility services, special educational needs and student services. According to the corporate brochure published by Singapore Government Agency A in 2015, it supervises over 360 schools for primary, secondary and post-secondary education supported by 33,000 education officers	Main contractor	22.4 years	66.6	84.6	30 days	Bank transfer
2	Customer A	Buddhist charitable body registered with the Registry of Societies in Singapore which operates a school and a student care centre and offers a variety of services including schools and student care centres. It is a society set up under the Societies Act (Chapter 311) of Singapore law in the 1960s and are managed by a management council with approximately 20 members.	Main contractor	2.8 years	10.5	13.4	35 days	Cheque/ bank transfer
3	Customer B	A pre-school and childcare related services operator in the early childhood care and education field. It is a cooperative society registered under the Co-operative Societies Act (Chapter 62) of Singapore managed by a number of boards and committees, including the board of Directors, academic board, audit and risk committee, comprising over 50 members.	Main contractor	2.4 years	1.2	1.6	35 days	Cheque/ bank transfer
					78.3	99.6		

For the year ended 30 June 2018

Rank	Name of Customer	Principal business and business profile	Services provided by our Group	Years of business relationship	Amount of revenue recognised (SGD million)	Percentage of our Group's total amount of revenue (%)	Credit terms	Payment method
1	Singapore Government agency A	See above	Main contractor	22.4 years	28.4	52.7	30 days	Bank transfer
2	Customer B	See above	Main contractor	2.4 years	19.1	35.4	35 days	Cheque/ bank transfer
3	Customer C	A government-aided school (for its primary school division) and independent school (for its secondary school division) It is managed by a board of Directors and has a team of teaching staff of over 100 members.	Main contractor	1.6 years	3.6	6.7	35 days	Cheque/ bank transfer
4	Customer D	A religious and charitable organisation set up under the Societies Act (Chapter 311) of Singapore law in the 1960s and is the running body of a government-aided school	Main contractor	1.6 year	2.0	3.6	35 days	Cheque/ bank transfer
					53.1	98.4		

For the year ended 30 June 2019

Rank	Name of Customer	Principal business and business profile	Services provided by our Group	Years of business relationship	Amount of revenue recognised (SGD million)	Percentage of our Group's total amount of revenue (%)	Credit terms	Payment method
1	Singapore Government Agency A	See above	Main Contractor	22.4 years	50.0	45.3	30 days	Bank transfer
2	Customer C	See above	Main Contractor	1.6 years	17.7	16.0	35 days	Cheque/ bank transfer
3	Singapore Government Agency B	A statutory board established by the Government of Singapore which is responsible for developing and conducting national examinations in Singapore and provides assessment services.	Main contractor	1.1 year	31.1	28.2	30 days	Bank transfer
4	Customer D	See above	Main contractor	1.6 year	6.7	6.1	35 days	Cheque / bank transfer
5	Singapore Government Agency C	A ministry of the Government of Singapore that is responsible for providing information, raising health awareness and education, ensuring the accessibility of health services and monitoring the quality of health services provided to citizens and visitors in Singapore	Main contractor	0.6 year	2.7	2.4	30 days	Bank transfer
Total					108.2	98.0		

Reliance on our single largest customer and education institution projects

During the Track Record Period, we derived approximately 97.9%, 63.0% and 67.4% of our revenue from education institution building construction projects. Further, during the Track Record Period, Singapore Government Agency A was our single largest customer which accounted for approximately 84.6%, 52.7% and 45.3% of our revenue, respectively. Notwithstanding a significant portion of our revenue was derived from education institution projects awarded by Singapore Government Agency A, our Directors believe that we are capable of maintaining and developing our business in the future having considered the following key factors:

(i) According to the Ipsos Report, the Singapore Government has been increasing its spending on public infrastructure and facilities, including upgrading or extension of infrastructure, public offices, education institutions, community clubs, and new residential buildings projects. As further stated in the Ipsos Report, the private sector building construction works have been on a decline for a number of reasons, including the slowdown of demand in the private property market. It is inevitable that public sector works have become the main driving force of the demand in the construction industry in Singapore. BCA has projected the total construction demand for 2019 to be in the range of SGD27.0 billion to SGD32.0 billion, with a 60% contribution from the public sector (i.e. SGD16.5 billion to SGD19.5 billion). According to BCA, the construction demand in Singapore is projected to reach between SGD27.0 billion and SGD34.0 billion per annum for 2020 and 2021 and between SGD28.0 billion and SGD35.0 billion per annum for 2022 and 2023. Of which, many of the construction projects will be upgrade works of public facilities including educational and healthcare facilities, in which our Directors believe our Group possesses extensive experience and competitive advantages.

(ii) Our Directors believe that the demand for building construction works from Singapore Government Agency A is expected to remain stable in the future. According to the Ipsos Report, declining birth rates and low enrolment rates in a few schools have triggered the merging of primary schools, secondary schools as well as junior colleges across Singapore. A total of seven pairs and four pairs of secondary schools were merged in 2017 and 2018 respectively. Further, the Singapore Government has announced the merging and pairing up of 14 primary schools, 6 secondary schools and 8 junior colleges over the next two years. As further stated in the Ipsos Report, the newly merged schools would need to undergo A&A works in coming years as the student facilities and infrastructure would need expansion to accommodate the incoming students from the merging school. Also, the vacated school sites would need upgrading A&A works for other purposes such as elderly homes, residential, art venues etc.. Therefore, the trend of school mergers is expected to push the demand for institutional A&A works.

(iii) Furthermore, the Singapore Government has announced plan to increase the number of kindergartens to 50 by 2023, of which seven is planned to open in 2019, six in 2020 and 13 in 2021 to overcome the shortage of subsidised pre-school places for children below four, and to bring its kindergartens close to the primary schools either through co-location or extending existing primary schools so as to facilitate the transition of students from the kindergarten to primary school. This would also entail new A&A works in the education segment in Singapore.

(iv) We have a long-standing business relationship with Singapore Government Agency A for over 20 years. Since we were awarded our first education institution building construction project by Singapore Government Agency A in 1997 and up till the Latest Practicable Date, we have provided new construction or A&A services to 38 education institutions for Singapore Government Agency A. We believe that our ability to consistently win tenders from Singapore Government Agency A during the Track Record Period was owing to our established track record of being a quality and reliable main contractor capable of providing value-added engineering solutions and delivering building construction works to our customers timely. Our long-term relationship with Singapore Government Agency A has helped us to build up our track record in the public sector building construction works which is essential for winning other public sector construction tenders. In July 2018, we have been awarded a new construction project from Singapore Government Agency B for building an office premises in Singapore with a contract sum of SGD57.0 million. Furthermore, we have been awarded two new construction projects from Singapore Government Agency C for building a nursing home in Singapore with a contract sum of SGD18.6 million in January 2019 and SGD36.4 million in May 2019, respectively. In November 2019, we were awarded Project A. With the successful expansion of our customer base as described above, the proportion of our total revenue contributed by Singapore Government Agency A had dropped from 84.6% for the year ended 30 June 2017 to 45.3% for the year ended 30 June 2019.

(v) We have been actively pursuing public sector projects in the past as we believe the credit risk and the risk of liquidation of the Singapore Government agencies, including Singapore Government Agency A are minimal. During the Track Record Period and up to the Latest Practicable Date, Singapore Government Agency A has been settling the invoices for our monthly progress payments on time which is favourable to our maintaining of a stable cash flow and financial position.

(vi) All public sector construction contracts in Singapore are awarded through open tender published on GeBIZ for which all contractors possessing the requisite licenses and/or qualifications can submit a bid. Further, all bids submitted will be assessed by the relevant Singapore Government agency and its consultant team based on the PQM framework. The PQM provides a structured framework for non-price criteria such as productivity and quality to be assessed on top of price, where the price component, quality component and productivity component has a weightage of 40% to 60%, 30% to 50% and 10%, respectively, in the case of education institution building construction projects awarded by Singapore Government Agency A. Currently, the PQM framework adopts a two-envelope system where tenderers submit the quality and productivity envelope separately from the price envelope, and agencies would open and compute the quality and productivity score first, before opening the price envelope and computing the combined scores.

(vii) Notwithstanding the foregoing, in addition to public sector projects, we have been submitting tenders for private sector new construction and A&A projects from time to time. Since our inception, we have been working on various projects covering both public and private sector customers, and with our years of industry experience and in-depth knowledge of the market, we have been able to optimise our tendering strategy to capture the opportunities present in the market. More particularly, over the years, we have accumulated experience, expertise and track record in the construction of institutional buildings (such as education institutions, hospitals and nursing homes), commercial buildings (such as office buildings and restaurants), as well as industrial and residential buildings. Leveraging on our profound experience in both the public and private sectors accumulated over the years, our Directors believe that we will be able to capture both public and private sector opportunities in the market especially when the private sector starts to improve in the future.

Salient terms of the PSSCOC contracts

Most of our projects during the Track Record Period were governed by PSSCOC which was developed to enable a common contract form to be used in all public sector construction projects by the BCA. Certain commercial terms entered into for each public sector project may vary depending on negotiation. Set out below are the salient terms of a PSSCOC contract:

Scope of work / General obligations of the contractor	The main contractor shall be responsible for: • controlling the construction site • co-ordinating the work of any subcontractors and ordering of materials and goods for the building construction works • furnishing a programme for the works engaged and revise according to the request / enquiries of the customer or its consultants
Time for completion	The contractor shall complete the works and any phase or part of the works within the time stated in their letter of award or other written agreement with the customer The contractor is entitled to be granted an extension of the time for completion in the events of certain uncontrollable events or variation order.
Variations to the works	The superintending officer of the customer may at any time issue an instruction in writing requiring a variation, and the contractor may be required to submit a quotation for the variation for approval. The contractor also has the right to put forward alternative proposals to the customer.
Indemnity, insurance	The contractor is liable for indemnifying the losses of the customer insofar such damage is related to the works, unless the contractor can prove that the losses is not due to the negligence or omissions of the contractor. As such the contractor is required to take out an insurance policy in the manner prescribed by the superintending officer of the customer to cover the possible liabilities.

Security deposit	Within 14 days of the letter of acceptance or such other period as may be prescribed by the customer, the contractor shall deposit with the customer an amount specified in the contract and by way of security for the due performance of and observance by the contractor of his obligations under the contract. The contractor may, in lieu of the cash deposit, provide a guarantee for an equivalent amount from a bank or Monetary Authority of Singapore-approved insurance company.
Subcontracting	The contractor shall ensure that all subcontractors, appointed directly by the Contractor, are registered with the BCA or other government registration body at the time of their appointment.
Fluctuations in materials costs	The contract sum shall be adjusted upwards or downwards to take into account of any rise or fall in prices of certain materials such as concrete and steel reinforcement respectively during the duration of the contract, and reference shall be made to the material prices indices published by BCA from time to time.
Payment terms	The Contractor shall submit to the customer and its superintending officer at monthly intervals (on the day of each month specified by the Superintending Officer following the month in which the Contract is made), a claim for payment in such form as the Superintending Officer may from time to time prescribe, and the superintending officer shall certify the amount payable to the contractor. Within 90 days of the date of substantial completion, the contractor shall submit in writing to the customer a claim for final payment.
Defect liability Period	Usually lasts for 12 months

As described above, the contractor shall deposit with the customer an amount specified in the contract (typically 5% to 10% of the total contract sum) within 14 days of the letter of acceptance or such other long period as may be prescribed by our customer. The contractor may also, in lieu of the cash deposit, provide a guarantee for an equivalent amount from a bank or Monetary Authority of Singapore-approved insurance company. During the Track Record Period, in satisfaction of the above requirement, our Group had paid a premium to the insurance companies for the provision of such guarantee to our customers. Our customer may utilise the claim on the security deposit to make good any loss or damage sustained or likely to be sustained as a result of any breach of contract on the part of us, including any liquidated damages. During the Track Record Period and up to the Latest Practicable Date, we did not experience any claim on any security deposit.

Pricing strategy

Our Group generally determines the tender price for a potential project on a cost-plus basis, that is on the basis of cost (including, but not limited to, direct labour costs, construction material costs and subcontracting charges) plus reasonable profit margin. Factors that our Group would take into account when determining the profit margin for a particular project include, but not limited to, (i) the nature, scope and complexity of the project; (ii) our current projects on hand; (iii) the completion time requested by customers; (iv) the prevailing market conditions; (v) previous tender record; (vi) awarded tender of similar project; (vii) the relationship and familiarity with the customers; and (viii) the potential price competitiveness of other tenders.

OUR SUPPLIERS

Our suppliers include suppliers of (i) materials to be used in our projects, such as concrete, reinforcement steel bars, tiles and marbles etc.; and (ii) services provided for steel grating, machineries and equipment rental etc.. We maintained a list of approved suppliers throughout the Track Record Period and up to the Latest Practicable Date and such suppliers are selected based on a number of criteria which are considered to be vital to our business, including but not limited to, (i) price; (ii) quality of products/services; (iii) regulatory compliance; (iv) timeliness in delivery of products/services; and (v) past performances. For each of the three years ended 30 June 2019, we maintained a list of approximately 250 suppliers.

For each of the three years ended 30 June 2019, our top five suppliers were Independent Third Parties, and our total purchase attributable to them amounted to approximately SGD5.6 million, SGD2.5 million and SGD18.8 million representing approximately 62.9%, 73.4% and 65.1% of our total purchases, respectively. Purchases from our largest supplier for the same periods amounted to SGD2.4 million, SGD1.1 million and SGD9.9 million, and accounted for approximately 27.0%, 31.4% and 34.2% of our total purchases, respectively.

The following table sets forth our five largest suppliers during the Track Record Period:

For the year ended 30 June 2017

Rank	Name of supplier	Principal business and business profile	Products / services provided to our Group	Year(s) of business relationship with our Group	Amount of purchase	Percentage to our Group's total purchases	Credit terms	Payment method
					SGD'000 (approximately)	*% (approximately)*		
1	Supplier A	The company is principally engaged in the provision of fabricated steel reinforcement services. Its shares are listed on the Singapore Exchange Limited	Supplier of fabricated steel	13.2 years	2,402	27.0	60 days	Cheque/ bank transfer
2	Supplier B	A private company incorporated in Singapore and is principally engaged in the provision of ready-mix concrete to the building and construction industry in Singapore. It is a joint venture set up by two companies, which are subsidiaries of two companies listed on the Stock Exchange and Bursa Malaysia Berhad respectively	Supplier of concrete	13.2 years	1,372	15.4	30 days	Cheque
3	Supplier C	A private company incorporated in Singapore and is principally engaged in the provision of crane and transportation services	Provision of crane and transportation services	9.3 years	724	8.1	30 days	Cheque/ bank transfer
4	Supplier D	A company incorporated in Singapore and is principally engaged in the provision of ready-mix concrete to the building and construction industry in Singapore. Its shares are listed on the Singapore Exchange Limited	Supplier of concrete	3.1 years	703	7.9	60 days	Cheque/ bank transfer
5	Supplier E	A private company incorporated in Singapore and is principally engaged in the provision of reinforcement steel products in Singapore, Malaysia and Asia Pacific region. Its holding company is a company listed on the National Stock Exchange of India Limited	Supplier of reinforced steel	9.3 years	400	4.5	30 days	Cheque/ bank transfer
Total					5,601	62.9		

For the year ended 30 June 2018

Rank	Name of supplier	Principal business and business profile	Products / services provided to our Group	Year(s) of business relationship with our Group	Amount of purchase	Percentage to our Group's total purchases	Credit terms	Payment method
					SGD'000 (approximately)	*% (approximately)*		
1	Supplier D	See above	Supplier of concrete	3.1 years	1,060	31.4	60 days	Cheque/ bank transfer
2	Supplier A	See above	Supplier of fabricated steel	13.2 years	723	21.4	60 days	Cheque/ bank transfer
3	Supplier B	See above	Supplier of concrete	13.2 years	327	9.7	30 days	Cheque
4	Supplier F	A private company incorporated in Singapore and is principally engaged in the supply of marble, tiles, granites and other building materials	Supplier of marble and tiles	1.9 year	207	6.1	30 days	Cheque
5	Supplier G	A private company incorporated in Singapore and is principally engaged in construction of road	Supplier of premix materials	1.6 year	163	4.8	30 days	Cheque
Total					2,480	73.4		

For the year ended 30 June 2019

Rank	Name of Supplier	Principal business and business profile	Services provided by our Group	Years of business relationship	Amount of purchase	Percentage of our Group's total amount of purchase	Credit terms	Payment method
					SGD'000 (approximately)	*% (approximately)*		
1	Supplier A	See above	Supplier of fabricated steel	13.2 years	9,891	34.2	60 days	Cheque/bank transfer
2	Supplier D	See above	Supplier of concrete	3.1 years	4,228	14.6	60 days	Cheque
3	Supplier B	See above	Supplier of concrete	13.2 years	3,460	12.0	30 days	Cheque
4	Supplier E	See above	Supplier of reinforced steel	9.3 years	771	2.7	30 days	Cheque/ bank transfer
5	Supplier C	See above	See above	9.3 years	452	1.6	30 days	Cheque/ bank transfer
	Total				18,802	65.1		

Our Directors confirm that none of our Directors, their close associates or Shareholders who owned more than 5% of the share capital of our Company as at the Latest Practicable Date has any interest in our five largest suppliers. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disagreement nor dispute with any of our suppliers.

Salient contract terms with our suppliers

We entered into contracts with our suppliers on a project-by-project basis for purchases of materials that are expected to be of significant quantities such as concrete and reinforcement steel bars. The salient terms with our suppliers can be summarised as follows:

Unit price, types and specifications of materials	The types and specifications of the materials together with their corresponding unit price will be stated in the contract.
Payment terms	Terms of payment will typically be stated in the contract and is either payment upon delivery or (where credit period is offered) usually 14 days to 60 days from the date of invoice or delivery
Delivery	Minimum days of notice required from confirmation of order to delivery and packing sizes will typically be stated in the contract. Usually for the supply of concrete and reinforcement steel bars, there is a minimum delivery quantity required. Additional transportation charges will be incurred if we order less than the required minimum quantity. On some occasions, we need to bear the transportation costs associated with the delivery of the materials.

OUR SUBCONTRACTORS

During the Track Record Period, we engaged subcontractors to provide services for our projects which include, but not limited to, piling, reinforcement concrete, steelworks, plumbing, electrical works, etc.. Our engagements with our subcontractors are on a project-by-project basis and are non-recurring nature and we did not have any long term contract with any of our subcontractors during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, we completed seven building construction projects and had 10 on-going projects as at the Latest Practicable Date. All of our 17 completed and on-going projects involved the engagement of subcontractors for the provision of a wide range of construction services.

We maintained a list of approved subcontractors throughout the Track Record Period and up to the Latest Practicable Date. Such subcontractors are selected based on a number of criteria which are considered to be vital to our business, including but not limited to, (i) price; (ii) quality of works; (iii) regulatory compliance; (iv) timeliness in delivery of works; and (v) past performances. During the Track Record Period, we engaged more than 120 subcontractors. For the three years ended 30 June 2019, our total subcontracting fees amounted to approximately SGD44.8 million, SGD28.6 million and SGD57.2 million, representing approximately 64.6%, 65.2% and 59.6% of our cost of sales, respectively.

For the same period, the total subcontracting fees attributable to our top five subcontractors amounted to approximately SGD16.0 million, SGD13.0 million and SGD21.3 million, representing approximately 35.8%, 45.4% and 37.3% of our total subcontracting charges, respectively. Subcontracting fees paid to our largest subcontractor for the same periods amounted to SGD6.9 million, SGD4.7 million and SGD7.5 million, and accounted for approximately 15.4%, 16.3% and 13.2% of our total subcontracting charges, respectively.

The following tables set forth the details of our top five subcontractors during the Track Record Period:

For the year ended 30 June 2017

Rank	Name of subcontractor	Registration Grade	Principal business and business profile	Subcontracting services provided to our Group	Year(s) of business relationship with our Group	Cost of subcontracting	Percentage to our Group's total subcontracting charges	Credit terms	Payment method
						SGD'000 (approximately)	*% (approximately)*		
1	Subcontractor A	(a) General Building: C3 (b) Civil Engineering: C3 (c) Cable/ Pipe Laying & Road Reinstatement: L3 (d) Air-Conditioning, Refrigeration & Ventilation Works: L5 (e) Communication & Security Systems: L4 (f) Electrical Engineering: L6 (g) Fire Prevention & Protection Systems: L1 (h) Internal Telephone Wiring for Telecommunications: L1 (i) Mechanical Engineering: L3 (j) Integrated Building Services: L6	A private company incorporated in Singapore and is principally engaged in the provision of electrical system installation services for construction projects	Provision of electrical system installation services	5.6 years	6,909	15.4	30 days	Cheque
2	Subcontractor B	(a) Fire Prevention & Protection Systems: L1 (b) Plumbing & Sanitary Works: L4	A private company incorporated in Singapore and is principally engaged in the provision of drainage and sanitary system installation services in construction projects	Provision of drainage and sanitary system installation services	4.1 years	2,644	5.9	30 days	Cheque
3	Subcontractor C	Plumbing & Sanitary Works: L5	A private company incorporated in Singapore and is principally engaged in the provision of mechanical, engineering, pluming, sanitary and heating services	Provision of plumbing, sanitary and wire piping services	9.5 years	2,377	5.3	30 days	Cheque

Rank	Name of subcontractor	Registration Grade	Principal business and business profile	Subcontracting services provided to our Group	Year(s) of business relationship with our Group	Cost of subcontracting	Percentage to our Group's total subcontracting charges	Credit terms	Payment method
						SGD'000 *(approximately)*	*%* *(approximately)*		
4	Subcontractor D	(a) Pre-cast Concrete Works: L6 (b) Other Basic Construction Materials: L6	A private company incorporated in Singapore and is principally engaged in the provision of manufacturing services in precast concrete components. Its holding company is listed on the Singapore Exchange Limited	Provision of manufacturing services in precast concrete components	9.1 years	2,050	4.6	35 days	Cheque
5	Subcontractor E	(a) Curtain Walls: L1 (b) Window Contractors: Single Grade	A limited partnership set up in Singapore and is principally engaged in the fabrication and installation of aluminium doors and windows services	Provision of the fabrication and installation of aluminium doors and windows services	12.3 years	2,043	4.6	30 days	Cheque
Total						16,023	35.8		

For the year ended 30 June 2018

Rank	Name of subcontractor	Registration Grade	Principal business and business profile	Subcontracting services provided to our Group	Year(s) of business relationship with our Group	Cost of subcontracting	Percentage to our Group's total subcontracting charges	Credit terms	Payment method
						SGD'000 (approximately)	*% (approximately)*		
1	Subcontractor A	*See above*	See above	Provision of electrical system installation services	5.6 years	4,672	16.3	30 days	Cheque
2	Subcontractor E	*See above*	See above	Provision of the fabrication and installation of aluminium doors and windows services	12.3 years	2,630	9.2	30 days	Cheque
3	Subcontractor C	*See above*	See above	Provision of plumbing, sanitary and wire piping services	9.5 years	2,448	8.6	30 days	Cheque
4	Subcontractor F	Minor Construction Work: Single Grade	A private company incorporated in Singapore and is principally engaged in the provision of minor construction work	Provision of metal works and rooting works services	2.3 year	1,669	5.8	35 days	Cheque
5	Subcontractor G	Interior Decoration & Finishing Works: L2	A private company incorporated in Singapore and is principally engaged in the provision of construction of ceiling and dry wall partition services	Provision of ceiling and dry wall partition services	16.1 years	1,563	5.5	30 days	Cheque
Total						12,982	45.4		

For the year ended 30 June 2019

Rank	Name of Subcontractor	Registration Grade	Principal business and business profile	Subcontracting services provided to our Group	Year(s) of business relationship with our Group	Cost of subcontracting	Percentage of our Group's total subcontracting charges	Credit terms	Payment method
						SGD'000 *(approximately)*	*%* *(approximately)*		
1	Subcontractor H	Piling Works: L5	A Company incorporated in Singapore and is principally engaged in the provision of foundation work. The shares of its holding Company are listed on Bursa Malaysia Berhad	Provision of foundation and piling work services	0.7 years	7,539	13.2	35 days	Cheque
2	Subcontractor I	General Building: C3	A private company incorporated in Singapore and is principally engaged in the provision of concretings work, carpeting work, bar bending work and precast work	Provision of concreting work and carpeting work	3.3 years	3,997	7.0	35 days	Cheque
3	Subcontractor J	Piling Works: L5	A private company incorporated in Singapore and is principally engaged in the provision of piling and foundation system, Its holding company is listed on the Singapore Exchange Limited	Provision of piling services	11.2 years	3,682	6.4	35 days	Cheque
4	Subcontractor K	(a) Air-Conditioning, Refrigeration & Ventilation Works: L1 (b) Communication & Security Systems: L1 (c) Electrical Engineering: L5 (d) Fire Prevention & Protection Systems: L1	A private company incorporated in Singapore and is principally engaged in the provision of electric and mechanical ventilation works. Its holding company is listed on the Singapore Exchange Limited	Provision of electrical and mechanical works	1.5 year	3,379	5.9	35 days	Cheque

Rank	Name of Subcontractor	Registration Grade	Principal business and business profile	Subcontracting services provided to our Group	Year(s) of business relationship with our Group	Cost of subcontracting	Percentage of our Group's total subcontracting charges	Credit terms	Payment method
						SGD'000 (approximately)	*% (approximately)*		
5	Subcontractor L	(a) Interior Decoration & Finishing Works: L5 (b) Air-Conditioning, Refrigeration & Ventilation Works: L2 (c) Electrical Engineering: L5	A private company incorporated in Singapore and is principally engaged in the provision of electrical system installation work	Provision of electrical system installation services	1.0 years	2,736	4.8	35 days	Cheque
Total						21,333	37.3		

Our Directors confirm that none of our Directors, their close associates or Shareholders who owned more than 5% of the share capital of our Company as at the Latest Practicable Date has any interest in our five largest subcontractors. Our Directors also confirm that, to the best knowledge of our Directors after making all reasonable enquiries, other than being a subcontractor of our Group, none of our Group's five largest subcontractors during the Track Record Period has any past and present relationship, business or otherwise, with our Company and its subsidiaries, directors, shareholders and senior management, or any of their respective associates. During the Track Record Period and up to the Latest Practicable Date, we did not have any material disagreement nor dispute with any of our subcontractors.

Salient contract terms with our subcontractors

We entered into contracts with our subcontractors on a project basis and generally they contain terms relating to subcontract price, subcontracting period and defect liability period provisions. The salient terms with our subcontractors can be summarised below:

Subcontracting period	The subcontracting period will be stated in the contract and the master work programme which specifies the detailed steps to be taken for the entire construction process and duration required for each of the steps involved. The subcontracting period will be based on the master work programme relevant to the scope of work of our subcontractors
Payment terms	Terms of payment in the form of progress payment which is subject to the work carried out or goods or services supplied
Defect liability period	Usually lasts for 12 months
Liquidated damages	If a subcontractor fails to complete its works within the subcontracting period and/or causes unnecessary delay which affects the master work programme as a whole, resulting in liquidated damages being imposed on us as main contractor of the project, the subcontractor shall reimburse us for the full amount of liquidated damages that may incur
Variation	We may instruct our subcontractors to carry out variation orders for addition and/or omission of works. The variation claims to subcontractors shall be fully substantiated with documentations detailing information such as the variation work involved, the varied sketches and drawings and measurements

Termination	We may issue a notice of termination to our subcontractor if, among others, the subcontractor has (a) failed to commence work after receiving notice from us; (b) assigned the subcontracted work without obtaining our prior consent; (c) suspended the work without justification; (d) failed or unreasonably delayed in complying with a written direction/instructions; and (e) failed to comply with its obligations under the master work programme; or (f) been declared bankrupted, served with winding up, liquidation or receivership action

MACHINERY AND EQUIPMENT

As at 30 June 2019, our plant and machinery mainly consisted of fork lift, formwork, excavator scissor lift, crane and bar cutter and bar bender, the carrying value of which amounted to SGD3.2 million, representing approximately 18.7% of our total carrying value of our property, plant and equipment. As at 30 June 2019, the average remaining useful life of our machinery and equipment was 1.3 years and the average remaining useful life of our vehicles was 5.7 years.

As at the Latest Practicable Date, all of our machinery and equipment were deployed to the construction sites of our Group's existing projects. The utilisation rates for our property, plant and equipment are not meaningful to our business as our work process mainly involved project management and our equipment are used as and when required and not directly related to the progress of our projects.

COMPETITION

According to the Ipsos Report, the building construction industry in Singapore is competitive and fragmented with more than 1,800 building construction contractors registered under the category CW01 — General Building Contractors Registration System managed by the BCA in 15th December 2019 and there are 91 contractors that are graded A1 under the CW01 Workhead for General Building in Singapore. In July 2018, our Group had been upgraded to "A1" grade by the BCA and is entitled to tender for public sector projects of any value.

Our Directors consider that our main competitors in the construction main contracting industry are mainly main contractors in Singapore which provide new construction works and A&A works, who have obtained an "A1" or "A2" grading in the CW01 Workhead for General Building. As revealed by the Ipsos Report, the high capital requirement and established relationship with subcontractors and suppliers are the two major entry barriers in the construction main contracting industry in Singapore.

Notwithstanding the competition in the industry, we believe that we are well equipped to compete with our competitors with our competitive strengths. Please refer to the section headed "Business — Competitive strengths" for further details. In particular, we consider that our competitive strengths have contributed to our success during the Track Record Period and we intend to adopt the business strategies as set out in the section headed "Business — Business strategies" to maintain our competitiveness with in the industry.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, in line with the practice of the industry, we did not engage in any material research and development activities.

MAJOR QUALIFICATIONS AND LICENCES

As at the Latest Practicable Date, we had obtained the following licences and qualifications from the BCA which are material to our operation in Singapore:

Relevant category	Workheads/Licensing code and description	Grade	Expiry Date
Registered contractors	CW01 — General Building	A1	1 January 2021
Registered contractors	CW02 — Civil Engineering	C3	1 January 2021
Registered contractors	CR06 — Interior Decoration & Finishing Works	L1	1 January 2021
Licensed builders	GB1 — General Builder Class 1	N/A	16 June 2021
Licensed builders	SB(PC) — Specialist Builder (Pre-cast Concrete Work)	N/A	29 October 2020

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any instances of suspension or revocation of requisite licences, permits and approvals granted to us that were material to our operations.

MAJOR AWARDS AND CERTIFICATIONS

Our Group's achievement in the construction industry have been recognised and the table below shows some of the major awards given to our Group:

Awards	Year	Description	Issuing organisation
bizSAFE Exemplary Award	2018	In recognition of the performance and standards for the workplace safety and health landscape	Workplace Safety and Health Council, Singapore
Construction Safety Award (Silver)	2017	In recognition of the achievements in good safety performance in one of our projects	MOE
Construction Productivity Awards (Platinum Award) — Institutional Projects Category	2017	In recognition to construction projects that have demonstrated the highest standards of construction excellence	BCA

Awards	Year	Description	Issuing organisation
Dormitory Awards — Factory Converted Dormitories	2017	In recognition of the efforts in providing exemplary housing to foreign workers	MOM
Construction Excellence Award — Institution Buildings Category	2016	In recognition to construction projects that have demonstrated the highest standards of construction excellence	BCA
bizSAFE Exemplary Award	2019	In recognition of the performance and standards for the workplace safety and health landscape	Workplace Safety and Health Council, Singapore
Design and Engineering Safety Award	2019	In recognition of ingenious design processes and solutions in overcoming project challenges to ensure safety in design, construction and maintenance of building and civil engineering projects	BCA

In recognition of our quality control system, we have obtained a number of material certifications which are set out as follows:

Certifications	Year	Description	Issuing organisation	Expiry date
ISO 14001:2015	2019	Certification for environmental management systems	SOCOTEC Certification UK Ltd	10 December 2021
ISO 9001:2015	2019	Certification for quality management systems	SOCOTEC Certification Singapore Pte Ltd	10 December 2021
bizSAFE Partner	2019	Certification for workplace safety and health	Workplace Safety and Health Council, Singapore	28 November 2021
bizSAFE Star	2017	Certification for workplace safety and health	Workplace Safety and Health Council, Singapore	23 December 2020
ISO 45001: 2018	2019	Certification for general building construction including scaffolding works	SOCOTEC Certification Singapore Pte Ltd	23 December 2020
Green and Gracious Builder Award (Excellent)	2019	Certification for environmental protection	BCA	6 March 2022

QUALITY CONTROL

We have established a quality management system with the objective to, among others, complete our projects on time, achieve quality standards and promote effective use of resources. Throughout the Track Record Period, we achieved a CONQUAS score of over 90 points out of 100 points for all of our completed projects and all of our projects were completed on time.

Members of our project teams have different roles and responsibilities in respect of our quality management system. In general, our Executive Directors and members of the senior management team are responsible for, among others, evaluating and approving subcontractors' quotation and assessing their performance and regulatory compliance and regularly reviewing our quality management system. QAQC team develops quality plans and our project managers are responsible for, among others, implementing quality control system and managing and supervising quality control and quality assurance. The supervision of site teams, planning and coordination of daily site activities are closely monitored by our site supervisors and site engineers.

In recognition of our quality management system, we are certified as being in compliance with the requirements of ISO 9001:2015 and ISO 14001:2015. For details of our awards and certificates in recognition of our quality control system, please see the section headed "Business — Major awards and certifications" in this prospectus.

INSURANCE

As a main contractor, we are required to maintain a number of insurance policies. As at the Latest Practicable Date, we were covered by the following insurance policies which are material to our operations:

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

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

(iii) foreign worker medical insurance, as stipulated by the MOM, renewed annually;

(iv) medical insurance for all Singaporeans and permanent resident employees and foreign workers holding employment pass;

(v) equipment all-risk policies to cover certain plant and machineries; and

(vi) fire industrial insurance to insure the building including fixtures, fittings, mechanical and electrical installations and improvements all of our Group's owned properties.

Our Directors believe that our current insurance policies provide sufficient coverage of the risks to which we may be exposed to and are in line with the industry norm. During the Track Record Period, our Group also paid premiums to insurance companies for the provision of a performance guarantee to our customers for the performance of our obligation under the construction contracts. The premiums paid to the insurance companies were recognised as expenses in the profit or loss. For details of the performance bonds, please refer to the paragraph headed "Our customers — Salient terms of the PSSCOC contracts". For each of the three years ended 30 June 2019, our total insurance expenses were approximately SGD0.1 million, SGD0.2 million and SGD0.5 million, respectively.

OCCUPATIONAL HEALTH AND SAFETY AND ENVIRONMENT

We have put in place a quality occupational health and safety, environmental workplace safety and health system ("**QOHSE**" system) to ensure compliance with our current quality and safety systems. We are committed to our quality, occupational health and safety standards and regularly review our systems to ensure that they are adequate for our business operations. Our QOHSE system was last audited in September 2018 by an Independent Third Party. No material non-conformity was noted in the audit.

We have set up a QOHSE committee headed by our members of the senior management team and comprises person in charge of different departments to constantly review our QOHSE system. We also have two workplace safety and health managers who both have at least nine years of experience on safety health management system and have completed different courses relating to workplace safety and health.

Under the QOHSE system, we are committed to:

A. Effective and efficient internal and external communication

We have maintained a well-structured management system which sets out the roles and responsibilities of different departments and personnel. The person-in-charge of the departments and functional roles will follow a set of procedures to ensure that various processes are conducted in an effective and compliant manner.

Our Directors are of the view that effective internal and external communication will increase our Group's productivity. We have a set of manual to monitor the communication within our organisation structure and with our customers, suppliers and subcontractors. The project manager and various person-in-charge shall receive feedback from their teams regarding occupational, health, safety and environmental issues and such feedbacks will be reviewed to improve our internal communication system. Our management team will also communicate with our suppliers and subcontractors on our occupational health and safety matters, requirements and assessment procedures.

We regularly hold internal and external meetings with the relevant persons to ensure constant update on different matters. QOHSE committee meeting will be held at least once a month to discuss on observation found during safety inspection, after occurrence of accidents and safety incidents, deficient measures and recommendations will also be discussed to promote awareness of occupational safety and health and to tailor a comprehensive QOHSE system. Site coordination meeting will be convened with the site supervisor and subcontractors to coordinate the progress of the work so as to ensure the safety, health and welfare of the persons at the worksite.

B. Constant assessment on occupational health and safety risks and environmental impact

Our risk assessment team leader will ensure that all risk assessments procedures are conducted before commencement of each project, which also include assessing those put in place by the subcontractors. The QOHSE committee should (i) ensure that the risk control measures are implemented; (ii) communicate the risk and means with the relevant parties; (iii) endorse and approving all risk management conducted; (iv) monitor effectiveness of control measures; and (v) ensure compliances to the legal requirements.

In assessing the potential risks in our work, the risk assessment team shall consider a number of hazard / environmental aspects, including but not limited to, chemicals, mechanical, physical, resource conservation and pollution prevention. Such assessment shall be incorporated by our project manager in their work plans. The QOHSE committee and the risk assessment team will conduct quantitative assessment to demonstrate the effectiveness and timeliness of the control measures that were implemented. Any findings in the deficiencies of the work plans on occupational health and safety measures shall be recorded and the risk assessment team shall recommend improvement and suggest updated plans for our new projects.

C. Provision of occupational, health and safety training

The objectives of occupational, health and safety training is to equip employees at all levels with the knowledge, skills and attitudes which will enable them to perform their duties in a safe and efficient manner. Our Directors are of the view that a safe and healthy workplace can improve the productivity of our Group and the inclusion of training to our workers will minimise the change of accidents and/or non-compliances with relevant health and safety laws and regulations of Singapore.

Training needs are identified based on the workers' responsibility and roles and their existing knowledge and skills. The site supervisor and/or the project manager will regularly assess whether the workers at the construction sites are competent and will arrange relevant health and safety training for the employees.

D. Compliance with applicable legal and regulatory requirements

We identify and maintain a list of all applicable laws and regulations, and ensure that our employees as well as our subcontractors comply with such laws and regulations. We also maintain a set of in-house rules and regulations which are constantly reviewed and updated to ensure our policies are put in place and in compliance with the relevant laws and regulations of Singapore, including the Workplace Safety Act, Work Injury Compensation Act, Environmental Public Health Act and relevant labour laws.

Workplace accidents during the Track Record Period

We maintain an internal record of workplace accidents. During the Track Record Period, we recorded 23 work-place accidents, none of which had caused any fatal injuries:

	Year ended 30 June		
	2017	**2018**	**2019**
Number of workplace accidents *(Note 1)*	12	2	9
Accident frequency rate *(Note 2)*	5.01	1.61	3.56
Lost time injuries frequency *(Notes 3, 4, 5)*	190.9	33.0	72.7

Notes:

1. Number of workplace accidents relates to accidents that happened to the employees of our Group and our subcontractors at the work site.

2. Accident frequency rate represents the number of workplace accidents per one million man-hours worked. It is calculated as the number of workplace accidents during the financial year divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hour worked for a financial year is estimated based on the number of the relevant workers directly involved in the provision of the construction works as at the end of the financial year multiplied by 3,650/1,830 hours (365 days/183 days multiplied by ten hours a day) per year per worker for the three years ended 30 June 2019.

(3) Lost time injuries frequency rate also known as accident severity rate, represents the number of time lost from work of one day or more per one million man-hours worked. It is calculated as the number of man days lost to workplace accidents during the financial year divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hours worked for a financial year is estimated based on the number of the relevant workers directly involved in the provision of the construction works as at the end of the financial year, multiplied by 3,650 hours per year per worker for the three years ended 30 June 2019.

(4) During the year ended 30 June 2016, one of the relevant workers had suffered from an injury which he has taken medical leave for 401 days in total throughout the years ended 30 June 2016 to 2018. Without taking into account the said injury, our Group recorded lost time injuries frequency ratio of 38.4 and 19.3 for the two years ended 30 June 2018, respectively.

(5) During the year ended 30 June 2019, one of the relevant workers had suffered from an injury which he has taken medical leave for 96 days. Without taking into account the said injury, our Group recorded lost time injuries frequency ratio of 34.8 for the year ended 30 June 2019.

For comparison purpose, the lost time injuries frequency rate for the construction sector in Singapore was 159 in 2016, 104 in 2017 and 115 in 2018, as stated in the "Workplace Safety and Health Report 2016, 2017 and 2018" published by the Workplace Safety and Health Institute, Singapore.

During the Track Record Period, all of the workplace accidents were covered by our insurance. As main contractor, employees of our subcontractors who had workplace accidents at our project site may also claim on our main contractors' all risk insurance.

Environmental, workplace safety and health non-compliance

During the Track Record Period, we were involved in a number of non-compliance incidents in relation to workplace safety and health. For details of the non-compliance incidents, please refer to the section headed "Business — Litigation and non-compliance" in this prospectus.

OUR EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 510 full-time staff, of which 76 were local employees and 434 were foreign employees. All of our employees are located in Singapore.

The following table sets out the number of our employees in the respective functions in our Group as at the Latest Practicable Date:

	As at the Latest Practicable Date
General Management	4
Contract and procurement	26
Project execution	179
BIM / VDC technology application	14
Accounting, human resources and administrative function	13
Construction workers	274
Total	510

Recruitment policy

We recruit our employees for different job functions based on a number of factors such as their work experience, educational background or qualifications and certifications possessed. We recruited our employees by advertising on websites and we had engaged third party recruitment agencies to recruit our employees.

Education and training will also be provided to our existing employees on various aspects including advanced knowledge and skills on machinery operation, work safety and quality control on a continuing basis. On-job training will also be provided to our new employees by their supervisors.

The remuneration package for our employees generally includes salary and bonuses. Our employees also receive welfare benefits, including retirement benefits, occupational injury insurance, medical insurance and other miscellaneous items. During the Track Record Period, our direct labour costs, including wages, salaries and other employee's benefits, amounted to approximately SGD9.2 million, SGD6.6 million and SGD8.1 million, respectively, which amounted to approximately 11.7%, 12.2% and 7.4% of our total revenue for the same periods.

Foreign labour policy

In Singapore, the supply of foreign workers is subject to various regulations and policies. In particular, the availability of foreign workers to the construction industry is regulated by the MOM through certain policies, including but not limited to (i) the dependency ceilings based on the ratio of local and foreign workers; and (ii) the quotas based on man-year entitlements (**"MYE"**) in respect of particular workers.

(i) Dependency ceilings

The dependency ceilings refers to the maximum permitted number of foreign workers to the total workforce that a company in a particular sector is allowed to hire.

The dependency ceilings for the construction industry in Singapore is currently set at a ratio of one full-time local worker to seven foreign workers. However, the quota may not apply to higher skilled foreign employees. As at the Latest Practicable Date, our Group had a total of 510 full-time employees, of which 76 were local employees and 434 were foreign workers. Based on the prevailing dependency ceiling regulations, we can hire 98 additional foreign workers as at the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, our Group complied with the dependency ceiling based on our ability to apply or renew work permits for our foreign workers (should the dependency ceiling be reached, we would not have been able to apply or renew work permits; such applications are performed online through a system administered by the MOM and the MOM would not approve applications in excess of the dependency ceiling). In light of the foregoing, our Singapore Legal Advisers are of the view that during the Track Record Period and up to the Latest Practicable Date, there has not been any material breach of the dependency ceiling and accordingly, the risk of any material prosecution is remote.

(ii) MYE

MYE is a work permit allocation system for employment of construction workers from non-traditional source countries and the PRC. MYE represents the total number of work permit holders a main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. A main contractor's MYE will expire on the completion date of the relevant project. As at the Latest Practicable Date, the maximum number of foreign workers our Group can hire is subject to the ratio of one full-time local worker to seven foreign work permit workers set under the dependency ceilings, regardless of the MYE our Group has obtained. Companies without MYE may still employ non-traditional sources and PRC construction work permit holders upon a waiver granted by the MOM, subject to the compliance with, inter alia, the dependency ceiling and paying a higher foreign worker levy rate. We have complied with our MYE allocations and have not received any notice of non-compliance. In light of the foregoing, our Singapore Legal Advisers are of the view that during the Track Record Period and up to the Latest Practicable Date, there has not been any material breach of our MYE allocations and accordingly, the risk of any material prosecution is remote.

Please see "Regulatory overview" in this prospectus for further details of the availability of foreign workers for the construction sector in Singapore.

OUR INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we have applied for the registration of two trademarks in Singapore and six trademarks in Hong Kong and two and one domain names in each of Singapore and the U.S., respectively, which are being used by our Group.

During the Track Record Period and up to the Latest Practicable Date, we have not received any material claims against us for infringement of any trademark nor were we aware of any pending or threatened claims in relation to any such infringement, nor had any material claim been made by us against third parties in relation to the infringement of intellectual property rights owned by us or third parties.

Please refer to the section headed "Statutory and general information — B. Further information about the business of our Group — 2. Intellectual property rights of our Company" in Appendix V to this prospectus for further details of our intellectual property rights.

OUR PROPERTIES

Owned properties

As at the Latest Practicable Date, we owned four properties in Singapore which are set out as follows:

No.	Address	Approximate area	Usage	Details of encumbrances, liens, pledges and mortgages
		(sq.m.)		
1 *(Note 1)*	11 Joo Koon Crescent Singapore 629022	4,776.0	Headquarters, workshop and dormitory	Mortgaged to bank
2 *(Note 2)*	192 Pandan Loop #06-16 Pantech Business HUB Singapore 128381	346.0	Investment	Nil
3 *(Note 3)*	Block 721 Clementi West Street 2 #01-140 Singapore 120721	152.0	Investment	Nil
4 *(Note 3)*	Block 721 Clementi West Street 2 #01-138 Singapore 120721	152.0	Investment	Nil

Notes:

1. As at the Latest Practicable Date, part of our headquarters, being 1,021.9sq.m., was leased to an Independent Third Party for a term of two years, commencing from 1 August 2018 to 31 July 2020 at an annual rent of approximately SGD240,000.

2. As at the Latest Practicable Date, the property is owned by our Group and is leased to Independent Third Parties for a term of two years, commencing from 15 December 2018 to 14 December 2020 at an annual rent of approximately SGD63,000.

3. As at the Latest Practicable Date, the properties are owned by our Group and are leased to Independent Third Parties for a term of three years, commencing from 1 December 2018 to 30 November 2021 at an aggregate annual rent of approximately SGD180,000.

Pursuant to Rule 5.01B(2)(a) of the Listing Rules, if the carrying amount (as defined in Rule 5.01(1) of the Listing Rules) of a property interest (as defined in Rule 5.01(3) of the Listing Rules) is or is above 15% of its total assets (as defined in Rule 5.01(4) of the Listing Rules), the prospectus must include the full text of a valuation report for such property interest. As the carrying amount of our above owned property exceeds 15% of our total assets as at 30 June 2019, being the date to which the latest audited financial statements of our Group were made up, in order to comply with Rule 5.01B(2)(a) of the Listing Rules, a property valuation report in respect of our above owned property is included in Appendix III to this prospectus.

Leased properties

As at the Latest Practicable Date, we leased from Independent Third Parties eight properties as licensed dormitories for our foreign workers' dormitory, which is set out as follows:

No.	Address	Approximate area	Usage	Monthly rent	Term
		(sq.m.)		*(SGD)*	
1	6 Kian Teck Avenue #05-02 Singapore 628910	78	Dormitory	3,290	1 March 2019 to 29 February 2020
2	70 Tuas South Ave 1 Singapore 637285	240	Dormitory	13,200	1 August 2019 to 30 April 2020
3	70 Tuas South Ave 1 Singapore 637285	288	Dormitory	15,840	30 July 2019 to 29 May 2020
4	70 Tuas South Ave 1 Singapore 637285	48	Dormitory	2,640	16 April 2019 to 15 June 2020
5	70 Tuas South Ave 1 Singapore 637285	48	Dormitory	2,640	1 September 2019 to 31 August 2020
6	70 Tuas South Ave 1 Singapore 637285	96	Dormitory	5,280	1 October 2019 to 30 September 2020
7	70 Tuas South Ave 1 Singapore 637285	48	Dormitory	2,640	15 November 2019 to 14 November 2020
8	70 Tuas South Ave 1 Singapore 637285	48	Dormitory	2,640	1 December 2019 to 30 November 2020

LITIGATION AND NON-COMPLIANCE

Litigation

As at the Latest Practicable Date and save as disclosed in this paragraph, 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 during the Track Record Period.

During the Track Record Period, we were involved in five cases, involving personal injuries and motor accidents, which had been concluded and settled. The compensation or settlement amounts arising from such cases were fully covered by our Group's insurance policies. Our Directors confirm that the outstanding claim is fully covered by our Group's insurance policies and would not result in any material impact on the financial position or results and operations of our Group.

Non-compliance

During the Track Record Period, our Group was involved in a number of non-compliance incidents in relation to workplace safety and health and environment at the construction site(s).

Workplace safety and health non-compliance

During the Track Record Period, we were involved in two incidents of breaches of workplace safety and health regulations for which we have been served notices of non-compliance and offered composition of fines. Set out below is a summary of the said non-compliance incidents during the Track Record Period and up to the Latest Practicable Date:

Date of incident	Nature of breach	Regulatory authority and relevant regulation(s)	Fine/Penalty/ Composition (SGD)	Other punishment (e.g. demerit point)	Rectification measures taken
8 February 2017	Every open side was not covered or guarded by effective guard-rails or barriers to prevent fall	MOM and section 8(2) of the Workplace Safety and Health (Work at Heights) Regulations 2013	1,000	N/A	Installed effective guard rails and toe board in compliance with WSH's requirement
9 May 2019	Our Company failed to provide acceptable accommodation	MOM and section 22(1)(a)	2,500	N/A	Evacuated the workers from the construction site and transferred them back to the dormitory, and instructed all the responsible personnel at the site to forbid workers from staying at the construction site.

In addition to the foregoing, we have, during the Track Record Period, been issued with a number of notices of non-compliance for which no fines or penalties were levied. Upon receipt thereof, we undertook rectification measures to resolve the same.

The above cases occurred mainly due to the minor deficiencies in the design of our Group's safety and environmental management system. We have fully settled the aforementioned non-compliances. As our Group had paid all relevant fines penalties and compositions thereof, and undertaken the necessary rectification measures, our Singapore Legal Advisers are of the view that no further proceedings will be taken against our Group in respect of the above workplace safety and health non-compliances. We had not been issued with a stop work order by the relevant the government authorities resulting from the non-compliance incidents during the Track Record Period. As at the Latest Practicable Date, we did not have any accumulated demerit points. Our Directors are of the view that the aforementioned non-compliances had no material financial or operational impact on the Group and were not recurring in nature. As such, our Directors are of the view that the aforementioned non-compliances were immaterial. Please refer to the paragraph headed "Regulatory Overview — Workplace Safety and Health Act (Chapter 354a) — Demerit Points System for the Construction Sector" for further details.

Environmental non-compliances

During the Track Record Period, we were involved in incidents of breaches of environmental laws and regulations. Our Directors are of the view that these non-compliances did not have material financial or operational impact on the Group. With regard to the rodent infestation and mosquito breeding non-compliances, despite our Group's efforts including various remedial internal control measures to prevent their recurrence, rodents and mosquitoes are persistently able to adapt to survive. Our Directors are of the view that there is currently no solution available in the market to fully eradicate them. As such, our Directors consider such non-compliances as systemic in nature. Set out below is a summary of the incidents of the non-compliances pursuant to which fines were imposed on our Group during the Track Record Period and up to the Latest Practicable Date:

Date of incident	Nature of breach	Regulatory authority and relevant regulation(s)	Fine / Penalty / Composition (SGD)	Other punishment (e.g. demerit point)	Rectification measures taken
21 October 2016	Mosquito breeding	NEA and section 23(b) of the Control of Vectors and Pesticides Act	1,000	N/A	Stagnant water was cleared. Regular water control and inspection was scheduled
17 November 2016	Noise exceeded permissible noise level	NEA and section 72 of the Environmental Protection and Management Act	5,000	N/A	Noisy activities were scheduled to carry out at day time. The noise level of the site were monitored on real time basis. Noise barrier were erected around noise source
26 May 2017	Rodent infestation detected	NEA and sections 17(1) and 23(a) of the Control of Vectors and Pesticides Act	2,000	N/A	All food consumption were designated at massing area that was provided. Daily housekeeping and food waste disposal were provided
6 July 2017	Mosquito breeding	NEA and section 15(1) and 23(b) of the Control of Vectors and Pesticides Act	200	N/A	Stagnant water was cleared. Regular water control and inspection was scheduled
10 May 2018	Noise exceeded permissible noise level	NEA and section 72 of the Environmental Protection and Management Act	5,000	N/A	Noisy activities were scheduled to carry out at day time. The noise level of the site were monitored on real time basis. Noise barrier were erected around noise source

Date of incident	Nature of breach	Regulatory authority and relevant regulation(s)	Fine / Penalty / Composition (SGD)	Other punishment (e.g. demerit point)	Rectification measures taken
11 March 2019	Mosquito breeding	NEA and section 23(b) of the Control of Vectors and Pesticides Act	1,000	N/A	Stagnant water was cleared. Regular water control and inspection was scheduled
12 April 2019	Mosquito breeding and rat droppings detected	NEA and section 23(b) of the Control of Vectors and Pesticides Act	2,000	N/A	Removed materials which would contain water, conducted planned inspection, arranged regular oiling and strictly prohibited cooking on the construction site.
20 August 2019	Mosquito breeding	NEA and section 15(1) and 23(b) of the Control of Vectors and Pesticides Act	1,000	N/A	Stagnant water was cleared. Regular water control and inspection was scheduled
17 October 2019	Noise exceeded permissible noise level	NEA and section 72 of the Environmental Protection and Management Act	5,000	N/A	Noisy activities were scheduled to carry out at day time. The noise level of the site were monitored on real time basis. Noise barrier were erected around noise source

During the Track Record Period and up to the Latest Practicable Date, our Group had engaged specialists from the pest control company to carry out regular spraying of insecticides and fogging of the whole construction site to prevent mosquito breeding. However, there may be certain areas which are inaccessible or which were overlooked by the specialists of the pest control company which resulted in the above non-compliances on mosquito breeding and vector control. As for the case on noise control in 2016, the non-compliances occurred due to the oversight of an engineer in taking immediate action to notify the project manager of an alert received from a noise meter. With regard to the case on noise control in 2018, the non-compliance occurred due to a project manager who did not follow our Company's protocol when the noise level exceeded the limit. In order to emphasise the Group's policy on being fully compliant with the noise control laws and regulations, stern reminders regarding the non-compliances were sent to all on-site staff, and the engineer and project manager were issued with a warning and dismissed, respectively.

In order to prevent the recurrence of the above cases, our Group implemented the following enhanced internal control measures (the "**Additional Measures**") as at the Latest Practicable Date to enhance the overall environmental compliance (including noise control, rodent infestation and mosquito breeding):

Nature of breach	Enhanced internal control measures
Noise Control	• Strengthened our noise control policy relating to certain key areas such as procedures for preparation of noise management plan, noise control and noise monitoring • Implemented administrative controls e.g. monitor noise levels closely when equipment are located near sensitive premises, schedule noisy work activities during day time, switch off heavy equipment when not in use, and prohibit work on Sundays and Public Holidays • Installed noise meters at the most sensitive premises nearest to the construction site for monitoring purpose • Erected tall noise barriers and enclosed noise sources to reduce the propagation of noise • Engaged an accredited noise measurement contractor to measure the noise generated at the site and submit reports to the NEA as and when required • When the noise level exceeded the noise limit, investigated the source of the noise and stopped the work activities involving machineries generating the noise, reduced the number of working machineries, serviced the machineries, or replaced them with better machineries • Constantly reminded staff during meetings and via emails to not violate the various controls
Rodent infestation	• Formed a pest control team to ensure that there is systematic and organised monitoring and to identify and eliminate potential breeding of pests within the premises • Engaged a licensed pest control operator to carry out regular rodent control • Designated areas for food consumption and carry out daily housekeeping and food waste disposal

	• Regularly checked the construction site to identify flaws in waste disposal • Constantly reminded staff during meetings and via emails to not violate the various controls • Constantly reminded workers during the toolbox meetings to maintain the cleanliness at the construction sites and good housekeeping practices
Mosquito Breeding	• Formed a pest control team to ensure that there is systematic and organised monitoring and to identify and eliminate potential breeding of pests within the premises • Trained the team on the correct mix and handling of chemicals for controlling mosquito breeding • Regularly checked on the construction site to identify potential mosquito breeding • Engaged a licensed pest control operator to carry out weekly spraying of oil at the whole construction site to prevent mosquito breeding • Constantly reminded staff during meetings and via emails to not violate the various controls • Constantly reminded workers during the toolbox meetings to maintain the cleanliness at the construction sites and prevent mosquito breeding

As at the Latest Practicable Date, our Group has implemented the Additional Measures. Our Group has also appointed Mr. Jacob Wong San Ta, the executive director of our Group who is responsible for, among other things, overseeing the implementation of Group's internal control procedures and ensuring compliance with the laws and regulations. Mr. Wong graduated from the National University of Singapore in Singapore with a Bachelor of Engineering (Civil) degree in June 1993. From 2017 to 2019, Mr. Wong has been a member of Singapore Contractors Association Contracts and Practice Subcommittee of the Singapore Contractors Association Ltd. ("SCAL"). For the term of 2019 to 2021, Mr. Wong is the council member of SCAL and is also the member of SCAL's Contacts & Practice Subcommittee and Manpower & Policy Subcommittee. Mr. Wong has over 23 years of experience in the construction industry in Singapore. We have fully settled the aforementioned non-compliances and no provision had to be made. As our Group had paid all relevant fines, penalties and compositions thereof, and undertaken the necessary rectification measures, our Singapore Legal Advisers are of the view that no further proceedings will be taken against our Group in respect of the above environmental non-compliances.

Workplace Safety and Health Auditor

We engaged a workplace safety and health auditor (being CCIS Singapore Pte Ltd), an independent auditing agency approved by the MOM (the "**Workplace Safety and Health Auditor**"), to perform review procedures on our workplace safety and environmental system in place to assist the Sole Sponsor in assessing the adequacy and effectiveness of our workplace safety and environmental management system.

Having reviewed (i) our records pertaining to the safety and environmental incidents; (ii) the Additional Measures put in place by our Group to prevent recurrence of the non-compliance incidents; and (iii) the overall workplace safety and environmental management system of our Group, and having carried out on-site inspections at selected work site in which we are carrying out works, the Workplace Safety and Health Auditor is of the opinion that: (a) the aforementioned non-compliances were not caused by any material deficiencies in the design of our environmental management system; and (b) the current workplace environmental management system of our Group and the Additional Measures put in place by our Group are adequate and effective. The Additional Measures put in place by our Group represented enhanced measures which have been audited by the Workplace Safety and Health Auditor during the site audit in September 2018. The Workplace Safety and Health Auditor is satisfied that the Additional Measures have been satisfactorily implemented during a further follow-up review on 26 November 2019.

Directors' and the Sole Sponsor's views

Our Directors and the Sole Sponsor are of the view that the rectification and Additional Measures put in place by our Group to prevent recurrence of the non-compliance incidents were adequate and effective having considered (i) the review results of the Workplace Safety and Health Auditor and the internal control adviser; and (ii) the non-compliance incidents had not resulted in any stop work orders being imposed against us.

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

(i) that the non-compliances did not result in any stop work order imposed against us;

(ii) that the workplace safety and health non-compliances were fully rectified and we had implemented the Additional Measures to prevent recurrence of the environmental non-compliances;

(iii) the Workplace Safety and Health Auditor and opinion as mentioned above; and

(iv) that after the non-compliance incidents, we have successfully renewed and maintained our licences and registration, including the upgrade to "A1" grade under CW01 Workhead for General Building.

RISK MANAGEMENT AND INTERNAL CONTROL

In preparation for the Listing, we have engaged an independent internal control adviser to perform a review of the efficiency and effectiveness of our Group's internal control system.

The internal control review was conducted in the field from 6 August 2018 to 17 August 2018. Upon the completion of the internal control review, the major factual findings in regard to the internal controls were reported and improvement recommendations were proposed to us as follows:

Major internal control review findings	Improvement recommendations
Our Group did not formally document the procedures for financial reporting and access controls of our Group	• Documentation of financial accounting procedures • Establishment of access and edit rights to the accounting system based on roles and responsibilities of staff
Our Group did not formally document the procedures for revenue management process of our Group	• Documentation of procedures to govern the revenue management process
Our Group did not formally segregate duties for payment execution and approval; and formalise delegation of authority that sets out approval limits for endorsing different activities	• Segregation of duties for payment execution and preparation and approval of accounting records • Formalisation of the delegation of authority that sets out the approval limits for endorsing different activities
Our Group did not have written policies and procedures for petty cash management. As a result, there were instances where claim forms for staff reimbursement were not submitted	• Maintenance of cash register and cash count record • Segregation of duties for cash custody and preparation and approval of accounting records • Formalisation of the policies on petty cash usage and maximum and minimum amount of petty cash • Request staff to fill in claim form for every reimbursement
Our Group did not have written policies on expenditure management process of our Group	• Formalisation of policies and procedures for expenditure management process

In response to the improvement recommendation provided by our internal control adviser, our Group had completed such recommendation as at the Latest Practicable Date which has been reviewed under the follow-up review conducted by the internal control adviser in late September 2018. The internal control adviser has conducted a further follow-up review on 27 November 2019. Based on the follow-up review, our Group has implemented all major improvement recommendations and recommended controls are in place. Our Directors further confirm that, there is no outstanding material internal control issue as at the Latest Practicable Date.

View of our Directors and the Sole Sponsor

Our Directors consider that the above internal control review findings would not affect the suitability of our executive Directors under Rules 3.08 and 3.09 of the Listing Rules or the suitability of listing of our Company under Rule 8.04 of the Listing Rules having taken into account that (i) our Group has fully rectified all of the internal control review findings where applicable; (ii) our Group has implemented (or will implement where applicable) the above measures to avoid recurrence of the internal control review findings; (iii) there were no recurring of similar internal control review findings since the implementation of such measures; and (iv) the internal control review findings did not involve any dishonesty or fraudulent act on the part of our executive Directors, and did not raise any question as to the integrity of our executive Directors. In view of the above, our Directors believe, and the Sole Sponsor concurs that, the internal control measures are sufficient and could effectively ensure a proper internal control system of our Group and prevent the recurrence of the internal control review findings.

CONTROLLING SHAREHOLDERS OF OUR COMPANY

Immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), Mr. Kwan and Ms. Tay, will be interested in approximately 75% of the issued share capital of our Company. Hence, Mr. Kwan, Ms. Tay and Ideal Smart will be a group of Controlling Shareholders within the meaning of the Listing Rules.

Mr. Kwan and Ms. Tay are our Directors and for further information about Mr. Kwan and Ms. Tay, please refer to the section headed "Directors, senior management and employees" of this prospectus.

Save as disclosed above, there is no other person who will, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having taken into account of the following factors, our Directors are satisfied that our Group is capable of carrying on our business independently from our Controlling Shareholders and their respective close associates after the Listing after taking into consideration of the following factors:

Management independence

The day-to-day management and operations of our Group will be the responsibility of all our Executive Directors and senior management of our Company. The Board consists of eight Directors, comprised of four Executive Directors, one Non-executive Director and three Independent Non-executive Directors. Although Mr. Kwan and Ms. Tay, being the ultimate Controlling Shareholders, also hold directorships in our Company after the Listing, we consider that our Board and the team of management will function independently from our Controlling Shareholders because:

(a) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he acts for the benefit and in the best interest of our Company and does not allow any conflict between his duties as a Director and his personal interest;

(b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions, and shall not be counted in forming quorum;

(c) our three Independent Non-executive Directors have sufficient and competent knowledge and experience, and will bring independent judgment to the decision-making process of the Board; and

(d) all our senior management members are independent from our Controlling Shareholders. They possess in-depth experience and understanding of the industry in which our Group is engaged.

Our Directors are therefore of the view that we are capable of managing our business independently from our Controlling Shareholders after the Listing.

Operational independence

Our Group has established our own organisational structure comprising of individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources and general administration resources with the Controlling Shareholders and/or their respective close associates. Our Group has also established a set of internal controls to facilitate the effective operation of our business.

Financial independence

Our Group has our own financial management and accounting systems and functions and makes financial decisions according to our own business needs. Our Group has the ability to operate independently from the Controlling Shareholders from a financial perspective.

During the Track Record Period and up to the Latest Practicable Date, certain Directors and Controlling Shareholders of our Group had provided personal guarantees for the finance lease arrangements and banking facilities used by the Group. Additionally, each of Mr. Kwan and Ms. Tay had agreed to provide indemnities to the insurers as security for the due performance and observance of our Group's obligations under the performance guarantees.

Pursuant to various letters regarding the release of guarantees from the banks and pursuant to the letter from our insurance broker dated 18 October 2018 regarding the release of the deed of indemnities, our Directors note that the banks and our insurers have agreed in principle that the above personal guarantees and indemnities will be released and replaced by the corporate guarantees executed by our Company upon Listing. Our Directors are of the view that our Group is not financially dependent on the Controlling Shareholders or their respective close associates and its operation and our Group is able to obtain external financing on market terms and conditions for its business operations as and when required without reliance on any guarantee or collateral provided by the Controlling Shareholders after Listing.

Having considered the above factors, our Directors consider that our Group is able to maintain financial independence from the Controlling Shareholders and their respective close associates after Listing.

RULE 8.10 OF THE LISTING RULES

Our Controlling Shareholders, our Directors and their respective close associates do not have any interest in a business apart from our Group's business which competes and is likely to compete, directly or indirectly, with our Group's business and would require disclosure under Rule 8.10 of the Listing Rules.

CORNERSTONE PLACING

As part of the International Placing, we have entered into cornerstone investment agreements (the "**Cornerstone Investment Agreements**") with four cornerstone investors, namely, SG-Bogen Pte Ltd ("**SG-Bogen**"), Mr. Tay Wah Seng ("**Mr. Tay**"), Mr. Tan Cheng Chuan ("**Mr. Tan**") and Mr. Charles Antonny Melati ("**Mr. Melati**") (each a "**Cornerstone Investor**" and together the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe for such number of Shares (rounded down to nearest whole board lot of 5,000 Shares) at the Offer Price, which may be purchased with an aggregate amount of approximately HK$35.9 million (the "**Cornerstone Placing**").

Assuming an Offer Price of HK$0.65 (being the low-end of the Offer Price range), the total number of Shares to be subscribed by the Cornerstone Investors would be 55,275,000 Shares, representing approximately (i) 27.7% of the Offer Shares (assuming the Over-allotment Option is not exercised); (ii) 6.9% of our total issued share capital immediately upon completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised); and (iii) 6.7% of the Shares in issue immediately upon completion of the Capitalisation Issue, the Global Offering and the full exercise of the Over-allotment Option.

Assuming an Offer Price of HK$0.70 (being the mid-point of the Offer Price range), the total number of Shares to be subscribed by the Cornerstone Investors would be 51,330,000 Shares, representing approximately (i) 25.7% of the Offer Shares (assuming the Over-allotment Option is not exercised); (ii) approximately 6.4% of our total issued share capital immediately upon completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised); and (iii) 6.2% of the Shares in issue immediately upon completion of the Capitalisation Issue, the Global Offering and the full exercise of the Over-allotment Option.

Assuming an Offer Price of HK$0.75 (being the high-end of the Offer Price range), the total number of Shares to be subscribed by the Cornerstone Investors would be 47,910,000 Shares, representing approximately (i) 24.0% of the Offer Shares (assuming the Over-allotment Option is not exercised); (ii) approximately 6.0% of our total issued share capital immediately upon completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised); and (iii) 5.8% of the Shares in issue immediately upon completion of the Capitalisation Issue, the Global Offering and the full exercise of the Over-allotment Option.

The Directors believe that introducing the Cornerstone Investors to the Global Offering and securing the subscription of a significant number of Offer Shares will set a solid platform for the launch of the Global Offering by demonstrating the Cornerstone Investors' confidence in the Global Offering.

The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares then in issue and to be listed on the Stock Exchange and will be counted towards the public float of our Company. The Cornerstone Investors are not existing shareholders of any member of our Group and are independent of each other. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than and pursuant to the Cornerstone Investment Agreements) and undertake that they will not become a Substantial Shareholder during the period of twelve months following the Listing Date. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any board representation in our Company. There will be no deferred settlement, delivery or payment in respect of the Offer Shares to be subscribed for by the Cornerstone Investors under the Cornerstone Placing.

To the best knowledge of our Company, save for the investment in our Company through the Cornerstone Placing, each of Cornerstone Investors is an Independent Third Party and is not our connected persons (as defined in the Listing Rules) and does not have any other relationship, whether present or past, with our Group, our substantial shareholders, Directors and senior management, any connected persons (as defined in the Listing Rules) of our Company or any of their respective associates save as disclosed in this section. In addition, we confirm that (i) there is no side agreements or arrangements between our Group and each of the Cornerstone Investors for the purpose of the Cornerstone Placing; (ii) none of the Cornerstone Investors is accustomed to take instructions from our Company, the Directors, the chief executive of our Company, the Controlling Shareholders, the substantial shareholders of our Company, the existing Shareholders or any of their subsidiaries or respective close associates; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is financed by our Company, the Directors, the chief executive of our Company, the Controlling Shareholders, the substantial shareholders of our Company, the existing Shareholders or any of their subsidiaries or respective close associates. The Offer Shares to be subscribed for by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering". Details of allocation to the Cornerstone Investors will be disclosed in the announcement of allotment results of our Company to be published on or around Tuesday, 7 January 2020.

The details of their respective investments in our Company and respective Shares to be subscribed for are set forth below:

Cornerstone Investor	Total Investment Amount	Total number of Offer Shares to be subscribed by the Cornerstone Investors	Approximate % of total number of Offer Shares	Approximate % of total Shares in issue immediately following the completion of Capitalization Issue and Global Offering (assuming Over-allotment Option is not exercised)
	HK$		*(approximate)*	*(approximate)*
	HK$0.65 (being the low-end of the Offer Price range)			
SG-Bogen	11,498,500	17,690,000	8.9	2.2
Mr. Tay	11,498,500	17,690,000	8.9	2.2
Mr. Tan	8,622,250	13,265,000	6.6	1.7
Mr. Melati	4,309,500	6,630,000	3.3	0.8
Total	35,928,750	55,275,000	27.7	6.9
	HK$0.70 (being the mid-point of the Offer Price range)			
SG-Bogen	11,497,500	16,425,000	8.2	2.0
Mr. Tay	11,497,500	16,425,000	8.2	2.0
Mr. Tan	8,624,000	12,320,000	6.2	1.6
Mr. Melati	4,312,000	6,160,000	3.1	0.8
Total	35,931,000	51,330,000	25.7	6.4
	HK$0.75 (being the high-end of the Offer Price range)			
SG-Bogen	11,497,500	15,330,000	7.7	1.9
Mr. Tay	11,497,500	15,330,000	7.7	1.9
Mr. Tan	8,625,000	11,500,000	5.7	1.5
Mr. Melati	4,312,500	5,750,000	2.9	0.7
Total	35,932,500	47,910,000	24.0	6.0

OUR CORNERSTONE INVESTORS

We have entered into a cornerstone investment agreement with each of the following Cornerstone Investors. The information about the Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

SG-Bogen

SG-Bogen is a private company incorporated in Singapore with limited liability with its headquarters in Singapore. It is principally engaged in building construction including upgrading works. It is wholly owned by Mr. Lee Choon Sing ("**Mr. Lee**"), who is a resident of Singapore and is the director of SG-Bogen. To the best knowledge of our Company, Mr. Lee is Independent Third Party and is not our connected persons.

During the Track Record Period, SG-Bogen is one of the subcontractors of the Group which provides us with curtain wall, façade system, and metal roofing works. They have conducted business with our Group since 2010. For the years ended 30 June 2017, 2018 and 2019, the total subcontracting fees paid to SG-Bogen amounted to approximately 4.3%, 3.9% and 1.9% of our total subcontracting charges, respectively.

To the best knowledge and belief of our Directors, Mr. Lee became acquainted with our Group, through business opportunities as our subcontractor, and decided to invest in our Group through SG-Bogen in view of the prospects and growth potential of our Group. The consideration for this cornerstone investment is expected to be funded by the internal resources of SG-Bogen.

Mr. Tay Wah Seng

Mr. Tay is the managing director of Zenith Engineering Pte Ltd which is principally engaged in distribution, manufacturing and assembly of solid and liquid waste handling equipment, fuel and LPG tankers.

To the best knowledge and belief of our Directors, Mr. Tay became personally acquainted with Mr. Kwan through a social occasion in 2000, and decided to invest in our Group in view of the prospects and growth potential of our Group. The source of funding of Mr. Tay's investment in our Group was from his own personal wealth.

Mr. Tan Cheng Chuan

Mr. Tan is the chief executive officer of Leonian Singapore Pte Ltd, a wholly owned subsidiary of XEBIO Holdings Co., Ltd. ("**XEBIO**"), and the shares of which are listed on the First Section of the Tokyo Stock Exchange (stock code: 8281). Leonian Singapore Pte Ltd is principally engaged in the provision of sport apparel and equipment to its customers.

To the best knowledge and belief of our Directors, Mr. Tan became personally acquainted with Mr. Kwan through a social occasion in 2000, and decided to invest in our Group in view of the prospects and growth potential of our Group. The source of funding of Mr. Tan's investment in our Group was from his own personal wealth.

Mr. Charles Antonny Melati

Mr. Melati is the executive chairman of Geo Energy Resources Limited ("**Geo Energy**") and the shares of which are listed on the main board of the Singapore Stock Exchange (stock code: RE4). Geo Energy is principally engaged in the coal mining industry with offices located in Singapore and Indonesia, providing coal mining, trading and mining services to its customers.

To the best knowledge and belief of our Directors, Mr. Melati became personally acquainted with Mr. Kwan through a social occasion in 2017, and decided to invest in our Group in view of the prospects and growth potential of our Group. The source of funding of Mr. Melati's investment in our Group was from his own personal wealth.

CONDITIONS PRECEDENT

The subscription obligation of each of the Cornerstone Investor is subject to, among other things, the following conditions precedent:

(1) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified or as subsequently waived or varied by agreement of the parties thereto;

(2) the Underwriting Agreements not having been terminated;

(3) our Company having obtained the approval for the listing of, and permission to deal in, the Shares (including the Shares of the Cornerstone Investors) from the Listing Division of the Stock Exchange and such approval or permission or waiver not having been revoked prior to the commencement of dealings of the Shares on the Stock Exchange;

(4) no laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Global Offering or under the Cornerstone Investment Agreement, and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions contemplated under the Global Offering or under the Cornerstone Investment Agreements;

(5) the respective representations, warranties, undertakings and confirmations of the Cornerstone Investors and our Company in the relevant Cornerstone Investment Agreements are accurate and true in all material respects and that there is no material breach of the relevant Cornerstone Investment Agreements on the part of the Cornerstone Investors or our Company (as the case maybe); and

(6) the Offer Price having been agreed upon by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters).

RESTRICTIONS ON DISPOSAL BY THE CORNERSTONE INVESTOR

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during a period of six months starting from and inclusive of the Listing Date, offer, pledge, charge, sell, mortgage, lend, create, transfer, assign or otherwise dispose of any of the shares subscribed by it under the Cornerstone Investment Agreement and any shares or securities of our Company derived therefrom (the "**Relevant Shares**") or any interest in any company or entity holding (directly or indirectly) any of the Relevant Shares.

The Cornerstone Investors may transfer the Relevant Shares in certain limited circumstances as set out in the Cornerstone Investment Agreements, such as transfer to a wholly-owned subsidiary of the Cornerstone Investor, provided that prior to such transfer, such wholly owned subsidiary undertakes in writing (in favour of our Company and the Sole Global Coordinator) agreeing to, and the respective Cornerstone Investors undertakes in writing (in favour of our Company and the Sole Global Coordinator) to procure that such wholly-owned subsidiary will, be bound by the obligations of the Cornerstone Investors under the relevant Cornerstone Investment Agreements including the restrictions on disposal imposed on the Cornerstone Investors, as if such wholly-owned subsidiary were subject to such obligations and restrictions.

DIRECTORS AND SENIOR MANAGEMENT

The Board currently consists of eight Directors, comprising four Executive Directors, one Non-executive Director and three Independent Non-executive Directors. The Board is responsible and has general powers for management and conduct of our Group's business. The following table sets forth certain information concerning our Directors:

Name	Age	Present position(s) in our Company	Date of appointment as Director of our Company	Date of first joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Kwan Mei Kam	64	Executive Director, chief executive officer and chairman of our Group	8 October 2018	17 May 1984	Responsible for the overall business management, strategic planning, business development of our Group, serving as the chairman of the Nomination Committee and a member of the Remuneration Committee	Spouse of Ms. Tay and father of Ms. Kwan
Ms. Tay Yen Hua	64	Executive Director	8 October 2018	1 October 1984	Responsible for the overall Group's business operation. Oversees our Group's financial performance, and our accounting, human resources and administrative functions	Spouse of Mr. Kwan and mother of Ms. Kwan
Mr. Jacob Wong San Ta (黃善達)	51	Executive Director	8 October 2018	4 October 1995	Responsible for project management, enhancement of our Group's technical abilities and adoption of technology. Oversees the tender and contract department, purchasing department, and project department	N/A

Name	Age	Present position(s) in our Company	Date of appointment as Director of our Company	Date of first joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
Ms. Kwan Shu Ming (關曙明)	35	Executive Director	8 October 2018	2 May 2012	Responsible for the finance and accounting operations, and the preparation and publishment of financial statements, and serving as a member of the Nomination Committee	Daughter of Mr. Kwan and Ms. Tay
Mr. Lim Ah Lay (林亞烈)	63	Non-executive Director	8 October 2018	8 October 2018	Providing advice to the Board, advising on corporate governance matters, and serving as a member of the Audit Committee and the Remuneration Committee	N/A
Mr. Koh Lian Huat (許連發)	79	Independent Non-executive Director	17 December 2019	17 December 2019	Providing independent advice to the Board, advising on corporate governance matters and serving as the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee	N/A
Dr. Wu Dongqing (武冬青)	60	Independent Non-executive Director	17 December 2019	17 December 2019	Providing independent advice to the Board, advising on corporate governance matters and serving as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee	N/A

Name	Age	Present position(s) in our Company	Date of appointment as Director of our Company	Date of first joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Chou Sean Yu (曹顯裕)	49	Independent Non-executive Director	17 December 2019	17 December 2019	Providing independent advice to the Board, advising on corporate governance matters, and serving as the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee	N/A

DIRECTORS

Executive Directors

Mr. Kwan Mei Kam, aged 64, was appointed as an Executive Director, the chief executive officer and the chairman of the Board on 8 October 2018. Mr. Kwan is also one of our Controlling Shareholders. He is responsible for our Group's overall business management, strategic planning and business development of our Group. Mr. Kwan is the spouse of Ms. Tay and father of Ms. Kwan.

Mr. Kwan was awarded the Technician Diploma in Building from Singapore Polytechnic in April 1980 and obtained a Bachelor of Construction Management from Central Queensland University in Australia in June 1997. Mr. Kwan is also an Incorporate of the Chartered Institute of Building (ICIOB), United Kingdom since October 2005.

Mr. Kwan has over 44 years of experience in the construction industry in Singapore. In June 1974, he joined Progressive Builders Pte Ltd., which was principally engaged in the provision of general building construction works where he was initially employed as site clerk, and later worked as an assistant foreman and as the site agent on behalf of Messrs Lee Lim Tah Pte Ltd for hotel renovation works. During his employment by Progressive Builders Pte Ltd., he was involved in public housing projects, and hotel renovation works, and was responsible for the supervision of job sites, maintaining safety standards at job sites and ensuring the quality and timely progress of the works to be implemented. In January 1983, he co-founded Kwan Yong Building Construction in Singapore, which was principally engaged in building construction work. As a partner of Kwan Yong Building Construction, he was responsible for the day-to-day operations of the partnership. Subsequently, he, together with three Independent Third Parties, incorporated Kwan Yong in May 1984 and has been the managing director of Kwan Yong since then.

Ms. Tay Yen Hua, aged 64, was appointed as an Executive Director of our Group on 8 October 2018. Ms. Tay is also one of our Controlling Shareholders. She is responsible for the Group's overall business operation as she oversees our Group's financial performance, and our accounting, human resources and administrative functions. Ms. Tay is the spouse of Mr. Kwan and the mother of Ms. Kwan.

Ms. Tay completed her secondary education at Serangoon Secondary School in December 1972.

Ms. Tay has over 40 years of experience in secretarial, accounts and human resources work. From October 1974 to September 1984, Ms. Tay was the secretary to the executive director of Progressive Builders Pte Ltd., during which she was mainly responsible for Progressive Builders Pte Ltd.'s personnel and payroll matters. Ms. Tay joined Kwan Yong initially in October 1984 as an office manager and over the years, progressed to the head of accounts and finance department, human resource and administration. In December 2009, she was appointed as a director of Kwan Yong.

Ms. Tay was a director of the following companies which were incorporated in Singapore immediately before their respective dissolutions:

Name of Company	Nature of Business	Means of Dissolution	Date of Dissolution
Kwan Yong Development Pte Ltd	Property Development	Dissolved - Member's voluntary winding up	24 February 2012
Yongson Construction Pte Ltd	General building engineering design & consultancy services	Dissolved by striking off	26 September 2006
Coordinates Concept Pte Ltd	Business and Management Consultancy Services	Dissolved by striking off	4 December 2017

Ms. Tay confirmed that there was no wrongful act on her part leading to the above dissolutions of Kwan Yong Development Pte Ltd, Yongson Construction Pte Ltd and Coordinates Concept Pte Ltd, which were solvent immediately prior to their dissolutions and she is not aware of any actual or potential claim that has been or will be made against her as a result of the dissolutions of these companies.

Mr. Jacob Wong San Ta (黃善達), aged 51, was appointed as an Executive Director on 8 October 2018. He is responsible for project management, enhancement of our Group's technical abilities and adoption of technology. He oversees the tender and contract department, purchasing department and project department.

Mr. Wong graduated from the National University of Singapore in Singapore with a Bachelor of Engineering (Civil) degree in June 1993. From 2017 to 2019, Mr. Wong has been a member of Singapore Contractors Association Contracts and Practice Subcommittee of the Singapore Contractors Association Ltd. ("**SCAL**"). For the term of 2019 to 2021, Mr. Wong is the council member of SCAL and is also the member of SCAL's Contacts & Practice Subcommittee and Manpower & Policy Subcommittee. .

Mr. Wong has over 23 years of experience in the construction industry in Singapore. Mr Wong joined Kwan Yong in October 1995 as a site manager and was promoted to project manager in August 1997. During this period, he was responsible for the coordination between the qualified persons (including architects, engineers in the projects) and clients, the management and overseeing the execution of our design and build contracts, the management and reviewing performance of subcontractors, and the proper documentation of variation claims and justifications. He was promoted to general manager of Kwan Yong in August 2002 and up until May 2006, he was responsible for the management of project directors and project managers, the procurement forecast, the cash flow forecast, general business development, manpower planning and negotiations with subcontractors and suppliers. From October 2007 to December 2011, he was appointed as the resident engineer of the National University of Singapore. Since April 2012, he then worked as a senior resident engineer at Singapore University of Technology & Design. In September 2013, Mr. Wong re-joined our Group and was appointed as a director at Kwan Yong.

Ms. Kwan Shu Ming (關曙明), aged 35, was appointed as an Executive Director on 8 October 2018. She is mainly responsible for the finance and accounting operations, and the preparation and publication of financial statements. Ms. Kwan is the daughter of Mr. Kwan and Ms. Tay.

Ms. Kwan graduated from Curtin University of Technology in Perth, Australia with a Bachelor of Commerce (Accounting) degree in September 2006. She further obtained a Specialist Diploma in Building Cost Management from the BCA in November 2015. She was admitted as a member of CPA Australia since November 2015.

Ms. Kwan has over 12 years of experience in accounting and management. From November 2006 to October 2007, Ms. Kwan was employed by Ernst & Young Singapore as an audit assistant. From November 2007 to March 2010, Ms. Kwan served as a client onboarding analyst in Barclays Capital Services Limited during which she was responsible for client verification, due diligence checks, and anti-money laundering review. Prior to joining our Group, Ms. Kwan was operating her own business: in March 2010, she became the founder of Pave Chocolates Pte Ltd which was mainly engaged in the sale of chocolate and food and was responsible for the daily operation of stores, staff management, procurement, sales and the marketing of products. Ms. Kwan then joined our Group in May 2012 as an accounts manager and in September 2018, was promoted to the position of financial controller. She is responsible for the finance and accounting operations and all areas relating to financial reporting of our Group.

Ms. Kwan was a director of the following companies which were incorporated in Singapore immediately before their respective dissolutions:

Name of Company	Nature of Business	Means of Dissolution	Date of Dissolution
King Eight Food Concepts Pte Ltd	Retail sale of handicrafts, collectibles and gifts	Dissolved by striking off	9 October 2012
Pave Chocolates Pte Ltd	Sale of chocolate and food	Dissolved by striking off	17 September 2015

Ms. Kwan confirmed that there was no wrongful act on her part leading to the above dissolutions of King Eight Food Concepts Pte Ltd and Pave Chocolates Pte Ltd, which were solvent immediately prior to their dissolutions and she is not aware of any actual or potential claim that has been or will be made against her as a result of the dissolutions of these companies.

Non-executive Director

Mr. Lim Ah Lay (林亞烈), aged 63, was appointed as a Non-executive Director on 8 October 2018. He is responsible for providing advice to the Board and advising on corporate governance matters.

Mr. Lim obtained his Teacher's Certificate at Temenggong Ibrahim Training College in Johor, Malaysia in April 1979. From April 1979 to April 1985, he was a secondary school science and mathematics teacher at Datok Lokman Secondary School in Kuala Lumpur, Malaysia. He was admitted as an associate member of the Chartered Institute of Management Accountants in October 1990 and is a chartered accountant of the Malaysian Institute of Accountants since November 1990.

Mr. Lim has over 30 years of working experience in accounting, audit and finance. From April 1985 to June 1987, Mr. Lim worked with Ling Kam Hoong & Co., as an audit senior. From July 1987 and May 1990, Mr. Lim was the internal audit executive of MUI Finance Berhad. Thereafter, he joined Zalik Securities Sdn Bhd as an accountant from June 1990 to June 1991. In June 1991, Mr. Lim joined UMBC Securities Sdn Bhd and served as an assistant general manager until August 1995. Thereafter, he worked with ECM Libra Securities Sdn Bhd (formerly known as BBMB Securities Sdn Bhd and as ECM Libra Avenue Securities Sdn Bhd), an operating subsidiary of ECM Libra Berhad which was acquired by Avenue Capital Resources Berhad (now known as ECM Libra Financial Group Berhad) and is a company listed on Bursa Malaysia (stock code: 2143), from August 1995 to June 2007. His last position held at ECM Libra Avenue Securities Sdn Bhd was executive director of operations. Mr. Lim acted as director and head of operations for OSK Investment Bank Berhad from August 2007, where he was in charge of the operational activities of the principal office and all branch offices. He was then appointed as the executive director of OSK Holdings Hong Kong Ltd from December 2010. From December 2010 to April 2017, he was the executive director of RHB Hong Kong Ltd and its subsidiaries. He was also a responsible officer for RHB Securities Hong Kong Limited, RHB Futures Hong Kong Limited and RHB Asset Management Limited from November 2011 to April 2017. Mr. Lim served as a consultant to JS Financial Holding Limited and its subsidiaries from May 2017 to

November 2017, and was a licensed representative for JS Securities Limited and JS Futures Limited from September 2017 to November 2017. He has been the director and a licensed representative of Power Asset Management Company Limited ("Power Asset") since March 2018 and August 2018 respectively. Power Asset is a subsidiary of Power Financial Group Limited, a company whose shares are listed on the Stock Exchange (stock code: 397), which is principally engaged in the business of financial services, money lending and asset management and investment.

Mr. Lim's experience in the financial sector includes dealings in securities and futures, asset management and capital market activities in Hong Kong. He is expected to assist our Company in strengthening its corporate governance; internal control procedures and processes, compliance and to point out abnormalities or inadequacy, in any, to the Board.

With his experience and familiarity in the financial sector in Hong Kong, Mr. Lim had introduced Power Corporate Finance Co. Ltd ("**Power Corporate Finance**"), an associate of Power Asset and a subsidiary of Power Financial Group Limited, to assist our Company in its proposed Listing in July 2018. Power Corporate Finance was mainly responsible in assisting the Company in the appointment of professional parties for the proposed Listing; providing advisory services related to the Company's business, financial position and future business development; and assisting the Company to understand queries from the Stock Exchange and SFC and other documents in relation to the Listing. After the introduction of the various professional parties for the Listing, Power Corporate Finance was no longer actively involved as a professional party in the Listing and their engagement was subsequently terminated by mutual consent.

Mr. Lim was a director of the following company which was incorporated in Hong Kong immediately before its dissolution:

Name of company	**Nature of business**	**Means of dissolution**	**Date of dissolution**
RHB Nominees Hong Kong Limited	Provision of nominees and assets custody service	Dissolved by deregistration	25 November 2016

Mr. Lim confirmed that there was no wrongful act on his part leading to the above dissolution of RHB Nominee Hong Kong Limited, which was solvent immediately prior to its dissolution and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of this company.

Independent Non-executive Directors

Mr. Koh Lian Huat (許連發), aged 79, was appointed as an Independent Non-executive Director on 17 December 2019. He is responsible for providing independent advice to the Board and advising on corporate governance matters.

Mr. Koh obtained a Bachelor in Commerce & Accountancy from Nanyang University Singapore in March 1965. Mr. Koh has been a member of CPA Australia and a member of Institute of Singapore Chartered Accountants since August 2004 and in November 2004 respectively. Mr. Koh has also been admitted as a fellow member of Association of Chartered Certificated Accountants since May 2006. In April 2015, he was appointed as an honorary advisor of the Chartered Management Institute, Singapore. As at the Latest Practicable Date, Mr. Koh is Justice of Peace in Singapore, a member of the Board of Visiting Justices/Board of Inspection, and is a mediator who assists the State Courts in dealing with magistrate's complaints and maintenance disputes.

Mr. Koh has over 40 years of working experience in accounting, auditing and construction industries. He worked as an accountant for Lee Kim Tah (Pte) Limited from June 1965 to March 1976. From July 1969 to January 1984, Mr. Koh was a director of Lee Realty (Pte) Limited, a real estate developer. From June 1983 to January 1984, he was also a company secretary of Lee Kim Tah Holdings Limited, a company formerly listed on the Singapore Stock exchange which was privatised in 2015 and is engaged in property development and investments, construction, retail management and project management. From July 1972 to January 1984, Mr. Koh was a director and company secretary of Lee Development (Private) Limited, a company principally engaged in property development and investment, construction and project management. Thereafter Mr. Koh was the sole proprietor of Koh Lian Huat and Co., which was principally engaged in the provision of accounting services, from 1982 to 1999. He was a partner of Ng, Lee & Associates - DFK from 2000 to 2003 and subsequently was the consultant of the same before he left in 2004. Mr. Koh later established Huat Associates, which is principally engaged in the provision of accounting and auditing services, in June 2004 as a sole proprietor.

From November 2009 to April 2019, Mr. Koh was an independent director of Hock Lian Seng Holdings Limited, a company listed on the Mainboard of Singapore Stock Exchange (stock code: J2T), which principally engaged in investment and investment holding services. Mr. Koh is currently an independent director of Zhongmin Baihui Retail Group Ltd, a company which is listed on the Mainboard of Singapore Stock Exchange (stock code: 5SR), which principally engaged in ownership, operation and management of department stores and supermarkets in the PRC, since December 2010.

Mr. Koh was a director of the following companies which were incorporated in Singapore immediately before their respective dissolution:

Name of Company	Nature of Business	Means of Dissolution	Date of Dissolution
C A Special Steel Pte Ltd	Wholesale of metals and metal ores	Dissolved by striking off	9 April 2004
Eastern Union (2002) Pte Ltd	Investment holding company	Dissolved by striking off	6 September 2013
Comhub Pte Ltd	Preservation of historical sites, buildings, artefacts and paintings, cultural villages and other related activities	Dissolved by striking off	17 March 2005
Winsing International Pte Ltd	Investment holding company	Dissolved by striking off	12 September 2014

Mr. Koh confirmed that there was no wrongful act on his part leading to the above dissolutions of C A Special Steel Pte Ltd, Eastern Union (2002) Pte Ltd, Comhub Pte Ltd and Winsing International Pte Ltd, which were solvent immediately prior to their dissolutions and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolutions of these companies.

Dr. Wu Dongqing (武冬青), aged 60, was appointed as an Independent Non-executive Director on 17 December 2019. He is responsible for providing independent advice to the Board and advising on corporate governance matters.

Dr. Wu was awarded a bachelor degree of Port and Harbour Engineering from East China Technical University of Water Resources* (華東水利學院校 (院) 水港系) in the PRC in February 1982. He further earned a master degree in engineering from Hohai University (河海大學) in the PRC in July 1986. Subsequently, he had been a lecturer in Hohai University. Dr Wu later obtained a degree of Doctor of Philosophy from Nanyang Technological University in April 1996.

Dr. Wu has over 24 years of experience in civil engineering material science and environmental engineering. In 1994, he joined, and in November 1996 became director of Instek Holding Pte Ltd, which was later renamed as Chemilink International Holdings Pte. Ltd. which principally engages in the research and development of products and engineering solutions for civil and material engineering. During such period of time, he was responsible for the day-to-day operation and developing products for civil and material engineering.

Since December 2002, Dr. Wu has been the director, managing director and chief executive officer and is responsible for the day to day operation of Chemilink Technologies Group Pte. Ltd., which principally engages in the development and manufacture of basic chemicals. Since July 2010, he has been the director and executive chairman and is responsible for the day to day operation of Chemilink Newsoil Engineering Pte. Ltd, which principally engages in infrastructure engineering design and consultancy services, and land reclamation works. Since April 2012, he has been the director and is responsible for the day to day operation of China Lianyungang (S) Development Organization Pte. Ltd., which principally engages in business and management consultancy services.

Mr. Chou Sean Yu (曹顯裕), aged 49, was appointed as an Independent Non-executive Director on 17 December 2019. He is responsible for providing independent advice to the Board and advising on corporate governance matters.

Mr. Chou graduated from the University of Bristol in Bristol, United Kingdom with a Bachelor of Laws degree with First Class Honours in June 1992 and was admitted to the English Bar (Middle Temple) in July 1993.

Mr. Chou has over 24 years of working experience as a commercial litigator. He was admitted to the Singapore Bar in May 1994. Mr. Chou is currently a partner of WongPartnership LLP, which he joined in May 1997 and is now the head of its banking and financial disputes practice, and a partner in the international arbitration, financial services regulatory and Malaysia practice.

Since December 2007, Mr. Chou has been a member of Chartered Institute of Arbitrators and is currently a director of its Singapore branch. Mr. Chou has also been serving as an arbitrator on the panel of arbitrators of (i) Asian International Arbitration Centre (previously known as Kuala Lumpur Regional Centre for Arbitration) from February 2016 to January 2019; (ii) Singapore International Arbitration Centre for a term of two years commencing January 2017 and a further term of one year commencing January 2019; and (iii) The Korean Commercial Arbitration Board for a term of three years commencing on June 2017.

Directors' interest

Save as disclosed in this section, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholders of our Company as at the Latest Practicable Date; and (iii) did not hold any directorship in any other listed companies in the two years immediately preceding the date of this prospectus.

To the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, save as disclosed in this section, there was no additional matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders, and there was no additional information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

The following table sets forth certain information concerning our other senior management members:

Name	Age	Present position(s) in our Group	Date of first joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
Mr. Tang Siew Tuck (鄧兆德)	55	General manager	August 2000	Responsible for the daily construction project management of our Group, and the development of operational plans for our Group's projects, including technical proposal submissions for tendering and site implementation	N/A
Mr. Koh Puay Hock (許培福)	40	Project director	April 2005	Responsible for the daily project management of our Group, and the development of operational plans for our Group's projects, including its tendering, execution and completion	N/A
Ms. Tan Mee Nak (陳美娜)	54	Senior cost manager	August 1989	Responsible for the daily supervision of procurement process, contract management, pricing negotiation and budget preparation of our Group	N/A

Mr. Tang Siew Tuck (鄧兆德), age 55, is the general manager of our Group and he is mainly responsible for the daily construction project management of our Group, and the development of operational plans for our Group's projects, including technical proposal submissions for tendering and site implementation. Mr. Tang obtained a Bachelor of Applied Science Construction Management & Economics degree from Curtin University of Technology in Perth, Australia in May 1997.

Mr. Tang has over 30 years of experience in the construction industry of Singapore. He joined Build-Max Construction Pte. Ltd. and he was a project manager when he left the company in July 2000. Mr. Tang joined Kwan Yong as a project manager in August 2000 and was responsible for project compliance, costs control and project planning of various projects. In July 2006, he was promoted to construction manager and was responsible for the technical planning and overall management of various projects. Mr. Tang left Kwan Yong in February 2008. He then served as a general manager from February 2008 to April 2011 in Megabuilders Development Pte Ltd., which is principally engaged in general building works. Mr. Tang re-joined Kwan Yong in April 2011 and has been working as a general manager since then.

Mr. Koh Puay Hock (許培福), aged 40, is the project director of our Group and he is mainly responsible for the daily project management of our Group, and the development of operational plans for our Group's projects, including its tendering, execution and completion. Mr. Koh graduated from Universiti Teknologi Malaysia in Johor, Malaysia with a Bachelor of Engineering (Civil-Environmental) degree in July 2001.

Mr. Koh has over 15 years of experience in the construction industry in Singapore. Mr. Koh started his career as a civil engineer in February 2002 at Muhibbah Engineering (M) Bhd, a company listed on the Main board of Bursa Malaysia stock exchange (stock code: MUHIBAH). In April 2005, Mr. Koh joined our Group as a site engineer and was mainly responsible for micro-planning of weekly civil work activities, manpower planning, reviewing daily progress report, site co-ordination and supervision, performing drawing discrepancies checks, coordinating with civil and structural consultants, carrying out inspection and quality checks, and ensuring the smooth progress of site work. He was promoted to a project manager in August 2008 and was mainly responsible for co-ordinating with consultants and subcontractors, ensuring project costs control, monitoring construction schedule, carrying out general site administration, planning and programming of master construction programme and conducting internal project control meetings. In March 2012, Mr. Koh was further promoted and has been working as a project director of Kwan Yong since then.

Ms. Tan Mee Nak (陳美娜), aged 54, is the senior cost manager of our Group and she is mainly responsible for the daily supervision of procurement process, contract management, pricing negotiation and budget preparation of our Group. She also provides guidance and management experience in contract negotiations. Ms. Tan graduated with a Diploma in Building Management from Ngee Ann Polytechnic in Singapore in August 1987.

Ms. Tan has over 30 years of experience in the construction industry in Singapore. From September 1987 to March 1989, Ms. Tan was employed by Vemac Construction Pte Ltd as a technical assistant and is responsible for tendering and measurement of building construction works. Prior to joining our Group, she served at Evan Lim & Co Pte Ltd as a quantity surveyor from March 1989 to July 1989 and was responsible for preparing tenders and their costing, reinforcing concrete measurement, subcontractor quotations, and assisting senior quantity surveyors in architectural measurement. Ms. Tan joined Kwan Yong in August 1989 as a quantity surveyor and she was responsible for making progress claim, monitoring vendors and subcontractors payments, carrying out project variations and managing contracts. She was then promoted to senior quantity surveyor of Kwan Yong in August 1997 and was responsible for project bidding, making progress claim, making bid analysis and managing contracts. Ms. Tan was further promoted in March 2011 and has been working as senior cost manager of Kwan Yong since then.

None of our senior management members had been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas for the two years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Ms. Ng Hoi Ying (吳愷盈) ("Ms. Ng"), aged 33, was appointed as the company secretary of the Company on 19 October 2018. She graduated from the Hong Kong Polytechnic University with a Bachelor of Business Administration (Honours) in Accountancy in October 2008. She is a member of the Hong Kong Institute of Certified Public Accountants since January 2012.

Ms. Ng has over 10 years of experience in accounting, auditing, finance and company secretarial matters. From September 2008 to November 2011, she worked at Deloitte Touche Tohmatsu Hong Kong with her last position as audit senior II. In November 2011, she joined Asia Maritime Pacific (Hong Kong) Limited, which is a shipping company principally engaged in the international operation of a fleet, consisting of both self-owned and chartered vessels, as a senior accountant, where she reported to the finance manager and was mainly responsible for preparing monthly reports and the company and consolidation level financial statements. Subsequently, from October 2014 to October 2018 she served as a finance manager of Ngai Shun Construction & Drilling Company Limited, which is a specialist piling contractor for both private and public work in Hong Kong and is a subsidiary of Boill Healthcare Holdings Limited, formerly known as Ngai Shun Holdings Limited, a public company listed on the Main Board (stock code: 1246). As finance manager, she performed company secretarial duties such as drafting announcement, preparing board meetings, preparing consolidated financial statements, reporting to directors, preparing audit schedules, internal audit, profit and cash flow forecast, and designed internal control procedures for the finance and operation department. She joined Blooming (HK) Business Limited, which provides corporate advisory and company secretarial services, in October 2018 and is currently employed as a company secretarial manager.

AUTHORISED REPRESENTATIVES

Ms. Kwan and Ms. Ng have been appointed as the authorised representatives of our Company.

COMPLIANCE ADVISER

We have appointed SPDB International Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. The compliance adviser will advise us in the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or if the business activities, developments or results of our Group deviate from any forecast, estimate or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of our Group under the Listing Rules regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

BOARD COMMITTEES

Audit Committee

Our Company has established the Audit Committee on 17 December 2019 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of our Group. The Audit Committee comprises four members, namely Mr. Koh Lian Huat, Mr. Chou Sean Yu, Dr. Wu Dongqing and Mr. Lim Ah Lay. Mr. Koh Lian Huat is the chairman of the Audit Committee.

Remuneration Committee

Our Company has established the Remuneration Committee on 17 December 2019 with written terms of reference in compliance with paragraph B.1.2 of the Corporate Governance Code. The Remuneration Committee comprises five members, namely Mr. Chou Sean Yu, Dr. Wu Dongqing, Mr. Koh Lian Huat, Mr. Kwan and Mr. Lim Ah Lay. Mr. Chou Sean Yu is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, amongst other things, to make recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management and on our Group's policy and structure for all remuneration of our Directors and senior management.

Nomination Committee

Our Company has established the Nomination Committee on 17 December 2019 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code. The Nomination Committee comprises five members, namely Mr. Kwan, Ms. Kwan, Mr. Koh Lian Huat, Mr. Chou Sean Yu and Dr. Wu Dongqing. Mr. Kwan is the chairman of the Nomination Committee. The Nomination Committee is mainly responsible for making recommendations to our Board on appointment of Directors and succession planning for our Directors.

REMUNERATION POLICY

The Director's fee for each of our Directors is subject to the Board's review from time to time. The aggregate amounts of compensation (including fees, salaries, allowances and benefits in kind, discretionary bonus and contributions to defined contribution plans) which are paid to the Directors for each of the three years ended 30 June 2019 were approximately SGD2.9 million, SGD0.9 million and SGD1.1 million, respectively.

Our Company's policy concerning the remuneration of Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload, performance and the time devoted to our Group. Further details of the remuneration of the Directors are set out in the paragraph headed "Statutory and General Information — C. Further information about directors, management and staff — Directors' remuneration" in Appendix V to this prospectus.

The aggregate remuneration including salaries, allowances and benefits in kind and contributions to defined contribution plans paid to our Group's five highest paid individuals (including our Directors) for each of the three years ended 30 June 2019, were approximately SGD4.3 million, SGD1.2 million and SGD1.5 million, respectively. During the Track Record Period, no emolument was paid by our Group to any of the Directors or the five highest paid individuals (including Directors and employees) as an inducement to join or upon joining our Group or as compensation for loss of office. None of our Directors has waived any emoluments during the Track Record Period.

Except as disclosed above, no other payments of remuneration have been made, or are payable, in respect of the Track Record Period, by our Group to or on behalf of any of the Directors. For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Note 10 in the Accountants' Report set out in Appendix I to this prospectus.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules. Except for the deviation from code provision A.2.1 and F.1.1 of the Corporate Governance Code, the Company's corporate governance practices have complied with the code on corporate governance practices.

Pursuant to code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Kwan is the chairman of our Board and the chief executive officer of the Company. In view that Mr. Kwan is the founder of our Group and has been operating and managing our Group since the establishment of our Group, our Board believes that it is in the best interest of our Group to have Mr. Kwan taking up both roles for effective management and business development. Therefore, our Directors consider that the deviation from the code provision A.2.1 of the Corporate Governance Code is appropriate in such circumstance.

Ms. Ng does not act as an individual employee of the Company, but as an external service provider in respect of the appointment of Ms. Ng as the company secretary of the Company. Pursuant to Code F.1.1 of the Corporate Governance Code, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Mr. Kwan as its contact point for Ms. Ng.

While our Company is well aware of the importance of the company secretary in supporting the Board on governance matters, our Company, after having considered Ms. Ng's employment at Blooming (HK) Business Limited, which provides corporate advisory and company secretarial services, both our Company and Ms. Ng are of the view that there will be sufficient time, resources and supporting for fulfilment of the company secretary requirements of our Company.

In view of Ms. Ng's experience in accounting and company secretarial functions and with stock exchange rules and regulations, our Directors believe that Ms. Ng has the appropriate accounting and company secretarial expertise for the purposes of Rule 8.17 of the Listing Rules.

EMPLOYEES

Please refer to the section headed "Business — Our employees" of this prospectus for details relating to the number of staff, and recruitment policy of our Group.

DIRECTORS' COMPETING INTERESTS

None of our Directors and their respective close associates are interested in any business which competes or is likely to compete with that of our Group.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of Global Offering and the Capitalisation Issue (without taking into account of the Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), each of the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote in all circumstances in general meetings of any other member of our Group:

Name	Capacity/Nature of Interest	Number of Shares held immediately after completion of the Global Offering and the Capitalisation Issue (without taking into account of the Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme)	Percentage of interests in our Company immediately after completion of the Global Offering and the Capitalisation Issue (without taking into account of the Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme)
Ideal Smart (*Note 1*)	Beneficial Owner	600,000,000 Shares	75%
Mr. Kwan (*Note 2*)	Interest in a controlled corporation	600,000,000 Shares	75%
Ms. Tay (*Note 2*)	Interest in a controlled corporation	600,000,000 Shares	75%

Notes:

1. Ideal Smart is a company incorporated in the BVI and will own 75% shareholding interest in the Company immediately following completion of the Global Offering and Capitalisation Issue but taking no account of Shares to be issued pursuant to the Over-allotment Option or options which may be granted under the Share Option Scheme.

2. Each of Mr. Kwan and Ms. Tay owns 50% of the issued capital of Ideal Smart, respectively. Immediately following completion of the Global Offering and the Capitalisation Issue but taking no account of the Shares to be issued pursuant to the Over-allotment Option or options which may be granted under the Share Option Scheme, Ideal Smart will be the beneficial owner holding 75% shareholding interest in the Company and thus each of Mr. Kwan and Ms. Tay will be deemed or taken to be interested in all the Shares which are to be beneficially owned by Ideal Smart for the purpose of the SFO. Mr. Kwan and Ms. Tay are directors of Ideal Smart.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any member of our Group and are therefore regarded as substantial shareholders under the Listing Rules.

SHARE CAPITAL

The following is a description of the share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the Capitalisation Issue and the Global Offering, without taking into account any Shares which may be issued pursuant to the exercise of the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme:

Authorised share capital		*HK$*
15,000,000,000	Shares of HK$0.01 each	150,000,000

Issued and to be issued, fully paid or credited as fully paid

3	Shares in issue as at the date of this prospectus	0.03
599,999,997	Shares to be issued pursuant to the Capitalisation Issue	5,999,999.97
200,000,000	Shares to be issued pursuant to the Global Offering	2,000,000.00
Total :		
800,000,000	Shares	8,000,000

ASSUMPTIONS

The above table assumes that the Capitalisation Issue and the Global Offering become unconditional and the issue of Shares pursuant thereto is made as described herein. It takes no account of Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares granted to our Directors as referred to below or otherwise.

MINIMUM PUBLIC FLOAT

The minimum level of public float to be maintained by our Company at all times after Listing under the Listing Rules is 25% of its share capital in issue from time to time. The 200,000,000 Offer Shares represent not less than 25% of the issued share capital of our Company upon the Listing.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally in all respects with all other Shares currently in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions thereafter declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for any entitlement under the Capitalisation Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 17 December 2019, the principal terms of which are summarised in the paragraph headed "Statutory and General Information — D. Share Option Scheme" in Appendix V to this prospectus. As at the Latest Practicable Date, no option had been granted under the Share Option Scheme.

CAPITALISATION ISSUE

Pursuant to the written resolutions of our sole Shareholder passed on 17 December 2019, subject to the share premium account of our Company being credited as a result of the issue Offer Shares pursuant to the Global Offering, our Directors were authorised to allot and issue a total of 599,999,997 Shares credited as fully paid to the holders of shares on the register of members of our Company at the close of business on 17 December 2019 (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of Capitalisation of the sum of HK$5,999,999.97 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares (other than the right to participate in the Capitalisation Issue).

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with unissued Shares with an aggregate number of Shares of not exceeding 20% of the aggregate number of Shares in issue as enlarged by the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any option which may be granted under the Share Option Scheme) and the aggregate number of Shares repurchased by our Company (if any) pursuant to the general mandate to repurchase Shares as described below.

Our Directors may, in addition to the Shares which they are authorised to issue under the mandate, allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our Company, scrip dividends or similar arrangements or the exercise of options granted under the Share Option Schemes or any other option scheme or similar arrangement for the time being adopted.

This mandate shall remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or

(iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of the general mandate for the allotment and issue of Shares, please refer to the section headed "Statutory and General Information — A. Further information about our Company — 3. Written resolutions of our Shareholders" in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate number of Shares of not more than 10% of the aggregate number of Shares in issue, as enlarged by the Global Offering and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme).

This mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information — A. Further information about our Company — 6. Repurchase by our Company of its own securities" in Appendix V to this prospectus.

This mandate shall remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or

(iii) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate.

For further details of the general mandate for the repurchase of Shares, see "Statutory and General Information — A. Further information about our Company — 3. Written resolutions of our Shareholders" in Appendix V to this prospectus.

SHAREHOLDERS' GENERAL MEETING

Please refer to Appendix V to this prospectus in respect of circumstances under which general meeting is required.

You should read this section in conjunction with our audited combined financial information as at 30 June 2017, 2018 and 2019, and for the years ended 30 June 2017, 2018 and 2019, including the notes thereto, as set out in "Appendix I — Accountants' Report" to this prospectus. The combined financial information has been prepared in accordance with IFRSs. You should read the whole of the Accountants' Report included as Appendix I to this prospectus and not rely merely on the information contained in this section.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in the "Risk factors" section in this prospectus.

OVERVIEW

Our Group acts as a main contractor in the provision of building construction works in Singapore. We are known for our quality of work, especially in building construction works for the public sector. According to the Ipsos Report, our Group ranked fourth among contractors in the institutional sector in Singapore in terms of the average institution CONQUAS score in 2018. We have more than 30 years of experience in building construction works for various types of buildings including institutional buildings (such as education institutions, hospitals and nursing homes), commercial buildings (such as office buildings and restaurants), as well as industrial and residential buildings. During the Track Record Period, most of the building construction works undertaken by our Group were education institution construction projects for the public sector.

Our revenue was approximately SGD78.7 million, SGD53.9 million and SGD110.4 million for the years ended 30 June 2017, 2018 and 2019, respectively, whereas our profit for the year was approximately SGD5.2 million, SGD6.3 million and SGD5.9 million for the respective years.

Excluding the non-recurring listing expenses incurred by us in preparation for the Listing of approximately SGD2.4 million, our profit for the year ended 30 June 2019 amounted to approximately SGD8.3 million.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 7 September 2018 as an exempted company with limited liability under the Companies Law. In preparation for the Listing, our Group underwent the Reorganisation. Please refer to the section headed "History, Reorganisation and corporate structure" in this prospectus for further details of the Reorganisation.

The financial information has been prepared by our Directors based on accounting policies which conform with IFRSs, which comprise all standards and interpretations approved by the International Accounting Standards Board, which were effective for the financial period commencing from 1 July 2018 including IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*, together with the relevant transitional provisions, on the basis of presentation as set out in Note 2.2 to the Accountants' Report contained in Appendix I to this prospectus. Such combined financial information has been prepared under historical cost convention, except for equity investments at fair value through profit or loss which have been measured at fair value.

Our combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period included the results, changes in equity and cash flows of the companies now comprising our Group following the completion of the Reorganisation, as if our Group had been in existence in its current form throughout the Track Record Period.

The combined statements of financial position of our Group as of 30 June 2017, 2018 and 2019 have been prepared to present the assets and liabilities of the companies now comprising our Group at such respective dates, as if the current group structure had been in existence as of those dates.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Market conditions and trends in the construction industry and in the overall economy

Our future growth and profitability depend primarily upon the availability of building construction projects in Singapore, in particular, new construction and A&A works for the public sector. The nature, extent and timing of new construction and A&A works are, however, determined by the interplay of a variety of factors including cyclical trends of the economy, the Singapore Government's spending patterns on infrastructure activities and the construction industry in Singapore, speed of approval of the relevant budgets or projects, and the general conditions and prospects of Singapore's economy. According to the Ipsos Report, it is expected that the overall gross output value of the building construction industry in Singapore will pick up and grow at a CAGR of 5.9% from SGD19.1 billion in 2018 to SGD24.0 billion in 2022. More particularly, while the gross output value for the private sector is forecasted to increase at a CAGR of 3.6% from SGD11.8 billion in 2018 to SGD13.6 billion in 2022, the gross output value for the public sector is expected to grow at a CAGR of 9.3% from SGD7.3 billion in 2018 to SGD10.4 billion in 2022, as supported by the Singapore government's initiatives to upgrade public flats and healthcare facilities etc.

If there is an economic recession in Singapore, deflation or any changes in Singapore's fiscal policy, or if the demand for construction works in Singapore deteriorates, our operations and profitability may be adversely affected.

Non-recurring nature of tenders of construction projects

During the Track Record Period, we derived our revenue mainly from new construction and A&A works in Singapore which our customers awarded to us on successful tenders. Our future growth and success will depend on our ability to continue to secure tender and contract awards. In addition, our business is project-based and on a non-recurring basis. We do not enter into long-term contracts with our customers and our customers may vary from year to year.

During the Track Record Period and up to the Latest Practicable Date, we secured our new construction and A&A works projects through competitive tender process. There is no guarantee that we will be able to secure tender awards from our existing customers or we will be invited to participate in the tender process by new customers in the future. As our customers award construction contracts to us on a project-by-project basis, upon the completion of our contracts on hand, our financial performance may be adversely affected if our Group is unable to secure new tender awards with comparable contract sums or at all. Accordingly, our historical financial results during the Track Record Period should not be taken as an indication of our future performance.

Fluctuations in costs directly attributable to our projects

Our construction costs mainly include subcontracting charges, direct labour costs and construction material costs. They represent a significant portion of our cost of sales; therefore, fluctuations in these costs directly affect our results of operations and financial condition.

Consistent with industry practice, as main contractor, we subcontract most of the works to our subcontractors. Our subcontractors are responsible for procuring the raw materials of their parts, except for concrete and reinforcement steel bar, which we would purchase directly from the suppliers and arrange the materials purchased by our Group to be sent to the worksite directly. For the years ended 30 June 2017, 2018 and 2019, our subcontracting charges amounted to approximately SGD44.8 million, SGD28.6 million and SGD57.2 million, respectively, representing approximately 64.6%, 65.2% and 59.6%, respectively, of our total cost of sales. If the subcontracting charges increase unexpectedly to the extent that our Group has to incur substantial extra costs without sufficient compensation, the financial performance and profitability of our Group will be adversely affected.

For the years ended 30 June 2017, 2018 and 2019, our direct labour costs amounted to approximately SGD4.9 million, SGD3.5 million and SGD4.7 million respectively, representing approximately 7.0%, 8.1% and 4.9% of our total cost of sales respectively. There is no assurance that the direct labour costs will remain stable in the future. If there is a significant increase in the wage level in Singapore and we have to retain our workers by increasing their wages, our direct labour costs will increase and thus lower our profitability.

For the years ended 30 June 2017, 2018 and 2019, our construction material costs amounted to approximately SGD6.0 million, SGD2.5 million and SGD18.9 million, respectively, representing approximately 8.7%, 5.6% and 19.7% respectively of our total cost of sales. Most of our projects during the Track Record Period were governed by PSSCOC which is a common contract form for use in all public sector construction projects. Pursuant to PSSCOC, the contract sum shall be adjusted upwards or downwards to take into account any rise or fall in prices of certain materials such as concrete and reinforcement steel bar with reference to the material prices indices published by BCA from time to time. Please refer to the section headed "Business — Our customers — Salient terms of the PSSCOC contracts" for further details. Any price fluctuation in our construction material costs may have a negative impact on our results of operations and financial condition if we are unable to factor these potential fluctuations in our tender price or pass on a part or the whole of any material cost fluctuations to our customers.

The following table illustrates the sensitivity analysis of the estimated increase/decrease of our gross profit based on hypothetical fluctuations of (i) subcontracting charges; (ii) direct labour costs; and (iii) construction material costs. The sensitivity analysis assumes that the only variable that changes is our subcontracting costs or construction material costs or direct labour costs, as the case may be, while other variables remain unchanged. The analysis is intended for reference only, and any variation may differ from the amounts indicated.

Hypothetical fluctuations of subcontracting charges	+/-5%	+/-10%	+/-15%
	SGD'000	*SGD'000*	*SGD'000*
Decrease/increase in gross profit			
Year ended 30 June 2017	-/+2,239	-/+4,479	-/+6,718
Year ended 30 June 2018	-/+1,433	-/+2,863	-/+4,294
Year ended 30 June 2019	-/+2,861	-/+5,721	-/+8,582

Hypothetical fluctuations of direct labour costs	+/-5%	+/-10%	+/-15%
	SGD'000	*SGD'000*	*SGD'000*
Decrease/increase in gross profit			
Year ended 30 June 2017	-/+244	-/+488	-/+731
Year ended 30 June 2018	-/+177	-/+353	-/+530
Year ended 30 June 2019	-/+236	-/+472	-/+708

Hypothetical fluctuations of construction material costs	+/-5%	+/-10%	+/-15%
	SGD'000	*SGD'000*	*SGD'000*
Decrease/increase in gross profit			
Year ended 30 June 2017	-/+301	-/+602	-/+903
Year ended 30 June 2018	-/+124	-/+248	-/+371
Year ended 30 June 2019	-/+946	-/+1,892	-/+2,837

Pricing for our projects

Generally, our service fee is fixed when we submit our tender. Once the contract is entered into with our customers, we can only adjust our service fee in certain circumstances as stipulated in the contracts such as variation orders issued by our customer or, in the case of public sector projects, fluctuations in prices of certain construction materials.

Our Group generally determines the tender price for a potential project on a cost-plus basis, that is, on the basis of cost (including, but not limited to, direct labour costs, construction material costs and subcontracting charges) plus reasonable profit margin. Factors that our Group would take into account when determining the profit margin for a particular project include, but not limited to, (i) the nature, scope and complexity of the project; (ii) our current projects on hand; (iii) the completion time requested by customers; (iv) the prevailing market conditions; (v) previous tender record; (vi) awarded tender of similar project; (vii) the relationship and familiarity with the customers; and (viii) the potential price competitiveness of other tenders.

The actual costs incurred by us are subject to various factors including unexpected weather conditions, disputes with customers, suppliers or subcontractors, difficulties in retaining our workers with requisite skills, receipt of variation orders from our customers, or unexpected fluctuations in costs directly attributable to our projects, some of which are beyond our control. Significant changes in any of these factors may lead to a delay in completion or costs overrun by us, which may adversely affect our operation and profitability if we are unable to factor these potential fluctuations in our tender. If we set a significant mark-up margin upon our estimated costs to cater for any unexpected fluctuations, our tender may become uncompetitive. On the contrary, if the mark-up margin is set too low, we may not be able to cover the financial impact of any unfavourable fluctuations or circumstances. In either case, our operation and profitability may be adversely affected.

Collectability and timing of collection of our trade receivables and retention monies receivables

Our Group's contracts normally require our customers to make progress payment on a monthly basis based on our Group's completion progress. Once our Group has submitted a payment application, the quantity surveyors appointed by our customer will certify the amount of work done. Our customers usually settle the bill, net of any agreed retention money, ranging from 30 to 45 days after receipt of our invoice/ payment application. Our average trade receivables turnover days was approximately 26 days, 35 days and 16 days for the years ended 30 June 2017, 2018 and 2019, respectively. If we fail to receive payments from our customers on a timely basis, our cash flows and financial performance could be adversely affected.

During the course of construction works provide to our customers, our quantity surveyors would coordinate with our finance department and issue monthly billings to our customers. Our customers would verify the completion status of our works by their quantity surveyor and issued a valuation certification, based on which we will be requested to issue an invoice to our customers.

Upon satisfaction of our customers, a certificate of substantial completion will be issued by the consultant team of our customer which indicates that our services have been completed, inspected and approved. The defect liability period commences from the date of substantial completion, and we are required to rectify or procure our subcontractors to rectify, any defects which are identified during the period. Upon the expiry of the defect liability period, and that all defects identified during the period are properly rectified, a final completion certificate would be issued to us. The customers' consultants will issue the final accounts in respect of any remaining balance of the contract to us and we would submit final claim to the customers for final settlement, which the remaining balance would usually be settled by the customers within three months. However, there can be no assurance that the final accounts will be remitted by our customers to us on a timely basis and in full. Any late payment, whether arising from payment practice of our customers or delay in completion of the construction project, may adversely affect our future liquidity position.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies which we believe are the most critical to our combined financial statements. Our significant accounting policies are set forth in details in Note 3 to the Accountants' Report in Appendix I to this prospectus. These accounting policies require subjective and complex judgments by our management, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Certain accounting estimates are particularly sensitive because of their significance to our combined financial statements. The estimates and associated assumptions are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. The key assumptions concerning the future, and other key sources of estimation uncertainty, that carry a significant risk of requiring a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in more details in Note 4 to the Accountants' Report in Appendix I to this prospectus. We review our estimates and underlying assumptions on an ongoing basis.

The IASB issued IFRS 15 "Revenue from Contracts with Customers" and final version of IFRS 9 "Financial Instruments", which have been effective beginning on or after 1 July 2018 and IFRS 16 "Leases", which will be effective beginning on or after 1 July 2019. See Notes 2.2 and 2.3 of the Accountants' Report in Appendix I to this prospectus for details of application of these accounting policies. IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*, together with the relevant transitional provisions, have been applied retrospectively throughout the Track Record Period.

Adoption of IFRS 9, IFRS 15 and IFRS 16

We have carried out internal assessments with our best effort based on the principles set out in IFRS 9, IFRS 15 and IFRS 16, and set forth below certain estimated key impact on our financial position and performance if IAS 39, IAS 11 and IAS 17 were adopted instead:

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in IFRS 9 are based on an expected credit loss model and replace the IAS 39 incurred loss model.

(i) Classification and measurement

The table set forth below summarised the impacts of the adoption of IFRS 9 on certain key items of our combined financial statements and key ratios:

	Currently reported under IFRS 9	As if reported under IAS 39	Difference	Currently reported under IFRS 9	As if reported under IAS 39	Difference
	(a)	(b)	(a)-(b)	(c)	(d)	(c)-(d)
	FY2017	FY2017	FY2017	FY2018	FY2018	FY2018
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Other income						
Dividend income of equity investments at fair value through profit or loss/available-for-sale investments	255	255	—	269	269	—
Gains, net						
Fair value gain of equity investments at fair value, net through profit or loss	1,190	—	1,190	791	—	791
Gain on disposal of available-for-sale investments, net	—	561	(561)	—	1,865	(1,865)
Other income and gains, net	1,445	816	629	1,060	2,134	(1,074)
Impairment of available-for-sale investments	—	(222)	222	—	—	—
Other expenses and losses	—	(222)	222	—	—	—
Profit for the year	1,445	594	851	1,060	2,134	(1,074)
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:						
Available-for-sale investments:						
Changes in fair value	—	1,190	(1,190)	—	791	(791)
Reclassification adjustments for gains/(losses) included in profit or loss						
— net gain on disposal	—	(561)	561	—	(1,865)	1,865
— impairment losses	—	222	(222)	—	—	—
Other comprehensive income/(loss) for the year	—	851	(851)	—	(1,074)	1,074
Total comprehensive income/(loss) for the year	1,445	1,445	—	1,060	1,060	—
Equity investments at fair value through profit or loss	10,431	—	10,431	—	—	—
Available-for-sale investments	—	10,431	(10,431)	—	—	—
Total non-current assets	10,431	10,431	—	—	—	—

As such, for the year ended 30 June 2017, as compared with the adoption of IAS 39, the adoption of IFRS 9 would lead to (a) increase in profit for the year of approximately SGD851,000 and (b) decrease in other comprehensive income of approximately SGD851,000, resulting in nil impact on the total comprehensive income for the same year. In addition, for the year ended 30 June 2018, as compared with the adoption of IAS 39, the adoption of IFRS 9 would lead to (a) decrease in profit for the year of approximately SGD1.1 million and (b) increase in other comprehensive income of approximately SGD1.1 million, resulting in nil impact on the total comprehensive income for the same year. As for the impact on the financial position, as compared with the adoption of IAS 39, the adoption of IFRS 9 results in difference in presentation.

(ii) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. Our Group applies the simplified approach and records lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. Furthermore, our Group applies the general approach and records twelve-month expected credit losses that are estimated based on the possible default events on its other receivables within the next twelve months. There is no significant impact on our Group's financial position and performance under IFRS 9 as compared with IAS 39.

IFRS 15 *Revenue from Contracts with Customers*

Our Group specifically consider IFRS 15's guidance on contract combinations, contract modifications arising from variation orders, variable consideration, and the assessment of whether there is significant financing component in the contracts, particularly taking into account the reason for the difference in timing between the transfer of control of goods and services to customers and timing of related payments. Our Group have assessed that as performance obligation is satisfied over time therefore revenue from these construction contracts should be recognised over time during the course of construction by our Group. Furthermore, our Group consider that the percentage of completion method under IAS 11 to measure the progress towards complete satisfaction of these performance obligations continues to be appropriate under IFRS 15 where the Group applies the input method in recognising revenue from the construction contract, which is measured by reference to the proportion of actual construction costs incurred for work performed to date to the estimated total construction costs. Hence, our Group is of the view that the application of IFRS 15 results in additional disclosures in the financial statements and the adoption of IFRS 15 does not result in significant impact on our Group's financial position and performance as compared with IAS 11.

IFRS 16 *Leases*

Our Group will adopt IFRS 16 using the modified retrospective method with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits as at 1 July 2019, and the comparative information has not restated and continues to be reported under IAS 17.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for recognition exemptions.Our Group will use following practical expedients when apply IFRS 16 as at 1 July 2019:

— Applying short term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

— Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

As disclosed in Note 32(b) of the Accountants' Report in Appendix I to this prospectus, as at 30 June 2019, our Group had future minimum lease payments under non-cancellable operating leases as lessee, in aggregate of approximately SGD3.7 million. The Group is of the view that the adoption of IFRS 16 shall not have significant impact on our Group's net assets and financial performance.

RESULTS OF OPERATIONS

The following table summarises the combined statements of profit or loss and other comprehensive income from the financial statements during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus.

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Revenue	78,664	53,883	110,364
Cost of sales	(69,373)	(43,894)	(95,991)
Gross profit	9,291	9,989	14,373
Other income and gains, net	2,498	2,198	865
Administrative expenses	(5,530)	(4,207)	(5,256)
Listing and other expenses	—	(1)	(2,395)
Finance costs	(201)	(249)	(30)
Profit before tax	6,058	7,730	7,557
Income tax	(854)	(1,474)	(1,639)
Profit for the year	5,204	6,256	5,918
Non-IFRS Measures:			
Adjusted net profit for the year	5,204	6,256	8,313

Non-IFRS Measures

The adjusted net profit, which is unaudited in nature, represents profit for the year excluding the effects of the listing expenses as it is non-recurring in nature. The adjusted net profit and the adjusted net profit margin are not measures of performance under IFRSs. As non-IFRS measures, the adjusted net profit and the adjusted net profit margin are presented because our management believes such information will be helpful for investors in assessing the level of our net profit by eliminating the effects of certain one-off or non-recurring items, namely, listing expenses. There are no other significant non-recurring or one-off items during the Track Record Period. The use of the adjusted net profit and the adjusted net profit margin has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant year.

The following table reconciles our adjusted net profit to our profit for the years, which is the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Profit for the year	5,204	6,256	5,918
Add:			
Listing expenses	—	—	2,395
Adjusted net profit for the year	5,204	6,256	8,313
Adjusted net profit margin	6.6%	11.6%	7.5%

DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

Our Group acts as a main contractor and generates revenue mainly from providing building construction works in Singapore, including (i) new construction; and (ii) A&A works. Our Group generally determines the price of its projects on a cost-plus basis, that is on the basis of cost (including, but not limited to, direct labour costs, construction material costs and subcontracting charges) plus reasonable profit margin.

Our Group recognises revenue from the provision of general building and construction services over time as our Group's performance creates or enhances asset that the customer controls as the asset is created or enhanced, and our Group has enforceable right to payment for performance completed to date. Contract revenue is recognised over time by reference to our Group's progress towards completing the performance obligation in the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs (input method). Please refer to Notes 3, 4 and 6 to the Accountants' Report contained in Appendix I to this prospectus for further details on our accounting policy, judgement made, estimates and methods used in applying accounting policy with respect to our revenue from construction contracts.

The following table sets forth a breakdown of our revenue and the number of projects including completed and ongoing projects by customer type with revenue recognised during the Track Record Period:

	Year ended 30 June								
	2017			2018			2019		
	Number of projects	Revenue recognised	Percentage of revenue	Number of projects	Revenue recognised	Percentage of revenue	Number of projects	Revenue recognised	Percentage of revenue
		SGD'000	%		*SGD'000*	%		*SGD'000*	%
New construction									
Public sector (Note 1)	—	—	—	—	—	—	5	52,705	47.8
Private sector	1	1,237	1.6	1	19,074	35.4	1	1,152	1.0
	1	1,237	1.6	1	19,074	35.4	6	53,857	48.8
A&A works									
Public sector (Note 1)	5	77,102	98.0	6	33,970	63.0	4	55,503	50.3
Private sector	—	—	—	—	—	—	—	—	—
	5	77,102	98.0	6	33,970	63.0	4	55,503	50.3
Others (Note 2)	N/A	325	0.4	N/A	839	1.6	N/A	1,004	0.9
	6	78,664	100.0	7	53,883	100.0	10	110,364	100.0

Notes:

1. For the sole purpose of presentation in this prospectus, our two completed education institution projects awarded by the school running body of a government-aided school and a government-aided school; and one ongoing education institution project awarded by a government-aided (in respect of its primary school division) and independent (in respect of its secondary school division) school have been included in the public sector projects.

2. Being revenue generated from minor renovation works we undertook for certain individuals and our tenant and the adjustments to revenue arisen upon finalization of variation orders of our prior years' projects (for further details, see "Description of Selected Items in Combined Statements of Profit or Loss and Other Comprehensive Income-Revenue" under "Financial Information" section) .

For the years ended 30 June 2017, 2018 and 2019, we recorded revenue in the amount of approximately SGD78.7 million, SGD53.9 million and SGD110.4 million, respectively. A majority of our revenue during the Track Record Period was generated from education institution building construction projects for the public sector, which amounted to approximately SGD77.1 million, SGD34.0 million and SGD74.4 million, respectively, and accounted for approximately 98.0%, 63.0% and 67.4% of our total revenue for the respective years. As at 30 June 2019, we had four education institution A&A projects, two education institution new construction projects, two nursing home new construction projects, one office building new construction project and one private childcare centre new construction project that were still on-going. Please refer to the sections headed "Business — Our completed building construction projects" and "Business — Our ongoing building construction projects" of this prospectus for details of our projects.

We recognise all of a project's revenue upon substantial completion and handover of the project to our customer, based on the awarded contract sum after adjusting for variation orders and fluctuations in material costs, where applicable. When our customers issue variation orders to us, we will prepare and submit to our customer a quotation based on the estimated addition or reduction in costs arising therefrom. Upon agreeing in principal with our customer on the quotation prepared by us, we will commence executing the variation orders. In practice, there may be occasions where the final value of the variation orders differs from the quotation principally agreed with our customer for reasons such as minor alterations in the design, specifications or materials during the course of implementation of the variation orders. The difference between the estimated value of the variation orders that was still pending final confirmations with our customers at the time of substantial completion of our prior years' projects and the actual value of the variation orders upon final confirmation with our customers may result in adjustments to our current year's revenue required to be made. For the years ended 30 June 2018 and 2019, approximately SGD0.6 million and SGD1.0 million of our revenue recognised, respectively, were arisen from the aforesaid adjustments.

Due to different natures of services and scopes of works involved in the projects, which vary from project to project, the fluctuations in our revenue are significantly affected by the mixture of projects that we were involved in for each financial year. For more details, please refer to the section headed "Financial information — Review of historical results of operation" in this prospectus.

Cost of sales

Our cost of sales varies from project to project and primarily comprises subcontracting charges, construction material costs, direct labour costs and overheads. The following table sets forth, for the periods indicated, the breakdown of our cost of sales by nature during the Track Record Period:

	Year ended 30 June					
	2017		2018		2019	
	SGD'000	*%*	*SGD'000*	*%*	*SGD'000*	*%*
Subcontracting charges	44,787	64.6	28,606	65.2	57,214	59.6
Construction material	6,023	8.7	2,476	5.6	18,915	19.7
Direct labour costs (1)	4,875	7.0	3,534	8.1	4,717	4.9
Overheads(2)	5,125	7.4	4,240	9.7	5,326	5.6
Rental of machinery and equipment	1,287	1.9	272	0.6	1,341	1.4
Transportation	1,542	2.2	513	1.2	1,592	1.7
Depreciation	989	1.4	928	2.1	1,082	1.1
Others (3)	4,745	6.8	3,325	7.5	5,804	6.0
	69,373	100.0	43,894	100.0	95,991	100.0

Notes:

1. Direct labour costs mainly represent wages paid to our workers who are directly involved in our construction works.

2. Overheads mainly comprises salaries and benefits paid to our project team staff.

3. Others primarily consists of provision for defective work liabilities, repair and maintenance, testing and inspection fees, and utilities.

Subcontracting charges

Subcontracting charges mainly represent the fees incurred for the work done by our subcontractors. Our subcontractors are responsible for procuring the raw materials of their parts, except for concrete and reinforcement steel bars, which we would purchase directly from the suppliers and arrange the materials to be sent to the construction sites directly. For the years ended 30 June 2017, 2018 and 2019, subcontracting charges was the largest cost of sales component and amounted to approximately SGD44.8 million, SGD28.6 million, SGD57.2 million, representing approximately 64.6%, 65.2% and 59.6% of our total cost of sales, respectively.

Construction material costs

Construction material costs mainly represent costs of construction material such as sand, granite, reinforcement steel bars and other materials for use in our construction works. For the years ended 30 June 2017, 2018 and 2019, construction material costs amounted to approximately SGD6.0 million, SGD2.5 million and SGD18.9 million, representing approximately 8.7%, 5.6% and 19.7% of our total cost of sales, respectively.

Gross profit and gross profit margin

During the Track Record Period, the gross profit and gross profit margin of individual project are subject to a number of factors, such as, nature, scope, scale and complexity of the project; estimated and actual costs directly attributable to our projects such as subcontracting changes, direct labour costs and construction material costs; construction schedule and project timeline; and the prevailing market conditions in general, and therefore vary from project to project. During the Track Record Period, all of our on-going and completed projects had recorded a gross profit and we did not have any loss-making contracts.

The following table sets forth the breakdown of our gross profit and gross profit margin by customer type of our Group for the periods indicated:

	Year ended 30 June					
	2017		2018		2019	
	Gross profit SGD'000	*Gross profit margin %*	*Gross profit SGD'000*	*Gross profit margin %*	*Gross profit SGD'000*	*Gross profit margin %*
New Construction						
Public sector	—	—	—	—	7,187	13.6
Private sector	35	2.8	1,841	9.7	117	10.2
	35	2.8	1,841	9.7	7,304	13.6
A&A works						
Public sector	8,217	10.7	9,472	27.9	7,926	14.3
Private sector	—	—	—	—	—	—
	8,217	10.7	9,472	27.9	7,926	14.3
Others *(Note 1)*	1,039	N/A	(1,324)	N/A	(857)	N/A
	9,291	11.8	9,989	18.5	14,373	13.0

Note:

(1) Others represent the net effect of certain items including mainly (i) reversal of over or under provision of prior years' project costs; (ii) net provision for defective work liabilities; (iii) net cost of the minor renovation works undertaken by us during the year; and (iv) other unallocated costs.

For the years ended 30 June 2017, 2018 and 2019, our overall gross profit amounted to approximately SGD9.3 million, SGD10.0 million and SGD14.4 million, respectively, while our overall gross profit margin was approximately 11.8%, 18.5% and 13.0%, respectively.

For the years ended 30 June 2017, 2018 and 2019, our gross profit for new construction works amounted to approximately SGD35,000, SGD1.8 million and SGD7.3 million, respectively, representing gross profit margin of approximately 2.8%, 9.7% and 13.6% for the respective years. For the years ended 30 June 2017 and 2018 and 2019, our gross profit for A&A works amounted to approximately SGD8.2 million, SGD9.5 million and SGD7.9 million, respectively, representing gross profit margin of approximately 10.7%, 27.9% and 14.3% for the respective years.

The lower private sector gross profit margin for the years ended 30 June 2017 and 2018 was attributable to the lower gross profit margin for our childcare centre new construction project awarded by a private sector customer ("**Customer B**") in April 2017 (i.e. project no. 6 set out in the table under the section headed "Business — Our completed building construction projects" in this prospectus). The financial year ended 30 June 2017 was a relatively difficult time for the construction industry. As mentioned in the section headed "Business — Our operation procedures — (A) Tender phase — Tender success rate" in this prospectus, we experienced a fall in both the number of tenders submitted by and projects awarded to our Group for the year ended 30 June 2017 which our Directors believe to be contributed by the slowdown in the construction industry, in particular, the private property market, in 2016 and 2017, which in turn had caused some contractors who previously focused on the private sector to move into the public sector, and further intensified the competition in the public sector and driven prices down. On the other hand, our Directors are of the view that the childcare centre project represents a good opportunity for our Group to further strengthen and expand our track record considering the project involved the construction of a mega-sized private childcare centre which was expected to receive substantial publicity given the profile of the project. In light of the above and to make the best use of our available resources amidst such difficult market, we set our tender price for the childcare centre project at a competitive rate to maximise our chance of winning the tender, which in turn had resulted in the lower gross profit margin for the project. Building on the business relationship we have established with Customer B in the above project, in February 2019, we were invited by Customer B to tender for another childcare centre new construction project. Our Directors believe that it is in the interest of the Company to maintain a long-term and stable business relationship with Customer B having considered the potential business opportunities it may bring in the future. In view of the above and the fact that, based on the experience of our Directors, private sector customers tend to be more price-sensitive than public sector customers, we continued to adopt a relatively competitive pricing strategy in our tender for the second childcare centre project, resulting in the lower gross profit margin for our private sector project as compared to that of our public sector projects during the year ended 30 June 2019.

We recorded a relatively lower overall gross profit margin for the year ended 30 June 2017, which was largely attributable to the lower gross profit margin for three education institution A&A projects awarded to us in April 2016, April 2016 and May 2016, respectively (i.e. projects no. 3, 4, and 5 set out in the table under the section headed "Business — Our completed building construction projects" in this prospectus) (collectively, the "**FY2017 Ongoing A&A Projects**"). Please refer to the sections headed "Business — Our completed building construction projects" and "Business — Our ongoing building construction projects" for further details of our projects. For the same reasons as described above, in light of the rather challenging market condition in 2016 and 2017, our Group had kept our tender price at a competitive level to secure more tender awards, which in turn had contributed to the relatively lower gross profit margin for these projects during the year ended 30 June 2017 and hence a lower overall gross profit margin for the year ended 30 June 2017. Notwithstanding the foregoing, the gross profit margin for these projects improved significantly for the year ended 30

June 2018 mainly due to (i) our cost saving efforts which resulted in the actual contract costs incurred for the FY2017 Ongoing A&A Projects being less than the estimated contract costs; and (ii) CONQUAS bonuses awarded to us under the Bonus Scheme for Construction Quality, a scheme pursuant to which contractors will be paid a bonus by the government if their quality of workmanship exceed a stipulated standard for the relevant building category measured based on CONQUAS scores, after completion of two of the FY2017 Ongoing A&A Projects, which in turn had contributed to the improvement of our overall gross profit margin for the year ended 30 June 2018. As discussed in the section headed "Financial information — Description of selected items in combined statements of profit or loss and other comprehensive income — Revenue" in this prospectus, contract revenue is recognised over time by reference to our Group's progress towards completing the performance obligation in the contract, which is determined based on the proportion of contract costs incurred to date to the estimated total contract costs the contract costs incurred to date to the estimated total contract costs. Therefore, if the estimated total costs for a contract is revised downward due to reasons such as cost savings during the construction period, such revision will result in a higher gross profit margin being recognised. Leveraging on the experience and expertise of our senior management and project teams, we had proposed to our customers certain modifications to the original design, construction methods and/or construction materials which could achieve the same or better functions, performance and/or appearance with lower costs, and which were accepted by our customers. For instance, by converting certain walls and structures in the original design into precast walls and structures, we achieved cost savings through reduction in labour costs as well as costs associated with concrete work, joinery work, plastering and wall tiling work, painting and decoration work etc.. We achieved further cost savings through shifting certain construction works, which were originally planned to be subcontracted out, in-house after considering the then availability of resources of our Group. As a result of the foregoing, the total cost savings (i.e. the difference between our estimated contract costs and actual contract costs) achieved by our Group for the FY2017 Ongoing A&A Projects in aggregate was approximately SGD5.3 million(including approximately SGD2.2 million of saving in labour costs; approximately SGD1.3 million of cost saving from shifting certain concrete work and metal work in-house; approximately SGD0.6 million of savings in construction material costs; approximately SGD0.5 million of saving in costs associated with joinery work, plastering and wall tiling work, painting and decoration work by converting certain walls and structures in the original design into precast walls and structures; as well as other miscellaneous cost saving items and difference between budgeted cost and actual cost). Further, with our commitment to providing quality construction works, we were awarded CONQUAS bonuses in the amount of approximately SGD180,000 and SGD284,000, respectively, for two of the FY2017 Ongoing A&A Projects (i.e. projects no. 3 and 4 as set out in the table under the section headed "Business — Our completed building construction projects" in this prospectus) which also contributed to the increase in the gross profit margin for such projects during the year ended 30 June 2018.

Other income and gains, net

The following table sets forth a breakdown of our other income and gains, net for the periods indicated:

	Year ended 30 June					
	2017		2018		2019	
	SGD'000	*%*	*SGD'000*	*%*	*SGD'000*	*%*
Bank interest income	360	14.4	400	18.2	205	23.7
Dividend income of equity investments at fair value through profit or loss	255	10.2	269	12.2	—	—
Government grants	64	2.6	105	4.8	129	14.9
Amortisation of deferred capital grants	76	3.0	55	2.5	47	5.4
Rental income	439	17.6	474	21.6	480	55.5
Sundry income	48	2.0	69	3.1	4	0.5
Other income	1,242	49.8	1,372	62.4	865	100.0
Fair value gain of equity investments at fair value through profit or loss	1,190	47.6	791	36.0	—	—
Gain on disposal of items of property, plant and equipment	66	2.6	35	1.6	—	—
Other gains, net	1,256	50.2	826	37.6	—	—
Other income and gains, net	2,498	100.0	2,198	100.0	865	100.0

We received various government grants relating mainly to employment incentives and productivity improvement. Please refer to the sections headed "Regulatory overview — The Productivity and Innovation Credit Scheme", "Regulatory overview — The Productivity Innovation Project Scheme" and "Regulatory overview — The Mechanisations Credit Scheme" for further details. For the amounts of government grants recognised as other income of approximately SGD64,000, SGD105,000 and SGD129,000 for the years ended 30 June 2017, 2018 and 2019, respectively, there were no unfulfilled conditions or contingencies relating to these grants. When the grant relates to an asset, the fair value is recognised as deferred capital grants on the balance sheet and is recognised as income in equal amounts over the expected useful life of the relevant asset which amounted to approximately SGD76,000, SGD55,000 and SGD47,000 for the years ended 30 June 2017, 2018 and 2019, respectively.

For the years ended 30 June 2017, 2018 and 2019, our Group leased its investment properties and a portion of our headquarters to Independent Third Parties, and generated rental income of approximately SGD439,000, SGD474,000 and SGD480,000, respectively. For details, please refer to the section headed "Business — Our properties — Owned properties".

For the years ended 30 June 2017 and 2018, we received dividend distributed to us by our investment held as equity investments at fair value through profit or loss, which were listed equity investments, of approximately SGD255,000 and SGD269,000, respectively, whereas we recorded fair value gain of equity investments at fair value through profit or loss of approximately SGD1.2 million and SGD0.8 million for the years ended 30 June 2017 and 2018, respectively. During the year ended 30 June 2018, we had either disposed of or distributed to the then shareholders of Kwan Yong all of our listed equity investments. Since 30 June 2018 and up to the Latest Practicable Date, we had not held any listed equity investments and therefore, no fair value gain or loss of equity investments at fair value through profit or loss was recognised for the year ended 30 June 2019. Please refer to the section headed "Financial information — Description of certain items of combined statements of financial position—Equity investments at fair value through profit or loss" in this prospectus for discussion on the listed equity investments we purchased/held/disposed/distributed during the Track Record Period.

Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended 30 June					
	2017		**2018**		**2019**	
	SGD'000	*%*	*SGD'000*	*%*	*SGD'000*	*%*
Employee benefit expenses	4,077	73.7	2,403	57.1	3,153	60.0
Depreciation	626	11.3	656	15.6	704	13.4
Office expenses	257	4.6	267	6.3	408	7.8
Other taxes	122	2.2	120	2.9	129	2.5
Advertising and marketing	92	1.7	96	2.3	110	2.1
Repair and maintenance	41	0.7	64	1.5	105	2.0
Utilities	85	1.5	84	2.0	99	1.9
Rent	29	0.5	70	1.7	70	1.3
Statutory auditors' remuneration	50	0.9	50	1.2	56	1.1
Others*(Note)*	151	2.9	397	9.4	422	8.0
	5,530	100.0	4,207	100.0	5,256	100.0

Note: Others mainly include bank charges, brokerage fees, conservancy fee, donation, insurance, professional fees, transportation and travelling and other general expenses.

Administrative expenses amounted to approximately SGD5.5 million, SGD4.2 million and SGD5.3 million, respectively and accounted for approximately 7.0%, 7.8% and 4.8% of our revenue for the years ended 30 June 2017, 2018 and 2019, respectively. Employee benefit expenses comprise mainly salaries and benefits paid to our Directors, senior management and administrative staff.

For the years ended 30 June 2017, 2018 and 2019, our directors' fees (included in the employee benefit expenses) amounted to approximately SGD2.0 million, nil and nil, respectively, which were paid to Mr. Kwan and Ms. Tay as directors of Kwan Yong, our main operating subsidiary.

The following table sets forth the breakdown of dividends, distribution in specie and directors' remunerations for the periods indicated:

		Year ended 30 June					
		2017		2018		2019	
		Mr. Kwan	Ms. Tay	Mr. Kwan	Ms. Tay	Mr. Kwan	Ms. Tay
		SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Cash dividend		—	—	2,000	2,000	2,000	2,000
Distributions in specie *		—	—	2,276	2,276	—	—
Dividends and distribution in specie	[A]	—	—	4,276	4,276	2,000	2,000
Directors' fees	[B]	1,000	1,000	—	—	—	—
Other emoluments:							
Salaries, allowances and benefits in kind		203	203	214	214	238	238
Pension scheme contributions		6	7	6	7	6	6
	[C]	209	210	220	221	244	244
Directors' remunerations	[B]+[C]	1,209	1,210	220	221	244	244
Total dividends, distribution in specie and directors' remunerations	[A]+[B]+[C]	1,209	1,210	4,496	4,497	2,244	2,244

* During the year ended 30 June 2018, Kwan Yong distributed certain equity investments of our Group to its then shareholders by way of two distributions in specie pursuant to resolutions of its directors passed on 21 June 2018. The total fair value of these equity investments at the date of distributions amounted to SGD4.6 million.

As Kwan Yong was a private company and Mr. Kwan and Ms. Tay were the only directors and shareholders of Kwan Yong, each of Mr. Kwan and Ms. Tay holds 50% of the entire issued share capital of Kwan Yong respectively at the time of the payment of directors' fee of SGD2.0 million in FY2017 and prior to the Reorganisation, apart from dividend paid, directors' fees were used to reward the then shareholders of Kwan Yong for their investment in our business. Our Directors are of the view that, excluding the amount of directors' fee of approximately SGD2.0 million for the year ended 30 June 2016, whose nature was similar to that of dividend, such amount of directors' remunerations paid to Mr. Kwan and Ms. Tay as directors of Kwan Yong was comparable to that of the market (i.e. the level at which people with similar skill level and work experience performing comparable job duties in organisations with similar scale were commensurated). For the year ending 30 June 2020, the directors' remuneration of Mr. Kwan and Ms. Tay shall be approximately SGD244,000 and SGD244,000, respectively.

In addition, in preparation for the Listing, we have formalised our policies regarding Directors' remuneration and dividend to align with practices commonly adopted by companies listed on the Stock Exchange. Upon Listing, our Directors intend to recommend dividends which would amount in total to not less than 30% of the net profit from ordinary activities attributable to shareholders of our Company for full financial year subject to various factors such as our operations, earnings, and financial conditions. Please refer to "Appendix V — Statutory and General Information section C1(b) Particulars of Service Contracts" in this Prospectus for details regarding the Directors' service contracts. Please refer to the section headed "Financial information — Dividend and distribution in specie" in this Prospectus for details regarding our dividend policy. After Listing, our Directors' remuneration, including the directors' fees, will be reviewed annually by our Board and the Remuneration Committee in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules which provides, among others, that (a) as a principle in determining remuneration of directors, remuneration levels should be sufficient to attract and retain directors to run the company successfully without paying more than necessary; and (b) as recommended best practices, a significant proportion of executive directors' remuneration should link rewards to corporate and individual performance. After Listing, our Directors shall regularly review the remuneration structure of our Company and its comparable companies within the same industry whose shares are listed on the Stock Exchange, and shall, to the extent applicable to us, align our Directors' remuneration structure with that of our comparable companies.

Finance costs

Finance costs mainly represent interest on bank overdraft, term loans and finance leases and remained relatively stable for the Track Record Period. Our finance costs amounted to approximately SGD201,000, SGD249,000 and SGD30,000 for the years ended 30 June 2017 and 2018 and 2019, respectively. The lower finance costs for the year ended 30 June 2019 was mainly due to the lower average bank borrowings during the year.

Income tax expense

Income tax expense represents income tax paid or payable and deferred tax at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction we operate or domicile. We are subject to the Singaporean profits tax at a rate of 17.0% on the estimated assessable profits for the Track Record Period and we are not subject to any income tax in Hong Kong, the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

According to the PIC Scheme, we are eligible to claim (i) tax deductions and/or allowances; and/or (ii) cash payouts; and/or (iii) cash bonuses (on a dollar for dollar matching basis) in addition to (i) and/or (ii) above, in respect of certain qualifying equipment and certain types of training of employees, subject to prescribed expenditure caps. For further details, please refer to the section headed "Regulatory overview — The Productivity and Innovation Credit Scheme" in this prospectus. For the years ended 30 June 2017, 2018 and 2019, effects of partial tax exemptions, reliefs and rebates including that of the PIC Scheme, amounted to approximately SGD171,000, SGD36,000 and SGD17,000, respectively.

For the years ended 30 June 2017, 2018 and 2019, our income tax expenses were approximately SGD854,000, SGD1.5 million and SGD1.6 million, respectively; whereas the effective tax rate for the same period was approximately 14.1%, 19.1% and 21.7%, respectively. Our effective tax rates for the years ended 30 June 2017 and 2018 approximated our prevailing tax rates. Our effective tax rate for the year ended 30 June 2019 was higher than that of our prevailing tax rates mainly due to the increase in expenses not deductible for tax purpose, including the non-recurring listing expenses of approximately SGD2.4 million.

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, save as disclosed above, we had fulfilled all our income tax obligations and had not had any unresolved income tax issues or disputes with the relevant tax authorities.

REVIEW OF HISTORICAL RESULTS OF OPERATION

Year ended 30 June 2019 compared to year ended 30 June 2018

Revenue

Our revenue increased by approximately SGD56.5 million or approximately 104.8% from approximately SGD53.9 million for the year ended 30 June 2018 to approximately SGD110.4 million for the year ended 30 June 2019, which was mainly driven by the increase in revenue from our new construction and A&A projects for the public sector, partially offset by the slight decrease in revenue from our new construction projects for the private sector.

Revenue from new construction works

Our revenue from new construction works increased from approximately SGD19.1 million for the year ended 30 June 2018 to approximately SGD53.9 million for the year ended 30 June 2019. Such increase was mainly attributable to the larger number of new construction projects with revenue contribution for the year ended 30 June 2019. During the year ended 30 June 2018, we completed one private childcare centre new construction project which contributed revenue of approximately SGD19.1 million.

During the year ended 30 June 2019, there were two nursing home new construction projects, one office building new construction project, two education institution new construction projects and one private childcare centre new construction project, which were on-going as at 30 June 2019 and in aggregate, contributed revenue of approximately SGD53.9 million.

Revenue from A&A works

Our revenue from A&A works increased from approximately SGD34.0 million for the year ended 30 June 2018 to approximately SGD55.5 million for the year ended 30 June 2019. During the year ended 30 June 2018, we completed three A&A projects which contributed revenue of approximately SGD23.9 million and had three on-going A&A project which contributed revenue of approximately SGD10.1 million. During the year ended 30 June 2019, we had four A&A projects, all of which were on-going as at 30 June 2019 and contributed revenue of approximately SGD55.5 million.

Notwithstanding the higher number of A&A projects undertaken by us for the year ended 30 June 2018 as compared to that for the year ended 30 June 2019, we recorded higher revenue from our A&A projects for the year ended 30 June 2019 as three of the four A&A projects we undertook during the year ended 30 June 2019 had a substantial portion of the construction works completed during the year, while the A&A projects we undertook during the year ended 30 June 2018 were either at the initial stage or the completion stage of their project implementation phase, resulting in the lower revenue being recognised from them during the year.

Cost of sales

Our cost of sales increased by approximately SGD52.1 million or approximately 118.7% from approximately SGD43.9 million for the year ended 30 June 2018 to approximately SGD96.0 million for the year ended 30 June 2019, which was generally in line with the increase in revenue resulting from increase in projects we engaged. The increase in cost of sales was mainly attributable to (i) the increase in subcontracting charges of approximately SGD28.6 million and (ii) the increase in our construction material costs of approximately SGD16.4 million. The substantial increase in construction material costs for the year ended 30 June 2019 was mainly due to (i) the larger number of projects we undertook during the year ended 30 June 2019; and (ii) the fact that all of the projects we undertook during the year ended 30 June 2018 were either at the initial stage or completion stage of their project implementation phase, while some of the projects we undertook during the year ended 30 June 2019 were in the middle of their project implementation phase which involved higher usage of construction materials.

Gross profit and gross profit margin

Our overall gross profit increased by approximately SGD4.4 million or approximately 43.9% from approximately SGD10.0 million for the year ended 30 June 2018 to approximately SGD14.4 million for the year ended 30 June 2019, whereas our overall gross profit margin decreased from approximately 18.5% for the year ended 30 June 2018 to approximately 13.0% for the year ended 30 June 2019.

Gross profit and gross profit margin for new construction works

Our gross profit for new construction works amounted to approximately SGD1.8 million and SGD7.3 million for the years ended 30 June 2018 and 2019, respectively, representing gross profit margin of 9.7% and 13.6% for the respective periods. The increase in our gross profit for new construction works was mainly due to the improvement in gross profit margin and the increase in revenue contributed by our new construction projects during the year ended 30 June 2019. The lower gross profit margin for the year ended 30 June 2018 was a result of the lower gross profit margin recorded for our private sector childcare centre project for reasons as detailed in the section headed "Financial Information — Description of selected items in combined statements of profit or loss and other comprehensive income — Gross profit and gross profit margin" in this prospectus.

Gross profit and gross profit margin for A&A works

Our gross profit for A&A works amounted to approximately SGD9.5 million and SGD7.9 million for the year ended 30 June 2018 and 2019, respectively, representing gross profit margin of 27.9% and 14.3% for the respective periods. The decrease in our gross profit for A&A works was mainly due to the decrease in our gross profit margin, partly offset by the increase in revenue from our A&A projects during the year ended 30 June 2019. The higher gross profit margin for the year ended 30 June 2018 was mainly due to the relatively higher gross profit margin for all of our three FY2017 Ongoing A&A Projects completed during the year ended 30 June 2018 for reasons as detailed in the section headed "Financial information — Description of selected items in combined statements of profit or loss and other comprehensive income — Gross profit and gross profit margin" in this prospectus.

Other income and gains, net

Our other income and gains, net decreased by approximately SGD1.3 million or approximately 60.6% from approximately SGD2.2 million for the year ended 30 June 2018 to approximately SGD0.9 million for the year ended 30 June 2019, mainly due to the absence of dividend income and fair value gain of equity investments at fair value through profit or loss for the year ended 30 June 2019 as compared to that of approximately SGD1.1 million in aggregate for the year ended 30 June 2018.

Administrative expenses

Our administrative expenses increased by approximately SGD1.0 million or approximately 24.9% from approximately SGD4.2 million for the year ended 30 June 2018 to approximately SGD5.3 million for the year ended 30 June 2019, primarily due to increase in employee benefit expenses of approximately SGD0.8 million.

Income tax expense

Income tax expense amounted to approximately SGD1.5 million and SGD1.6 million for the year ended 30 June 2018 and 2019, respectively. Our effective tax rate increased from approximately 19.1% for the year ended 30 June 2018 to approximately 21.7% for the year ended 30 June 2019, mainly due to the increase in expenses not deductible for tax for the year ended 30 June 2019, including listing expenses of approximately SGD2.4 million for the same period.

Profit for the year

As a result of the foregoing, profit for the year decreased by approximately SGD0.4 million or approximately 6.3% from approximately SGD6.3 million for the year ended 30 June 2018 to approximately SGD5.9 million for the year ended 30 June 2019. Our net profit margin decreased from approximately 11.6% for the year ended 30 June 2018 to approximately 5.4% for the year ended 30 June 2019, primarily due to the combined effect of (i) the decrease in our gross profit margin; (ii) the decrease in other income and gains; (iii) the increase in administrative expenses; and (iv) the listing expenses of approximately SGD2.4 million incurred by us for the year ended 30 June 2019 but not for last year.

Excluding the non-recurring listing expenses of approximately SGD2.4 million for the year ended 30 June 2019, our profit for the year ended 30 June 2019 amounted to SGD8.3 million as compared to approximately SGD6.2 million for the year ended 30 June 2018, representing an adjusted net profit margin of 7.5% for the said period as compared to approximately 11.6% for the year ended 30 June 2018.

Year ended 30 June 2018 compared to year ended 30 June 2017

Revenue

Our revenue decreased by approximately SGD24.8 million or approximately 31.5% from approximately SGD78.7 million for the year ended 30 June 2017 to approximately SGD53.9 million for the year ended 30 June 2018, which was mainly driven by the decrease in revenue from our A&A projects for the public sector, partially offset by the increase in revenue contributed by our childcare centre new construction project for a private customer for the year ended 30 June 2018.

Revenue from new construction works

Our revenue from new construction works for the two years ended 30 June 2018 was contributed by our childcare centre new construction project awarded in April 2017. The increase in revenue recorded by the project from approximately SGD1.2 million for the year ended 30 June 2017 to approximately SGD19.1 million for the year ended 30 June 2018 was due to the fact that a majority of the construction works for the project was carried out during the year ended 30 June 2018.

Revenue from A&A works

Our revenue from A&A works decreased from approximately SGD77.1 million for the year ended 30 June 2017 to approximately SGD34.0 million for the year ended 30 June 2018. During the year ended 30 June 2017, we completed two A&A projects which contributed revenue of approximately SGD17.2 million and there were three A&A projects (i.e. the FY2017 Ongoing A&A Projects) which were on-going and contributed revenue of approximately SGD59.9 million.

During the year ended 30 June 2018, we completed three A&A projects which contributed revenue of approximately SGD23.9 million and there were three A&A projects ("**FY2018 Ongoing A&A Projects**") which were on-going and contributed revenue of approximately SGD10.1 million.

Notwithstanding a larger number of A&A projects were undertaken by our Group during the year ended 30 June 2018, all of our FY2018 Ongoing A&A Projects were at the initial stage of the project implementation phase during the year ended 30 June 2018, whereas a substantial portion of the construction works for our FY2017 Ongoing A&A Projects was carried out during the year ended 30 June 2017, and therefore a relatively smaller proportion of the total project revenue of the FY2018 Ongoing A&A Projects was recognised during the year ended 30 June 2018 as compared to that of the FY2017 Ongoing A&A Projects for the year ended 30 June 2017.

Cost of sales

Our cost of sales decreased by approximately SGD25.5 million or approximately 36.7% from approximately SGD69.4 million for the year ended 30 June 2017 to approximately SGD43.9 million for the year ended 30 June 2018, which was generally in line with the decrease in revenue, and was mainly attributable to the decrease in our subcontracting charges, direct labour costs and construction material costs of approximately SGD21.1 million in aggregate. In particular, there was a decrease in our subcontracting charges of approximately SGD16.2 million and a decrease in construction material costs of approximately SGD3.5 million. Such decrease was mainly attributable to the FY2017 Ongoing A&A Projects, which a majority of the construction works was completed during the year ended 30 June 2017, resulting in a relatively lower subcontracting charges and other direct costs incurred for the year ended 30 June 2018 for these projects.

Gross profit and gross profit margin

Despite a decrease in our revenue, our overall gross profit increased by approximately SGD0.7 million or approximately 7.5% from approximately SGD9.3 million for the year ended 30 June 2017 to approximately SGD10.0 million for the year ended 30 June 2018 due to the improvement in our overall gross profit margin from approximately 11.8% for the years ended 30 June 2017 to approximately 18.5% for the year ended 30 June 2018, which in turn was largely attributable to the increase in gross profit margin for A&A works, more particularly, the FY2017 Ongoing A&A Projects, as detailed in the section headed "Financial information — Review of historical results of operation — Year ended 30 June 2018 compared to year ended 30 June 2017 — Gross profit and gross profit margin — Gross profit and gross profit margin for A&A works" below.

Gross profit and gross profit margin for new construction works

Our gross profit for new construction works amounted to approximately SGD35,000 and SGD1.8 million for the year ended 30 June 2017 and 2018, respectively, representing gross profit margin of 2.8% and 9.7% for the respective years, which was contributed by our private sector childcare centre project. As the project was awarded to us in April 2017 and a majority of our work done for this project took place during the year ended 30 June 2018, its revenue and gross profit would only be meaningfully reflected for the year ended 30 June 2018 as compared to the year ended 30 June 2017.

Gross profit and gross profit margin for A&A works

Our gross profit for A&A works amounted to approximately SGD8.2 million and SGD9.5 million for the years ended 30 June 2017 and 2018, respectively, representing gross profit margin of 10.7% and 27.9% for the respective years. The increase in gross profit margin was mainly due to the increase in gross profit margin for the FY2017 Ongoing A&A Project completed during the year ended 30 June 2018 for reasons as detailed in the section headed "Financial Information — Description of selected items in combined statements of profit or loss and other comprehensive income — Gross profit and gross profit margin" in this prospectus.

Other income and gains, net

Our other income and gains, net decreased by approximately SGD0.3 million or approximately 12.0% from approximately SGD2.5 million for the year ended 30 June 2017 to approximately SGD2.2 million for the year ended 30 June 2018, mainly due to the decrease in fair value gain of equity investments at fair value through profit or loss, net of approximately SGD0.4 million from approximately SGD1.2 million for the year ended 30 June 2017 to approximately SGD0.8 million for the year ended 30 June 2018.

Administrative expenses

Our administrative expenses decreased by approximately SGD1.3 million or approximately 23.9% from approximately SGD5.5 million for the year ended 30 June 2017 to approximately SGD4.2 million for the year ended 30 June 2018, primarily due to decrease in employee benefit expenses of approximately SGD1.7 million which in turn was mainly attributable to the decrease of our directors' fees.

Other expenses and losses

We recorded a write-off of other receivables of approximately SGD1,000 for the year ended 30 June 2018, being included in other expenses and losses as compared to nil for the year ended 30 June 2017.

Income tax expense

Income tax expense increased by approximately SGD0.6 million or approximately 72.6% from approximately SGD0.9 million for the year ended 30 June 2017 to approximately SGD1.5 million for the year ended 30 June 2018, which was in line with the increase in profit before tax for the year ended 30 June 2018. Our effective tax rate increased approximately 14.1% for the year ended 30 June 2017 to approximately 19.1% for the year ended 30 June 2018, mainly due to relatively more income not subject to tax being recorded for the year ended 30 June 2017 as compared to that of 2018; i.e. the fair value gain of equity investments as at fair value through profit or loss, net decreased from approximately SGD1.2 million for the year ended 30 June 2017 to approximately SGD0.8 million for the year ended 30 June 2018.

Profit for the year

As a result of the foregoing, profit for the year increased by approximately SGD1.1 million or approximately 20.2% from approximately SGD5.2 million for the year ended 30 June 2017 to approximately SGD6.3 million for the year ended 30 June 2018. Our net profit margin increased from approximately 6.6% for the year ended 30 June 2017 to approximately 11.6% for the year ended 30 June 2018, primarily due to the combined effect of (i) improvement of our gross profit and (ii) decrease in administrative expenses for the reasons stated above.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Our primary uses of cash are for operation needs and meeting our capital expenditure and working capital. We manage the liquidity position primarily by monitoring the maturities of our assets and liabilities in an effort to ensure that we have sufficient funds to meet payment obligations when they fall due. During the Track Record Period, we have been funded through a combination of cash generated from our operations and bank borrowings. Upon completion of the Global Offering, we currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from proceeds of the Global Offering for implementing our future plans as detailed under the section headed "Future plans and use of proceeds" in this prospectus.

The following table summarises, for the periods indicated, our statements of cash flows:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Operating cash flows before movements in working capital	5,928	8,013	9,120
Net cash from/(used in) operating activities	7,269	(3,358)	(5,181)
Net cash from investing activities	6,426	5,042	5,120
Net cash used in financing activities	(819)	(13,718)	(4,143)
Net increase/(decrease) in cash and cash equivalents	12,876	(12,034)	(4,204)
Cash and cash equivalents at beginning of year	2,570	15,446	3,412
Cash and cash equivalents at end of year	15,446	3,412	(792)
Analysis of balances of cash and cash equivalents			
Cash and bank balances other than time deposits	446	120	37
Time deposits	26,000	19,000	10,007
Less: Pledged deposits	(9,000)	(13,000)	(7,000)
	17,446	6,120	3,044
Less: Time deposits with maturity of more than three months when acquired	(2,000)	—	—
Less: Bank overdrafts	—	(2,708)	(3,836)
Cash and cash equivalents as stated in the combined statements of cash flows	15,446	3,412	(792)

Pledged time deposits

As at 30 June 2017, 2018 and 2019, time deposits of approximately SGD9.0 million, SGD13.0 million and SGD7.0 million were pledged to the banks as a security for our Group's bank overdraft facilities, respectively.

Operating activities

During the Track Record Period, our operating cash inflows were primarily derived from receipt of proceeds from our customers and our operating cash outflows mainly include payment for purchase of construction material costs, subcontracting charges, labour costs, as well as other working capital needs and tax payments. Our cash flows from operating activities are affected by a number of factors, which mainly include the progress of construction works and the settlement of trade receivables by our customers and trade payables by our Group. Contract assets/liabilities of each year varies in volume and value due to different nature and progress of our construction works. For details, please refer to the section headed "Financial information — Description of certain items of combined statements of financial position — Contract balances" in this prospectus.

We recorded net operating cash outflow of approximately SGD5.2 million for the year ended 30 June 2019, primarily attributable to the combined effect of the increase in contract assets and trade receivables. These fluctuations were mainly due to the difference in volume and value of construction works we performed as well as the timing when we received payment certificates from our customers. We also recorded net operating cash outflow of approximately SGD3.4 million for the year ended 30 June 2018, primarily due to the combined result of the increase in contract assets and decrease in trade payable as well as other payables and accruals as at 30 June 2018. We intend to improve our cash flow position by adopting the following measures: (i) closely communicate with the customers on the monthly progress payment after issuing monthly billings to our customers; (ii) follow up material overdue payments with active communication with the customers; and (iii) streamline our operational processes to achieve savings in construction-related costs, maintenance and other operating costs.

For the year ended 30 June 2019, our net cash used in operating activities of approximately SGD5.2 million was a combined result of operating cash flow before changes in working capital of approximately SGD9.1 million, income tax paid of approximately SGD2.0 million and change in working capital of approximately SGD12.3 million. Change in working capital primarily reflected (i) increase in contract assets of approximately SGD14.5 million; (ii) increase in trade receivables of approximately SGD18.7 million mainly driven by the increase in billing close to 30 June 2019 as compared to that of 30 June 2018 resulting from the increase in number of on-going projects as well as the increase in volume of works undertaken by us as at 30 June 2019, which was partially offset by (iii) decrease in prepayments, deposits and other receivables of approximately SGD2.8 million; and (iv) increase in trade payables of approximately SGD17.6 million mainly driven by the increase in number of on-going projects as at 30 June 2019 as compared to that of 30 June 2018.

For the year ended 30 June 2018, our net cash used in operating activities of approximately SGD3.4 million was a combined result of operating cash flow before changes in working capital of approximately SGD8.0 million, income tax paid of approximately SGD0.8 million and change in working capital of approximately SGD10.6 million. Change in working capital primarily reflected (i) increase in contract assets of approximately SGD9.1 million; (ii) decrease in contract liabilities of approximately SGD1.5 million; and (iii) decrease in trade payables of approximately SGD8.8 million as driven mainly by the decrease in unbilled payables resulting from the timing of billings from our subcontractors for their work done, which was partially offset by the decrease in trade receivables of approximately SGD13.4 million resulting from the combined effect of the timing of settlement by our customers as well as the decrease in billing close to 30 June 2018.

For the year ended 30 June 2017, our net cash from operating activities of approximately SGD7.3 million was a combined result of operating cash flow before changes in working capital of approximately SGD5.9 million, income tax paid of approximately SGD1.5 million and change in working capital of approximately SGD2.8 million. Change in working capital primarily reflected (i) decrease in contract assets of approximately SGD11.9 million; (ii) increase in contract liabilities of approximately SGD1.5 million; and (iii) increase in trade payables of approximately SGD7.0 million as driven mainly by the increase in unbilled payables resulting from the timing of billings from our subcontractors, which was partially offset by (i) increase in trade receivables of approximately SGD14.6 million as driven mainly by the increase in billing close to June 2017 as compared to that of 30 June 2016; and (ii) decrease in other payables and accruals of approximately SGD1.6 million as driven mainly by the decrease in accrued directors' fee.

Investing activities

For the year ended 30 June 2019, our Group had net cash generated from investing activities of approximately SGD5.1 million, which was primarily attributable to (i) interest received of approximately SGD0.2 million; and (ii) withdrawal of time deposits with original maturity of more than three months when acquired of approximately SGD13.0 million, as partially offset by (i) placement of time deposits with original maturity of more than three months when acquired of approximately SGD7.0 million; and (ii) payments for acquisition of property, plant and equipment of approximately SGD1.1 million.

For the year ended 30 June 2018, our Group had net cash generated from investing activities of approximately SGD5.0 million, which was primarily attributable to (i) proceeds from disposal of equity investments at fair value through profit or loss of approximately SGD14.8 million; (ii) interest received of approximately SGD400,000; and (iii) withdrawal of time deposits with original maturity of more than three months when acquired of approximately SGD26.0 million, as partially offset by (i) payments for purchase of equity investments at fair value through profit or loss of approximately SGD8.2 million; (ii) placement of time deposits with original maturity of more than three months when acquired of approximately SGD28.0 million; and (iii) payments for acquisition of property, plant and equipment of approximately SGD352,000.

For the year ended 30 June 2017, our Group had net cash generated from investing activities of approximately SGD6.4 million, which was primarily attributable to (i) withdrawal of time deposits with original maturity of more than three months when acquired of approximately SGD10.0 million; (ii) proceeds from disposal of equity investments at fair value through profit or loss of approximately SGD6.1 million; and (iii) interest received of approximately SGD360,000, as partially offset by (i) payment for purchase of equity investments at fair value through profit or loss of approximately SGD7.0 million; (ii) payments for acquisition of property, plant and equipment of approximately SGD1.7 million; and (iii) placement of time deposits with original maturity of more than three months when acquired of approximately SGD2.0 million.

Financing activities

For the year ended 30 June 2019, our Group had net cash used in financing activities of approximately SGD4.1 million, which was primarily attributable to (i) dividends paid to the then shareholders of a subsidiary of approximately SGD4.0 million; (ii) repayment of bank borrowings of approximately SGD69,000; (iii) interest paid of approximately SGD30,000 and (iv) payments for capital elements of finance leases rental payments of approximately SGD44,000.

For the year ended 30 June 2018, our Group had net cash used in financing activities of approximately SGD13.7 million, which was primarily attributable to (i) repayment of bank borrowings of approximately SGD9.5 million; (ii) dividends paid to the then shareholders of a subsidiary of approximately SGD4.0 million; and (iii) interest paid of approximately SGD248,000.

For the year ended 30 June 2017, our Group had net cash used in financing activities of approximately SGD819,000, which was primarily attributable to (i) repayment of bank borrowings of approximately SGD466,000, (ii) interest paid of approximately SGD197,000; and (iii) capital element of finance leases rental payments of approximately SGD156,000.

Cash and cash equivalents as stated in the combined statements of cash flows

As at 30 June 2017 and 2018, our cash and cash equivalents as stated in the combined statements of cash flows were approximately SGD15.4 million and SGD3.4 million, respectively. As at 30 June 2019, we had a negative cash and cash equivalents as stated in the combined statements of cash flows of approximately SGD0.8 million. The negative cash and cash equivalents as stated in the combined statements of cash flows as at 30 June 2019 was mainly due to our bank overdrafts of approximately SGD3.8 million.

Our bank overdrafts increased from nil as at 30 June 2017 to SGD2.7 million as at 30 June 2018, and further to SGD3.8 million as at 30 June 2019. The increase in bank overdrafts was mainly due to the increase in payments made to our suppliers and subcontractors as at 30 June 2018 and 2019, which in turn was mainly attributable to the fact that most of our on-going projects for the years ended 30 June 2018 and 2019 were at the early stage of the project implementation phase as at their respective year ends. As discussed in the section headed "Business — Business strategies — Strengthen our Group's financial capabilities to undertake new construction and A&A projects of larger contract value" in the Prospectus, our Group normally incurs net cash outflow at the early stage of its projects when our Group is required to pay the labour costs as well as other upfront costs such as prepayment of subcontracting fees and material costs. We utilised bank overdrafts to fund the net cash outflow caused by the timing mismatch between cash inflows and outflows of our projects, resulting in higher bank overdrafts being recorded as at 30 June 2018 and 2019.

Notwithstanding the higher interest rate charged for our bank overdrafts as compared to term loan, our Directors are of the view that it is not practical for our Group to rely on term loan to cater for our working capital needs as described above. More particularly, according to the facility letter, the purpose of the term loan is to part finance the purchase of the Group's headquarter in Singapore, which in turn serves as the collateral for securing our term loan. Furthermore, our Group would be subject to break funding charges if the term loan was fully or partially repaid within a certain period of time. Our Directors consider that the use of bank overdrafts to satisfy our working capital needs provides us with better flexibility in terms of repayment term and collateral required. In addition, the use of bank overdraft might not have direct correlation with the interest charged in the respective years. As the bank overdraft we recorded as at 30 June 2018 and 2019 were cheques issued but not yet presented by the creditors, and our bank balances remained positive throughout the Track Record Period, relatively immaterial amount of interest had been charged on the bank overdraft facility for the respective years.

Net Current Assets

The table below sets forth a breakdown of our Group's current assets and current liabilities as at the dates indicated:

	As at 30 June			As at 31 October
	2017	**2018**	**2019**	**2019**
	SGD$'000	*SGD'000*	*SGD'000*	*SGD'000* (*Unaudited*)
Current Assets				
Contract assets	3,488	12,611	27,064	38,608
Trade receivables	17,572	4,159	22,888	27,520
Prepayments, deposits and other receivables	2,659	4,210	1,413	1,941
Pledged deposits	9,000	13,000	7,000	6,000
Cash and cash equivalents	17,446	6,120	3,044	3,780
	50,165	40,100	61,409	77,849
Current Liabilities				
Contract liabilities	1,508	—	590	—
Trade payables	24,262	15,472	33,066	44,768
Lease liabilities	—	—	—	259
Other payables and accruals	3,172	612	750	1,014
Provision for defective work liabilities	1,092	641	375	375
Deferred capital grants	76	47	47	31
Income tax payable	493	1,464	1,294	2,376
Bank borrowings	451	2,785	3,856	2,535
Obligations under finance leases	19	—	78	—
	31,073	21,021	40,056	51,358
Net current assets	19,092	19,079	21,353	26,491

Our Group's net current assets remained relatively stable at approximately SGD19.1 million as at 30 June 2017 and 2018 as the decrease in our current assets was in line with that of our current liability. Our current assets decreased by approximately SGD10.1 million from approximately SGD50.2 million as at 30 June 2017 to approximately SGD40.1 million as at 30 June 2018, mainly due to the decrease in trade receivables of approximately SGD13.4 million resulting from the combined effect of the timing of settlement by our customers as well as the decrease in billing close to financial year end date. On the other hand, our current liabilities decreased by approximately SGD10.1 million from approximately SGD31.1 million as at 30 June 2017 to approximately SGD21.0 million as at 30 June 2018, mainly due to the decrease in trade payables of approximately SGD8.8 million resulting from the timing of billings from our subcontractors for their work done.

Our Group's net current assets remained relatively stable at approximately SGD19.1 million and SGD21.4 million as at 30 June 2018 and 30 June 2019, respectively, as the increase in our current assets was in line with that of our current liability. Our current assets increased by approximately SGD21.3 million mainly due to the increase in our trade receivables and contract assets resulting from the increase in billing as well as unbilled receivables close to financial year end date, whereas our current liabilities increased by approximately SGD19.0 million mainly due to the increase in trade payables resulting from the increase in billing as well as unbilled payables from our subcontractors close to financial year end date.

Our net current assets increased to approximately SGD26.5 million as at31 October 2019, primarily attributable to increase in contract assets and trade receivables in aggregate of approximately SGD16.2 million, partially offset by increase in trade payables, other payables and accruals of approximately SGD12.0 million.

Working Capital

Our Directors confirm that, taking into consideration the financial resources presently available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, banking facilities and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Save as disclosed in this prospectus, our Directors are not aware of any other factors that would have a material impact on our Group's liquidity. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed "Future plans and use of proceeds" in this prospectus.

DESCRIPTION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

Contract balances

Contract assets are the rights to consideration in exchange for goods and services transferred to customers. Contract assets are transferred to trade receivables when the rights become unconditional. Contract liabilities are our Group's obligations to transfer goods or services to customers for which our Group has received consideration from customers (or an amount of consideration is due). Contract liabilities are recognised as revenue when our Group performs under the contract.

The following table sets out our Group's contract balances as at the dates indicated:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Retention receivables	109	491	174
Other contract assets	3,379	12,120	26,890
Total contract assets	3,488	12,611	27,064
Trade receivables	17,572	4,159	22,888
Contract liabilities	(1,508)	—	(590)

Retention receivables

Retention receivables represent certain percentage of the total contract sum, generally up to 5% of the total contract sum, held up by our customers to secure our due performance of contracts and are settled within a period ranging from one year to two years after the completion of the construction work and after the relevant construction work is accepted by the contract customers, as stipulated in the construction contracts. Generally, a portion of the retention money is released upon the issue of certificate of practical completion of the project and the balance of the retention money will be released upon the issue of certificate of completion of making good defects after the expiry of the defect liability period. Nonetheless, the timing of release varied from project to project in accordance with the agreed terms with each customer. Thus, the amount of retention receivables as at the end of the reporting period depends on the settlement of final accounts and defect liability period.

Our retention receivables amounted to approximately SGD109,000, SGD491,000 and SGD174,000 as at 30 June 2017, 2018 and 2019, respectively. An analysis of the due date for settlement of our Group's retention receivables as at the end of the reporting period is as follows:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Due after one year	109	491	174

As all the retention receivables are expected to be realised in the normal operating cycle, they are classified as current assets.

We determine the provision for impairment of retention receivables on a project-by-project basis having regard to a number of factors, comprising the terms of release of retention money as agreed with customers, the aging of the receivable balance, results of follow-up procedures, customers' credit history, customers' financial position and the current market condition. During the Track Record Period, our Group did not experience any write off of retention receivables.

Other contract assets

Other contract assets arising from the construction contracts are our Group's right to consideration for construction work completed but yet to be certified by surveyors appointed by the customers. At the time when the construction works have been certified by the surveyors appointed by our customers, we recorded the value of the work certified (excluding retention money held up by our customers) as "trade receivables" and the amount of retention money as "contract assets — retention receivables".

The amounts of other contract assets for contract works vary from period to period due to the impact from the difference in volume and value of construction works we performed close to the end of each reporting period and timing when we received payment certificates from our customers.

Other contract assets increased from approximately SGD12.1 million as at 30 June 2018 to approximately SGD26.9 million as at 30 June 2019, primarily attributable to significant increase in revenue we have recognised during the year ended 30 June 2019 as compared to that for the year ended 30 June 2018, resulting from the increase in the number and scale of projects involved and thus the increase in the volume and value of construction works we performed.

As our other contract assets arise from the construction work completed but yet to be certified by surveyors appointed by our customers, the related invoices have not been billed to our customers and the aging analysis for other contract assets is not applicable. The expected timing of recovery or settlement of other contract assets as at the end of each of the Track Record Period is as follows:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Within one year	1,156	8,242	23,320
More than one year	2,223	3,878	3,570
Total other contract assets	3,379	12,120	26,890

The following table sets forth our Group's other contract assets as at respective date by number of days since the date the relevant revenue was recognised:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Within 1 month	473	4,550	10,412
1 to 2 months	732	—	9,070
2 to 3 months	—	—	3,308
Over 3 months	2,174	7,570	4,100
	3,379	12,120	26,890

Other contract assets represent our Group's right to consideration for construction work completed but yet to be certified by surveyors appointed by the customers. Normally, our projects take between 15 to 21 months for completion; for details, please refer to the subsection headed "Business — Our Operation Procedures" in this prospectus. As relatively longer time may be needed for our customers to process the final accounts, we recorded other contract assets aged over 3 months of approximately SGD2.2 million, SGD7.6 million and SGD4.1 million, as at 30 June 2017, 2018 and 2019, respectively. As at the Latest Practicable Date, approximately SGD22.3 million or 83.0% of the other contract assets of SGD26.9 million as at 30 June 2019, had been billed to our customers, out of which SGD20.4 million has been settled.

Our Group applies the simplified approach to provide for expected credit losses ("ECLs") prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. Our Group has assessed the impairment of its contract assets on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of our Directors, have no significant increase in credit risk during the Track Record Period. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good history of debtors and insignificant loss on collection incurred in the past history, no ECL was made for contract assets as at 30 June 2017, 2018 and 2019.

Contract Liabilities

Contract liabilities are our Group's obligations to transfer goods or services to customers for which our Group has received consideration from customers. Contract liabilities are recognised as revenue when our Group performs under the contract. Our contract liabilities amounted to approximately SGD1.5 million, nil, and SGD590,000 as at 30 June 2017, 2018 and 2019, respectively.

Trade receivables

Our Group's construction contracts normally require our customers to make progress payments on a monthly basis based on our Group's completion progress. Once our Group has submitted a payment application, the quantity surveyors appointed by our customer will certify the amount of work done. Our customer usually settles the bill, net of any agreed retention money, ranging from 30 to 45 days after receipt of our invoice/payment application. For certain projects that we act as main contractor, normally 10% of such payment (subject to a maximum retention of 5% of the total contract sum) is withheld by our customer as retention money, which is included in contract assets. Further details of progress payment are set out in the paragraph headed "Business — Our Operation Procedures" in this prospectus.

The following table sets forth the breakdown of trade receivables as at the dates indicated:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Trade receivables	8,860	1,337	8,389
Unbilled receivables	8,712	2,822	14,499
	17,572	4,159	22,888

Trade receivables

Our trade receivables were mainly derived from receivables from our customers for project works. Our trade receivables decreased from SGD8.9 million as at 30 June 2017 to SGD1.3 million as at 30 June 2018, mainly due to combined effect of (i) timing of settlement by our customers and (ii) decrease in billing close to June 2018 as compared to that of June 2017. Since most of the FY2018 Ongoing A&A Projects are at initial stage of the project implementation phase, relatively smaller proportion of the construction work was performed close to June 2018, which lead to decrease in billing balance close as at 30 June 2018. Our trade receivables increased to SGD8.4 million as at 30 June 2019, mainly due to increase in billing close to 30 June 2019 as compared to 30 June 2018 resulting from the increase in the number and scale of projects involved and thus the increase in volume of works undertaken by us for the year ended 30 June 2019.

Before accepting any new customers, our Group will apply an internal credit assessment policy to assess the potential customer's credit quality and define credit limit by customer. The credit period is generally for a period of 30 days for major customers. Overdue balances are reviewed regularly by senior management. We typically do not require any collateral as security for our trade receivables.

The following table sets forth the aging analysis of trade receivables, based on invoice date and net of impairment, as at the dates indicated:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Within 1 month	8,825	1,210	6,959
1 to 2 months	—	15	1,329
2 to 3 months	—	1	—
Over 3 months	35	111	101
	8,860	1,337	8,389

Our policy for impairment on trade receivables is based on an evaluation of collectability and aging analysis of the receivables that requires the use of judgment and estimates of our management. Provisions would apply to the receivables when where are events or changes in circumstances which indicate that the balances may not be collectible. Our management closely reviews the trade receivables balances and any overdue balances on an ongoing basis, and assessments are made by our management on the collectability of overdue balances.

Our Group applies the simplified approach in calculating ECLs, which permits the use of the lifetime expected loss provision for all trade receivables. Our Group has assessed the impairment of its trade receivables on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of our Directors, have no significant increase in credit risk during the Track Record Period. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and that loss on collection is not material, no ECL was made for trade receivables as at 30 June 2017, 2018 and 2019.

The table below sets forth a summary of average trade receivables turnover days for the years indicated:

	Year ended 30 June		
	2017	**2018**	**2019**
Average trade receivables turnover days [(1)]	26	35	16
Average trade receivables and contract assets turnover days [(2)]	92	128	111

Notes:

1. Trade receivables turnover days is calculated using the average balances of trade receivables (excluding unbilled receivables) divided by sale for the relevant period and multiplied by number of days in the relevant period. Average balance of trade receivables is calculated as the sum of the beginning and the ending balance for the relevant period divided by two.

2. Trade receivables and contract assets turnover days is calculated using the average balances of aggregate amount of trade receivables, unbilled receivables and contract assets divided by sale for the relevant period and multiplied by number of days in the relevant period. Average balance of aggregate amount of trade receivables, unbilled receivables and contract assets is calculated as the sum of the beginning and the ending balances for the relevant period divided by two.

Our average trade receivables turnover days for the Track Record Period were approximately 26 days, 35 days and 16 days, respectively. The decrease in trade receivables turnover days for the year ended 30 June 2019 was mainly attributable to the higher portion of unbilled revenue recognised during the year, which is usually affected by the stage of projects. For the year ended 30 June 2019, a substantial portion of the revenue was contributed by projects that were still ongoing as at 30 June 2019, which resulted in a larger amount of contract assets recognised and pending to be certified and billed to our customers. On the other hand, for the year ended 30 June 2018, a substantial portion of the revenue was contributed by projects that were completed during the year, which resulted in a smaller amount of contract assets to be certified and billed.

Taken into account the balances of unbilled receivables and contract assets as at respective dates, the average trade receivables and contract assets turnover days for the Track Record Period were approximately 92 days, 128 days and 111 days, respectively. The average trade receivables and contract assets turnover days increased significantly from 92 days for the year ended 30 June 2017 to 128 days for the year ended 30 June 2018. Such increase is primarily because (i) a larger portion of contract assets as compared to the revenue for the year ended 30 June 2018 was related to the final accounts, which needs relatively longer time to be processed by our customers; and (ii) we recorded less revenue during the year ended 30 June 2018 as compared to the previous year. The average trade receivables and contract assets turnover days decreased from 128 days for the year ended 30 June 2018 to 111 days for the year ended 30 June 2019. Such decrease is primarily because (i) a less portion of contract assets as compared to the revenue for the year ended 30 June 2019 was related to the final accounts as all projects remained ongoing as at 30 June 2019; and (ii) we recorded more revenue during the year ended 30 June 2019 as compared to the previous year. However, there was a larger portion of long aged contract assets as compared to the revenue in relation to the projects at the initial stage of implementation, during which the Group recognised the revenue after incurring the initial costs and the certification by customer was slower than that during the later stage of implementation, so the average trade receivables and contract assets turnover days remained relatively high for the year ended 30 June 2019.

As at the Latest Practicable Date, approximately SGD8.3 million or 98.7% of our trade receivables, as at 30 June 2019 has been settled.

Unbilled receivables

Unbilled receivables are value of construction works that has been certified by surveyors appointed by the customers, but related invoice have not been issued as at the end of the reporting period. As the related invoices have not yet been issued, aging analysis of our unbilled receivables is not applicable. As at 30 June 2017, 2018 and 2019, our unbilled receivables amounted to approximately SGD8.7 million, SGD2.8 million and SGD14.5 million, respectively. Such fluctuation in the balance of unbilled receivables is mainly attributable to the timing of billing for certification from customers on works performed by us. As at the Latest Practicable Date, approximately SGD14.5 million or 100% of our unbilled receivables as at 30 June 2019 has been billed and subsequently settled.

Prepayments, deposits and other receivables

Prepayments, deposits and other receivables mainly comprise (i) advance payments to subcontractors, (ii) prepayment in transit as at 30 June 2017 for acquisition of listed equity investments, which was subsequently reclassified into our equity investments at fair value through profit or loss and the prepaid listing expense based on the percentage of work done by professional parties, (iii) rental deposits for workers' quarters as well as utilities deposits, (iv) GST receivables, (v) amount due from non-director key management personnel, which was settled during the year ended 30 June 2019, (vi) other receivables in related to our subcontractors for purchase on behalf of them for concrete, cube testing and soil removal, (vii) loan receivable from related party, including the non-current portion being classified in accordance with the repayment schedule, which was unsecured, interest-free and was fully settled during the year ended 30 June 2019 and (viii) others.

Prepayments, deposits and other receivables increased from approximately SGD2.7 million as at 30 June 2017 to approximately SGD4.2 million as at 30 June 2018, mainly due to (i) increase in prepayments to subcontractors of approximately SGD1.8 million to support our projects needs and (ii) increase in GST receivables of approximately SGD417,000, which was partially offset by (iii) decrease in other receivables of approximately SGD0.6 million.

Prepayments, deposits and other receivables decreased from approximately SGD4.2 million as at 30 June 2018 to approximately SGD1.4 million as 30 June 2019, mainly due to (i) the absence of advance payments to subcontractors of approximately SGD1.8 million as at 30 June 2019; (ii) settlement of loan receivables and due from non-director key management personnel during the year ended 30 June 2019 in aggregate of approximately SGD1.4 million; and (iii) decrease in GST receivables of approximately SGD0.3 million. Such decrease was partially offset by (iv) increase in prepayments in relation to Listing expense of approximately SGD0.7 million.

Trade payables

The following table sets forth the breakdown of our trade payables as at the dates indicated:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Trade payables	1,766	792	5,600
Retentions payables	6,219	5,133	7,786
Unbilled payables	16,277	9,547	19,680
	24,262	15,472	33,066

Trade payables

Our trade payables are derived primarily from payables relating to subcontractors and other suppliers. The following table sets forth the aging analysis of trade payables, based on invoice date as at the dates indicated:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Within 1 month	947	617	3,933
1 to 2 months	614	2	1,419
2 to 3 months	106	50	73
Over 3 months	99	123	175
	1,766	792	5,600

Our trade payables decreased from approximately SGD1.8 million as at 30 June 2017 to approximately SGD0.8 million as at 30 June 2018, mainly due to the relatively smaller amount of construction work being performed by our subcontractors since all of our three ongoing projects for the year ended 30 June 2018 were at initial stage of the project implementation phase and most of our completed projects for the year ended 30 June 2018 were close to the completion stage from the beginning of the year. Our trade payables increased from approximately SGD0.8 million as at 30 June 2018 to approximately SGD5.6 million as at 30 June 2019, mainly due to the increase in number and scale of projects involved during the year and thus the increase in volume of works undertaken by our subcontractors during the year ended 30 June 2019.

The trade payables are unsecured, non-interest-bearing and are normally settled on average terms of 30 to 60 days. The table below sets forth a summary of average trade payables turnover days for the periods indicated:

	Year ended 30 June		
	2017	**2018**	**2019**
Average trade payables turnover days *(Note)*	8	11	12

Note: Trade payables turnover days is calculated using the average balances of trade payables (excluding unbilled payables) divided by cost of sales for the relevant period and multiplied by number of days in the relevant period. Average balance of trade payables is calculated as the sum of the beginning and the ending balance for the relevant period divided by two.

Our average trade payables turnover days for the Track Record Period were approximately 8 days, 11 days and 12 days, respectively, which were within the credit period of 30 days provided by the majority of our subcontractors and suppliers. Our trade payables turnover days during the Track Record Period were shorter than the average credit period of 30 days as our cost of sales also included a substantial amount of accrued subcontracting costs which were not billed to us as at the respective year end dates.

As at the latest Practicable Date, approximately SGD5.3 million or 94.1% of our trade payables outstanding as at 30 June 2019 has been settled. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, there was no material default in payment of trade payables.

Retentions payables

Our retentions payable mainly represents the amounts we withheld from progress payments to our subcontractors for the projects. Our retention payables amounted to approximately SGD6.2 million, SGD5.1 million and SGD7.8 million as at 30 June 2017, 2018 and 2019, respectively. Retention payable is recognised immediately after we deduct a portion of progress payment from the subcontractors from the progress payment rather than at the time when the certificate of completion is issued. The amount of retention money held by our Group from subcontractors is normally subject to a mutually agreed cap (which is normally 10% of the total subcontract sum). Part of the retention payables will be released to our subcontractors after the issue of the practical completion certificate and the remaining portion will be released upon the end of the defect liability period. As all the retention payables are expected to be settled in the normal operating cycle, they are classified as current liabilities.

Unbilled payables

Our unbilled payables represent the accrued subcontractors costs for which the related invoice have not been issued. As the related invoices have not yet been issued, aging analysis of our unbilled payables is not applicable. As at 30 June 2017, 2018 and 2019, our unbilled payables amounted to approximately SGD16.3 million, SGD9.5 million and SDG19.7 million, respectively. Such fluctuation in the balance of the unbilled payables is mainly attributable to the timing of billings from our subcontractors. As at the Latest Practicable Date, approximatelySGD14.7 million or 74.6% of our unbilled payables outstanding as at 30 June 2019 were billed and subsequently settled.

Other payables and accruals

Our other payables and accruals mainly comprise (i) accrued charges for operating expenses, (ii) GST payables, (iii) salaries and staff bonus payables, and (iv) others.

Our other payables and accruals decreased from approximately SGD3.2 million as at 30 June 2017 to approximately SGD0.6 million as at 30 June 2018. Such decrease was mainly due to the decrease in accruals of approximately SGD2.3 million resulting mainly from the decrease in accrued employee benefit expense.

Our other payables and accruals remained relatively stable at approximately SGD0.8 million as at 30 June 2019.

Equity investments at fair value through profit or loss

During the Track Record Period, we purchased listed equity investments, which were recorded as equity investments at fair value through profit or loss. After initial recognition, our listed equity investments are subsequently measure at fair value. As at 30 June 2017, our equity investments at fair value through profit or loss amounted to approximately SGD10.4 million. Any gains or losses from changes in fair value of our listed equity investments are recognised in the profit or loss. We recorded fair value gain of equity investments at fair value through profit or loss of approximately SGD1.2 million and SGD0.8 million for the two years ended 30 June 2017 and 2018. During the year ended 30 June 2018, to better focus on developing our business, we had either disposed of or distributed to the then shareholders of Kwan Yong all of our listed equity investments. Since 30 June 2018 and up to the Latest Practicable Date, we had not held any listed equity investments. Please refer to Note 3 of the Accountants' Report in Appendix I in this prospectus for further details on our accounting policy with respect to equity investments at fair value through profit or loss.

CAPITAL EXPENDITURES

For the year ended 30 June 2017, 2018 and 2019, our Group incurred capital expenditures of approximately SGD1.7 million, SGD352,000 and SGD1.3 million, respectively, the majority of which primarily relates to acquisition of property, plant and equipment used for our operations. We have historically financed our capital expenditure primarily through a mix of cash flow generated from operating activities, bank borrowings and finance leases.

We plan to incur additional capital expenditure from the Listing Date to the year ending 30 June 2021, in aggregate of approximately SGD8.4 million, mainly for purchase of property, equipment, machinery and motor vehicles. We expect to meet future capital expenditure requirements through cash flow from our operating activities, existing cash and cash equivalents, banking facilities and the estimated net proceeds from the Global Offering. Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future plans and use of proceeds" in this prospectus for further information.

PROPERTY INTERESTS

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuation company, has valued our property interests as at 31 October 2019 and is of the opinion that our Group's property interests were valued at an aggregate amount of SGD19.3 million as at 31 October 2019. Texts of its letters, summary of valuation and valuation certificates issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited are included the property valuation report contained in Appendix III to this prospectus. No single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets.

As required under Rule 5.07 of the Listing Rules, the statement below sets forth the reconciliation of the aggregate value of certain properties and leasehold land reflected in the combined financial statements as at 30 June 2019 as set out in Appendix I to this prospectus with the valuation of these property interests as at 31 October 2019 as set out in Appendix III of this document.

	SGD'000
Carrying amount of our property interests of the following as at 30 June 2019	
- Commercial properties included in investment properties	1,934
- Leasehold properties and office renovation included in property, plant and equipment	13,709
	15,643
Movement of carrying amount during the period from 30 June 2019 to 31 October 2019	220
	SGD'000
Carrying amount of our property interests as at 31 October 2019	
- Commercial properties included in investment properties	1,924
- Leasehold properties and office renovation included in property, plant and equipment	13,499
	15,423
Net revaluation surplus	3,827 *(Note)*
Market value as at 31 October 2019 as set out in the property valuation report in Appendix III to this prospectus	19,250

Note: The revaluation surplus has not been recorded in the historical financial information of our Group as at the end of respective years/periods and will not be recorded in the combined financial statements of our Group in future periods as our Group's investment properties and property, plant and equipment are stated at cost less accumulated depreciation/amortisation and impairment loss, if any. If the valuation surplus were recorded in our Group's combined financial statements, addition annual depreciation and amortisation would be charged against the profit in the future periods.

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating lease commitments — as lessee

As at the end of the respective years during the Track Record Period, our Group had commitments for future minimum lease payments in respect of certain of its leasehold properties, warehouse premises and workers' quarters under non-cancellable operating lease arrangements, which fall due as follows:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
As lessees			
Within one year	340	243	539
In the second to fifth year inclusive	510	357	497
After five years	3,277	3,188	2,652
Total	4,127	3,788	3,688

Operating lease commitments — as lessor

As at the end of the respective years during the Track Record Period, the future minimum lease receivables in respect of certain portion of the office and warehouse premise leased to independent third parties under non-cancellable operating lease arrangements, which fall due as follows:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
As lessor			
Within one year	473	341	485
In the second to fifth year inclusive	114	263	304
Total	587	604	789

Capital commitments

As at 30 June 2019, our Group had capital commitments of approximately SGD1.6 million (2017 and 2018: nil) relating to purchase of equipment which were not recognised in the financial statements.

INDEBTEDNESS

Bank borrowings

The following table sets out our interest-bearing bank borrowings as at the dates indicated:

	As at 30 June			As at 31 October
	2017	2018	2019	2019
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000* *(Unaudited)*
Bank borrowings comprise:				
Bank overdraft, secured	—	2,708	3,836	2,515
Term loan, secured	9,994	543	474	468
	9,994	3,251	4,310	2,983
Portion classified as current liabilities	(451)	(2,785)	(3,856)	(2,535)
Non-current portion	9,543	466	454	448
Analysed into:				
Bank borrowings repayable:				
On demand	—	2,708	3,836	2,515
Within one year	451	77	20	20
In the second year	436	15	21	21
In the third to fifth years, inclusive	991	51	70	70
Beyond five years	8,116	400	363	357
	9,994	3,251	4,310	2,983

The following table sets out the range of interest rates for our bank and other loans as at the dates indicated:

	As at 30 June			As at 31 October
	2017	2018	2019	2019
Bank borrowings comprise:				
Bank overdraft, secured	4.50%	4.50%	4.50%-5.00%	4.50%-5.00%
Term loan, secured*(Note)*	2.48%	2.48%	2.48%	2.48%

Note: Subsequent to May 2019, the term loan bore floating interest at the rate of three month Singapore Interbank Offered Rate plus 3% per annum.

Our bank borrowings during the Track Record Period were denominated in SGD. The bank overdraft was secured by (i) existing deed of guarantee and indemnity for all monies from two Directors of our Company; and (ii) existing charge of cash and security agreement (first party) for deposits amounting to not less than SGD3.0 million whereas the term loan was repayable in 24 years by monthly instalments commencing from May 2015 and was secured by (i) a first legal mortgage on our Group's leasehold property and (ii) joint and several personal guarantees by two Directors of our Company and the then Shareholders of a subsidiary of our Group. As at 30 June 2017, 2018, 2019 and 31 October 2019, the outstanding bank borrowings amounted to approximately SGD10.0 million, SGD3.3 million, SGD4.3 million and SGD3.0 million, respectively.

As at 30 June 2017, 2018, 2019 and 31 October 2019, approximately SGD24.0 million, SGD8.8 million, SGD7.6 million, and SGD8.9 million of the banking facilities of our Group, were secured by joint and several personal guarantee by two Directors of our Company and the then Shareholders of a subsidiary of our Group, respectively. Our Directors confirm that such joint and several personal guarantees provided by our Directors and Shareholders will be released or replaced by our Company's corporate guarantee, subject to the completion of the Listing.

As at 31 October 2019, being the latest practicable date for the purpose of this indebtedness statement, we had outstanding bank and other loans of approximately SGD0.5 million which was secured by certain assets of our Group, with an aggregate amount of approximately SGD13.2 million.

As at 31 October 2019, we had aggregate banking facilities of approximately SGD12.5 million, of which approximately SGD3.0 million was utilised.

Our Directors confirm that we did not encounter any liquidity problems or difficulties in securing bank loans and have not defaulted in the repayment of the principal bank borrowings and relevant interest expenses during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, none of the covenants relating to the bank and other loans had been breached.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that we did not experience any delay or default in repayment of bank and other loans nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us nor breach of finance covenants. As at the indebtedness date, we confirmed that there had been no material change in our indebtedness position and we did not have any plan for further material external debt financing.

Lease liabilities

Our Group has adopted IFRS 16 retrospectively from 1 July 2019, but has not restated comparatives for the three years ended 30 June 2019, in accordance with the modified retrospective method chosen. The reclassifications and the adjustments arising from the adoption of IFRS 16 are therefore recognised in the opening combined statement of financial position on 1 July 2019 (see Note 2 to the Accountants' Report, the text of which is set out in Appendix I to this Prospectus). As at 31 October 2019, our Group has lease liabilities of approximately SGD1.8 million.

Obligation under finance lease

Our obligations under finance lease amounted to approximately SGD19,000, nil and SGD0.2 million as at 30 June 2017, 2018 and 2019, respectively comprised primarily of finance leases for the purchases of our certain motor vehicles and plant and machinery used for our operation. The finance lease was free of guarantee but secured by the relevant motor vehicles and plant and machinery. Such balance was reclassified to lease liabilities upon application of IFRS 16.

Performance guarantees

As at 30 June 2017, 2018, 2019 and31 October 2019, the outstanding performance guarantees of approximately SGD12.1 million, SGD11.6 million, SGD18.2 million and SGD17.2 million, respectively, were issued by insurance companies as security deposits in lieu of cash to our customers for the due performance and observance of the Group's obligations under the contracts entered into between the Group and the customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantee have been given, such customers may demand the insurance company to pay to them the sum or sums stipulated in such demand. The Group will then be liable to compensate the insurance company accordingly. The performance guarantee will be released upon completion of the contract work. The performance guarantee is secured by way of personal guarantees given by two directors of the Company and the then shareholders of Kwan Yong. The premium paid to the insurance companies were recognised as expenses in the profit or loss.

Contingent liabilities

As at 31 October 2019, being the latest practicable date for the purpose of the indebtedness statement, save as disclosed in subsection headed "Indebtedness", our Group did not have any significant contingent liabilities.

Statement of indebtedness

As at 31 October 2019, being the latest practicable date for the purpose of the indebtedness statement, save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, our Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any material off-balance sheet commitments and arrangements.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios for each of the periods indicated:

	Year ended 30 June		
	2017	**2018**	**2019**
Gross profit margin (%) [(1)]	11.8	18.5	13.0
Net profit margin (%) [(2)]	6.6	11.6	5.4
Return on equity (%) [(3)]	14.0	16.2	15.4
Return on total assets (%) [(4)]	6.7	8.9	8.5
Interest coverage [(5)]	31.1	32.0	252.9
Current ratio (times) [(6)]	1.6	1.9	1.5
Gearing ratio (%) [(7)]	25.1	8.7	11.4

Notes:

(1) Gross profit margin for each of the period is calculated on gross profit divided by revenue for the respective period. Please refer to the paragraphs headed "Review of historical results of operations" in this section for more details on our gross profit margins.

(2) Net profit margin for each of the period is calculated based on net profit divided by revenue for the respective period. Please refer to the paragraphs headed "Review of historical results of operation" in this section for more details on our net profit margins.

(3) Return on equity is calculated based on the profit for the year divided by arithmetic mean of the opening and closing balances of total equity as at the respective year end and multiplying the resulting value by 100%.

(4) Return on total assets is calculated based on the profit for the year divided by arithmetic mean of the opening and closing balances of total assets as at the respective year end and multiplying the resulting value by 100%.

(5) Interest coverage is calculated by dividing profit before tax and finance costs by finance costs for each respective year.

(6) Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective period.

(7) Gearing ratio is calculated based on the total interest-bearing bank borrowings and obligation under finance lease divided by total equity as at the respective period and multiplied by 100%.

Return on equity

Our return on equity increased from approximately 14.0% for the year ended 30 June 2017 to approximately 16.2% for the year ended 30 June 2018, mainly due to increase in our profit for the year which was partially offset by increase in average equity base in the respective years.

Our return on equity decreased to approximately 15.4% for the year ended 30 June 2019. Excluding the non-recurring listing expenses of approximately SGD2.4 million for the year ended 30 June 2019, our return on equity for the year ended 30 June 2019 was approximately 21.6%, mainly due to the increase in profit before listing expenses.

Return on total assets

Our return on total assets increased from 6.7% for the year ended 30 June 2017 to approximately 8.9% for the year ended 30 June 2018, mainly due to the combined effect of (i) increase in profit for the year and (ii) decrease in average total assets in the respective years primarily attributable to the disposal of all of our equity investments at fair value through profit or loss and the decrease in trade receivables, pledged deposits and cash and cash equivalents in the respective years.

Our return on total assets decreased to approximately 8.5% for the year ended 30 June 2019. Excluding the non-recurring listing expenses of approximately SGD2.4 million for the year ended 30 June 2019, our return on total assets for the year ended 30 June 2019 was approximately 11.9%, mainly due to the increase in profit before listing expenses.

Interest coverage

Our interest coverage was approximately 31.1 times and 32.0 times for the two years ended 30 June 2018, respectively. The fluctuation was mainly driven by fluctuation in profit before tax and finance costs in the respective years. Our interest coverage was approximately 252.9 times for the year ended 30 June 2019. Excluding the non-recurring listing expenses of approximately SGD2.4 million for the year ended 30 June 2019, the interest coverage was approximately 332.7 times for the year ended 30 June 2019, which was primarily attributable to the decrease in finance costs resulting from the pay-down of our term loans during the year.

Current ratio

Our current ratio increased from approximately 1.6 times as at 30 June 2017 to approximately 1.9 times as at 30 June 2018, and then decreased to approximately 1.5 times at 30 June 2019. The increase in current ratio for 2018 was mainly due to the decrease in current liabilities, resulting from the decrease in trade payables, outweighing the decrease in current assets resulting from the decrease in trade receivables as at the respective dates. The decrease in current ratio for 2019 was primarily attributable to the fact that the increase in current liabilities, mainly resulting from increase in trade payables, outweighing the increase in current assets, mainly driven by increase in trade receivables and contract assets.

Gearing ratio

Our gearing ratio decreased from approximately 25.1% for the year ended 30 June 2017 to approximately 8.7% for the year ended 30 June 2018. The decrease in gearing ratio for 2018 was primarily due to the decrease in level of our bank borrowings during the year. The gearing ratio increased to approximately 11.4% for the year ended 30 June 2019, mainly due to the increase in total interest-bearing bank borrowings and obligation under finance lease during the year outweighing the increase in equity.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as interest rates, credit and liquidity.

Details of the risk to which we are exposed to are set out in Note 36 to Accountants' Report, the text of which is set out in Appendix I to this prospectus.

DIVIDEND AND DISTRIBUTIONS IN SPECIE

During the year ended 30 June 2018 and 2019, dividend of approximately SGD8.6 million and SGD4.0 million have been paid or declared by a subsidiary of our Group to its then shareholders, respectively. During the year ended 30 June 2018, a subsidiary of our Group distributed certain equity investments of our Group to its then shareholders by way of two distributions in specie pursuant to resolutions of its directors passed on 21 June 2018. The total fair value of these equity investments at the date of distributions amounted to approximately SGD4.6 million and fair value gain of equity investments at fair value through profit or loss, net on their disposal of approximately SGD0.8 million in total were resulted and recognised in profit or loss during the year ended 30 June 2018. In addition, bonus shares amounted to approximately SGD6.5 million has been declared by a subsidiary to its then shareholders during the year ended 30 June 2018. As at the Latest Practicable Date, our Group did not have any dividend policy. Save as disclosed above, we have no plan to pay or declare any dividends prior to the Listing. Upon Listing, our Directors intend to recommend dividends which would amount in total to not less than 30% of the net profit from ordinary activities attributable to shareholders of our Company for full financial year subject to various factors such as our operations, earnings, and financial conditions. Our dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future.

The recommendation of the payment of dividend is subject to the absolute discretion of our Board, and, after Listing, any declaration of final dividend for the year will be subject to the approval of our Shareholders. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional prospectus and the Companies Law, including the approval of our Shareholders.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 7 September 2018 and is an investment holding company. There were no reserves available for distribution to the Shareholders as at the Latest Practicable Date.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee incurred in connection with the Global Offering and the Listing. Assuming an Offer Price of HK$0.70 per Offer Share (being the mid-point of the indicative Offer Price range) and that the Over-allotment Option is not exercised, our total listing expenses is estimated to be approximately SGD7.4 million, of which nil and SGD2.4 million had been charged to our combined statements of profit and loss and other comprehensive income for the years ended 30 June 2018 and 2019 and an addition of approximately SGD1.5 million is expected to be recognised in our combined statements of profit and loss and other comprehensive income for the year ending 30 June 2020, and approximately SGD3.5 million is expected to be capitalised as charged against equity upon the Global Offering under the relevant accounting standard. The actual amounts to be recognised to the profit and loss of our Group or to be capitalised are subject to adjustments based on audit and changes in variables and assumptions.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

Please see the section "Unaudited Pro Forma Financial Information" in Appendix II for our unaudited pro forma adjusted combined net tangible assets.

MATERIAL ADVERSE CHANGE

The impact of the listing expenses on our combined statements of profit or loss has posted a material adverse change in the financial or trading position or prospect of our Group since 30 June 2019 (being the date of the latest audited combined financial statements were made up). Prospective investors should be aware of the impact of the listing expenses on the financial performance of our Group for the year ended 30 June 2019 and year ending 30 June 2020.

Save as disclosed above, our Directors have confirmed, after performing all the due diligence work which the Directors consider appropriate, that save as disclosed under section headed "Summary — Recent developments and material adverse change" in this prospectus, there is no event which could materially affect the information shown in our combined financial information included in the Accountants' Report set forth in Appendix I to this prospectus since 30 June 2019, and up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects.

FUTURE PLANS

Please refer to the paragraph headed "Business — Business strategies" in this prospectus for details of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering) (the "**Net Proceeds**"), assuming an Offer Price of HK$0.70, being the mid-point of the indicative Offer Price range, will be approximately HK$97.4 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply the Net Proceeds in the following manner:

- approximately HK$27.2 million or approximately 27.9% of the Net Proceeds for purchasing new machinery and equipment and upgrading and enhancing our existing machinery and equipment to enhance our productivity and quality;

- approximately HK$38.5 million or approximately 39.5% of the Net Proceeds will be used for strengthening our technical capability and productivity through investment in new technology, which comprises:

  - approximately HK$17.0 million or approximately 17.5% of the Net Proceeds for strengthening our precast production capabilities for constructing a precast production site to centralise and enhance our existing precast production;

  - approximately HK$10.3 million or approximately 10.6% of the Net Proceeds for enhancing our BIM and VDC capabilities, including (i) approximately HK$4.1 million or approximately 4.2% of the Net Proceeds for purchasing and upgrading the hardware and software for BIM and VDC applications; and (ii) approximately HK$6.2 million or approximately 6.4% of the Net Proceeds for hiring additional staff with relevant experience, and offering training for both new and existing staff involved in the application of BIM and VDC technologies;

  - approximately HK$11.2 million, representing approximately 11.5% of the Net Proceeds from the Global Offering for developing our PPVC capabilities by hiring ten design engineers and a PPVC consultant;

- approximately HK$23.0 million or approximately 23.6% of the Net Proceeds for part of the Initial Capital Requirement of Project A;

- approximately HK$8.3 million or approximately 8.5% of the Net Proceeds for enhancing and expanding our workforce to cope with our business expansion; and

- approximately HK$0.4 million or approximately 0.4% of the Net Proceeds as our general working capital.

For further details, please refer to the section headed "Business — Business strategies" in this prospectus.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the Net Proceeds, assuming that the Over-allotment Option is not exercised, will increase to approximately HK$106.4 million or decrease to approximately HK$88.4 million, respectively; and in such event, we intend to increase or decrease, respectively, the Net Proceeds to be used for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the Net Proceeds will increase to approximately HK$116.3 million, assuming an Offer Price of HK$0.70, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the Net Proceeds including the proceeds from the exercise of the Over-allotment Option will increase to approximately HK$126.6 million or decrease to approximately HK$105.9 million, respectively; and in such event, we intend to increase or decrease, respectively, the allocation of the Net Proceeds to the above purposes on a pro-rata basis.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the Net Proceeds are not sufficient to fund the purposes as set forth above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the Net Proceeds of the Global Offering are not immediately required for the above purposes and to the extent permitted by applicable law and regulations, if we are unable to effect any part of our future plans as intended, we may hold such funds in short term demand deposits with banks in Hong Kong and/or through money market instruments.

REASONS FOR LISTING

Commercial rationale for the Listing

(i) To strengthen our financial position to continue to undertake more higher value contracts following our obtaining of the "A1" grade under CW01 Workhead for General Building

The business of our Group had experienced remarkable growth since our obtaining of the "A1" grade under CW01 Workhead for General Building in July 2018. More particularly, we were awarded seven projects with a total contract sum of SGD263.7 million for the year ended 30 June 2019, as compared to three projects with a total contract sum of SGD68.6 million for the year ended 30 June 2018 and one project with a total contract sum of SGD20.0 million for the year ended 30 June 2017. Not only were we able to secure a larger number of contracts but also projects with higher contract value. Specifically, while none of our projects awarded during the two years ended 30 June 2018 had a contract sum of more than SGD50 million, three of our seven projects awarded during the year ended 30 June 2019 had contract sums exceeding SGD50 million, namely, (i) an office building new construction project awarded in July 2018 with a contract sum of SGD57.0 million; (ii) an education institution new construction project awarded in December 2018 with a contract sum of SGD56.3 million; and (iii) an education institution new construction project awarded in June 2019 with a contract sum of SGD50.2 million.

Our Group had also achieved satisfactory results in terms of financial performance. For the year ended 30 June 2019, our Group recorded revenue of approximately SGD110.4 million, representing an increase of 104.8% from approximately SGD53.9 million for the year ended 30 June 2018. Excluding our listing expenses which are non-recurring in nature, our net profit increased by 32.9% from approximately SGD6.3 million for the year ended 30 June 2018 to approximately SGD8.3 million for the year ended 30 June 2019.

Our Directors believe that our obtaining of the "A1" grade under CW01 Workhead for General Building would give us a competitive edge in securing more higher value contracts through greater exposure to large scale public sector project opportunities as well as stronger customers' confidence and industry's recognition, as evidenced by the substantial growth in the number and total contract sum of projects awarded to us after we obtained the "A1" status in July 2018. However, as discussed in the section headed "Business — Business strategies — Strengthen our Group's financial capabilities to undertake new construction and A&A projects of larger contract value" in this Prospectus, our Group normally incurs net cash outflows of approximately 15%-20% of the contract sum at the early stage of its projects (that is, the Initial Capital Requirement), which had been funded mainly by the banking facilities and internal resources of our Group during the Track Record Period. The growth in both number and total contract sum of our projects since our obtaining of the "A1" status had put a strain on our cash flows. More particularly, the net cash flows used in our operating activities increased by 54.3% from approximately SGD3.4 million for the year ended 30 June 2018 to approximately SGD5.2 million for the year ended 30 June 2019, which in turn was largely attributable to the increase in our contract assets and trade receivables. We also experienced an increase in our gearing ratio from 8.7% as at 30 June 2018 to 11.4% as at 30 June 2019.

To achieve sustainable business growth and to further strengthen our position as a main contractor in the construction industry in Singapore, it is important for us to continue to commensurate our primary business strategy to undertake more projects, in particular, those with higher contract value. Given our recent success in securing more tenders especially those with higher contract values, our Directors believe that our ability to undertake larger scale projects is recognised by our customers. In view of the above, our Directors consider now to be a good time for our Group to further its business development and growth by way of taking up more higher value contracts, which, at present, would not be feasible for our Group without the additional financial resources from the net proceeds from the Global Offering to support the Initial Capital Requirements of those higher value projects.

(ii) To strengthen our capacity and productivity to cope with our business expansion

Driven by the substantial growth in number and scale of our projects since our obtaining of the "A1" grade under CW01 Workhead for General Building in July 2018, we had an even greater need for additional machinery, equipment and motor vehicles, and to expand our workforce to cope with our business expansion. During the year ended 30 June 2019 and up to the Latest Practicable Date, we had acquired 25 additional machinery, equipment and motor vehicles and we have hired 227 additional staff to cater for the increasing demand of our existing projects. However, in light of the strong growth in both number and scale of our projects, we still experienced a shortage in machinery, equipment and motor vehicles and staff to support our business expansion. As at the Latest Practicable Date, all of our machinery and equipment were deployed to the construction sites of our Group's existing projects, and we also had to rely on rented machinery, equipment and motor vehicles, which resulted in higher operating costs and limited control over their availability, conditions and specifications as detailed in the section headed "Business — Business strategies — Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment to enhance our productivity and quality" in this Prospectus. Furthermore, as stated in the section headed "Business — Business strategies — Enhance and expand our workforce to cope with our business expansion" in this Prospectus, to maintain the quality of our work and service to our customers, and depending on the size and complexity of the projects, each of our construction sites should have at least one designated site supervisor and one to two site engineers for smaller scale projects; and two to four designated site supervisors and site engineers for larger scale projects. As at the Latest Practicable Date, all of our 19 site supervisors and 20 site engineers have been designated to the 13 construction sites of our 10 ongoing projects. Therefore, in order for our Group to take up additional projects, we will have to hire more site supervisors and site engineers to oversee and handle the works of any new projects awarded to our Group. We also have a greater demand for other workers such as crane and excavator operators and general workers as a result of the growth in number and scale of our projects.

It is imperative for our Group to obtain the necessary funding from the Global Offering to acquire additional machinery, equipment and motor vehicles and to expand our workforce so as to cope with the needs of our existing projects and our business expansion plan.

(iii) To strengthen our technical capability and competitiveness under the PQM framework

In view of the Singapore Government's growing emphasis on the use of technologies in the construction industry, it is essential for our Group to continue to strengthen our technical capability and ability to adopt new construction methods so as to maintain our competitiveness in securing public sector projects under the current PQM framework. With our Group's unceasing efforts in enhancing our technical capability, in June 2019, we won the tenders for our first projects ever involving the application of PPVC technology, being (i) an education institution A&A project awarded by Singapore Government Agency A with a contract sum of SGD33.0 million; and (ii) an education institution new construction project awarded by Singapore Government Agency A with a contract sum of SGD50.2 million. As discussed in the section headed "Business — Business strategies — Strengthen our technical capability and productivity through investment in new construction technology" in this Prospectus, similar to BIM and VDC technologies, with the Singapore Government's emphasis on Design for Manufacturing and Assembly (DfMA), it is expected that more and more public sector projects will require the employment of PPVC technology, which falls within the scope of DfMA. Therefore, our Directors consider it critical for us to obtain sufficient financial resources from the Global Offering to equip ourselves with the necessary hardware, software and staff with the experience and qualifications for the adoption of new construction technologies and to maintain our competitiveness in the industry.

Given that approximately HK$21.5 million of the net proceeds are allocated to develop or enhance our BIM, VDC and PPVC capabilities. A more detailed breakdown as to the development or enhancement of such are as follows:

(a) ***BIM & VDC:*** The current BIM application of the Group is of versions 3D and 4D and we plan to utilize the net proceeds to upgrade it to version 5D. The new version is expected to have additional functions such as cost estimations, which is expected to facilitate our budget tracking and cost analysis related activities. The 5D dimension of BIM associated with 3D and 4D (Time) allows participants to visualize the progress of their activities and related costs over time;

(b) ***Additional staff required for BIM and VDC technology***: As at the Latest Practicable Date, we have a team of 14 staff designated to the adoption and application of BIM technology in our building construction projects. We employed VDC technology in three of our ongoing projects during TRP and up to the Latest Practicable Date. With the expected expansion in the scale of the Group's projects as well as the increased use of these technologies, it would be essential for the Group to hire six additional staff with relevant experience: (i) one assistant BIM manager who will assist the integration of 3D and 4D BIM with cost estimation aspects in 5D BIM and assist the upgrade from 3D and 4D BIM to 5D BIM; (ii) one senior BIM modeller who will be responsible for the smooth integration of 3D and 4D BIM with cost estimation aspects in 5D BIM and the upgrade from 3D and 4D BIM to 5D BIM; and (iii) four BIM modellers, who will be responsible for preparing detailed engineering drawings and producing 3D, 4D and 5D digital models. They will provide additional working capacity and facilitate the sharing of knowledge and experience between the relevant personnel; and

(c) ***PPVC***: In light of the key benefits of PPVC technology and with the Singapore Government's emphasis on DfMA technologies, one of which is PPVC technology, our Directors believe that the adoption of PPVC technology in the building construction will become the future trend of the construction industry. BCA estimated the 36 projects that require the mandatory adoption of PPVC technology will open tender between January 2019 and December 2020. In anticipation of the potential projects, we plan to hire ten design engineers and a PPVC consultant using the net proceeds. During the Track Record Period and up to the Latest Practicable Date, we have employed PPVC in only two of our building construction projects. In anticipation of the increasing adoption of such technology, our current team would not be able to support such increased scale of adoption. In addition, these new hires are expected to have: (i) at least five years of experience for a PPVC consultant; and (ii) at least two years of experience with precast and PPVC knowledge for a design engineer. These new hires would provide our existing team with technological support as well as exchange of knowledge and experience in the relevant technology.

Furthermore, our Group has long recognised the potential of precast technology and has been a Specialist Builder (Pre-cast Concrete Work) under the BCA since 2011. Considering the many benefits of constructing a centralised precast production site, including, enhanced control and supervision of the precast production process, lower wastage of raw materials and more efficient deployment of labour, reduced reliance on subcontractors, enhanced cost savings etc., and the fact that there will be an even greater need for our Group to employ precast technology in the future given the Singapore Government's initiatives to promote the use of precast technology in building construction as well as our Group's plan to undertake more higher value contracts, our Directors are of the view that it is commercially justifiable for our Group to enhance our precast production capability through constructing a centralised precast production site to be funded by the net proceeds from the Global Offering.

(iv) To capture the growing demand for public sector projects in Singapore

According to the Ipsos Report, the overall gross output value of building construction works in Singapore from 2018 to 2022 is expected to grow at a CAGR of 5.9% from SGD19.1 billion to SGD24.0 billion. While the gross output value of building construction works for the private sector is expected to grow at a CARG of 3.6% from SGD11.8 billion in 2018 to SGD13.6 billion in 2022 only, the gross output value of the building construction works for the public sector is expected to grow at a CARG of 9.3% from SGD7.3 billion to SGD10.4 billion during the same period, mainly supported by the Singapore Government's initiatives to upgrade public flats, healthcare facilities, and certain major infrastructure projects. The Singapore Government's effort to tackle aging population will boost the demand for healthcare facilities projects by building more public hospitals, polyclinic and nursing homes, and improving building's accessibility et cetera. Additionally, according to Ipsos, A&A works for schools are also expected to stay on an increasing trend in the future fueled by merging of schools and upgrading of education institutions in Singapore.

Taking into account our track records in public sector building construction projects, our Directors believe that we are well-positioned to capture the growing demand for public sector projects in Singapore. In fact, for the year ended 30 June 2019, our Group had been awarded three education institution projects by Singapore Government Agency A with a total contract sum of SGD139.5 million, an office building project by Singapore Government Agency B with a contract sum of SGD57.0 million, and two nursing home projects by Singapore Government Agency C with a total contract sum of SGD55.0 million. Our Directors believe that the Listing will enable us to obtain sufficient funding to implement our Expansion Plan to capture the growing demand for public sector projects in Singapore and to further strengthen our market position and overall competitiveness.

(v) To strengthen our Group's corporate profile

Our Directors are of the view that the Listing will reinforce our customers, suppliers, subcontractors and other stakeholders' confidence in our Group's financial strengths, governance and credibility, which may further enhance our business relationship with them. Our current and prospective customers, particularly government authorities and larger and more established corporations, may prefer main contractors that are listed on credible and reputable exchanges, given public listed companies have established track record and are subject to ongoing regulatory compliance for announcements, financial disclosures and corporate governance. Furthermore, our Directors believe that the Listing will enhance our market recognition and corporate image, which will augur well with our business growth as well as our expansion plans.

(vi) To facilitate our recruitment and retention of talents

Our Directors believe that being listed on the Stock Exchange will facilitate us in attracting talents to join our Group and access to a larger pool of talents will improve our competitiveness. 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 which is listed on the Hong Kong stock market.

Commercial rationale for choosing the Hong Kong stock market as the listing venue

Our Directors believe that a listing status in Hong Kong will enable our Group to (i) gain direct access to the capital market in Hong Kong for cost effective capital raising for future expansion and corporate finance exercises; and (ii) enhance our corporate profile, recognition and corporate status and assist us in reinforcing our Group's market awareness and image, which in turn strengthen our competitiveness in the building construction industry. Our Directors believe that Hong Kong is a major international financial centre comprising established infrastructure that attracts investors worldwide. The Stock Exchange is a suitable platform given its level of internationalism and maturity in the global financial world. Although currently all of our business operations are in Singapore, we believe an enhanced international profile brought about by the Listing will help differentiate ourselves from our counterparts in Singapore and contribute to our future expansion and business growth. Our Directors recognised that our Group's presence in Hong Kong capital markets could create a higher level of visibility for the Group among international investors, and hence gain better access to international funding. More importantly, our Directors believe that access to international funding will underpin our Group's future sustainable growth by providing us with diversified means to fund our future expansion plans.

Our Directors had considered and evaluated different listing venues including Hong Kong and Singapore and have concluded that Hong Kong is the suitable venue to pursue a listing after taking into account various factors that our Directors believe to be crucial for the long-term development of our Group. Although Hong Kong and Singapore share many similar attributes, for instance, both markets possess a well-established legal system, sound regulatory regime and international corporate governance standards, the breadth and depth of the Hong Kong capital market make it a compelling listing and fundraising venue for numerous companies from Hong Kong, China and all over the world. More particularly, benefiting from its unique position as the key gateway between China and international markets, as well as the presence of a diverse and global investor base, Hong Kong topped the world's initial public offering ("**IPO**") market in 2018 with IPO equity funds raised totalling HK$286,497 million, which was more than 65 times of the IPO equity funds raised in Singapore in 2018 of SGD747 million (equivalent to approximately HK$4,392 million). For the six months ended 30 June 2019, the IPO equity funds raised in Hong Kong was HK$71,841 million, which was more than 8 times of that of Singapore of SGD1,511 million (equivalent to approximately HK$8,552 million) during the same period. Furthermore, the number of newly listed companies in Hong Kong in 2018 was 218, up from 174 in 2017; while the number of newly listed companies in Singapore in 2018 was 15, down from 20 in 2017. In addition, the number of newly listed companies in Hong Kong for the six months ended 30 June 2019 was 84, more than 10 times than that of Singapore during the same period. With such an active IPO market, our Directors believe that a listing in Hong Kong will enable our Company to better realise its intrinsic value and attain an optimal valuation for its IPO which is in the interest of our Company.

Not only does the IPO market in Hong Kong display a soaring level of activities but also its secondary market. In 2018, the average daily turnover of stock in Hong Kong was HK$107,410 million, up from HK$88,249 million in 2017; while the average daily turnover of stock in Singapore remained at similar levels in 2017 and 2018 and amounted to SGD1,096 million (equivalent to approximately HK$6,444 million) and SGD1,099 million (equivalent to approximately HK$6,462 million), respectively. Furthermore, for the six months ended 30 June 2019, the average daily turnover of stock in Hong Kong was HK$97,927 million, while that of Singapore amounted to SGD1,060 million (equivalent to approximately HK$5,998 million) for the same period. It is worth noting that the average daily turnover of stock in Hong Kong was over 16 times of that of Singapore for both 2018 and the six months ended 30 June 2019. Our Directors are of the view that the level of market liquidity is one of the key factors to be considered when evaluating among different listing venues as it relates, to a significant extent, to the ease of conducting secondary market fundraisings by our Group after its listing, which in turn is crucial for the long-term development and business growth of our Group. Having taking into account the above, our Directors believe that the Hong Kong stock market is a suitable choice for the Company to pursue a listing.

For the reasons as described above as well as the influence of various other factors, the number of listed companies in Singapore has been on a decline in recent years, with the number of delisted companies outnumbering the number of newly listed companies in 2017, 2018 and the six months ended 30 June 2019. More particularly, there were 20, 15 and 8 newly listed companies in Singapore in 2017, 2018 and the six months ended 30 June 2019, respectively, while the number of delisted companies were 27, 24 and 11 during the same period. Furthermore, it is noted that a number of companies which were previously listed in Singapore had chosen to delist from Singapore and subsequently seek a listing in Hong Kong. In contrast, Hong Kong has attracted numerous companies from all over the world to seek their listings, and has been the top global IPO fund formation centre in five of the past eight years. As at 30 June 2019, there was a total of 2,382 listed companies in Hong Kong, more than three times of that of Singapore. Our Directors believe that a listing in Hong Kong, being one of the largest capital markets in the world, will enhance our Group's market recognition and corporate image, which will augur well with its business growth and expansion plan.

Having considered the above, our Directors decided that it is preferential for our Group to be listed in the Hong Kong stock market.

Commercial rationale for choosing equity financing as means of capital raising

(i) To secure sufficient funds to implement our Expansion Plan

We will not be able to secure sufficient funds through debt financing alone to implement our Expansion Plan but to rely on both debt financing and equity financing that are available to our Group. As disclosed in the section headed "Business — Business strategies" in this prospectus, the amount of funds required to implement our Expansion Plan is approximately SGD21.3 million (equivalent to approximately HK$122.5 million). After taking into account the cash and cash equivalents and unutilised banking facilities of our Group as at 31 October 2019 of approximately SGD3.8 million and SGD9.5 million, respectively, there is a shortfall of funds in the amount of approximately SGD8.0 million (equivalent to approximately HK$46.0 million). Therefore, in addition to debt financing, our Group will also have to rely on the net proceeds from the Global Offering to fund the Expansion Plan. As disclosed in the section headed "Business — Business strategies" in this prospectus, our Group intends to fund the Expansion Plan as to approximately SGD16.9 million (equivalent to approximately HK$97.0 million) by the net proceeds from the Global Offering and as to approximately SGD4.4 million (equivalent to approximately HK$25.5 million) by bank borrowings. Furthermore, as at 31 October 2019, all of our Group's leasehold properties, including our headquarter, workshop and dormitory, were pledged to the bank for a term loan granted to us, and time deposits in the amount of SGD6.0 million were pledged to banks as securities for our Group's banking facilities. In view of the above, our Directors consider it highly unlikely for our Group to be able to provide additional collaterals to raise further banking facilities that could meet the funding shortfall of the Expansion Plan as described above. For a detail analysis of the funding needs for implementing our Expansion Plan, please refer to the section headed "Future plans and use of proceeds — Reasons for Listing — Funding needs for implementing our business strategies" in this Prospectus.

(ii) To maintain our credit rating which is imperative in securing public sector projects

Under the PQM framework, both price and quality attributes will be given weightages in bid assessments. For most of the tenders submitted by us, a credit rating report issued by an official partner of BCA (the "**Credit Rating Report**") was required as one of the tender documents and included as a component of the overall assessment on the quality of a tender. The purpose of the Credit Rating Report is to issue an opinion on the relative degree of credit risk associated with timely payment of interest and principal obligation of the rated company. For the years ended 30 July 2017 and 2018, our credit ratings according to the Credit Rating Report were "DP5" and "DP3", respectively, with "DP1" grade being the highest rating and "DP8" grade being the lowest rating. The lower credit rating for the year ended 30 June 2017 was in line with our higher gearing ratio of our Group as at 30 June 2016. Our Directors believe that the improvement in our credit rating for the year ended 30 June 2018 might have contributed to the higher tender success rate of our Group during the year ended 30 June 2019. Furthermore, for some projects, other financial ratios or indicators such as net worth, gearing ratio and interest coverage ratio were also required to be submitted and assessed in the tender process in addition to the Credit Rating Report. Therefore, to maintain our competitiveness in the tendering process, it is of utmost importance for our Group to maintain a strong liquidity position and financial health. In view of the above, our Directors are of the view that it will not be in the interest of our Company to raise debt by a significant amount as it will hamper our financial position standing and credit rating.

(iii) To reduce the uncertainties associated with debt financing which inhibits our Group's stable implementation of the Expansion Plan

Our Directors also consider that there is a considerable amount of uncertainty for our Group to rely on debt financing to fund its Expansion Plan. Based on the terms of the banking facilities granted to our Group as at the Latest Practicable Date, the interest rates for most of our banking facilities are not fixed but depend on a floating rate such as the Singapore Interbank Offered Rate ("**SIBOR**"), or the relevant bank's prevailing prime rate or schedule of charges, which in turn are based on the bank's cost of funding such as the SIBOR. It is worth noting that the SIBOR has seen some dramatic increases over the past few years with three-month SIBOR increasing by over 360% in the last five years and close to 15% in last year alone. Further, the potential increases in SIBOR or prime rate aside, it should also be noted that, based on the terms of the banking facilities of our Group, the banks granting the facilities reserve their rights to revise the interest rate, commission, fee or bank charges (where applicable) from time to time applicable to the banking facilities granted to our Group. Our Directors consider that there will be substantial uncertainties associated with the cost of financing if our Group relies solely on debt financing to fund its Expansion Plan. Also, there is no guarantee that the cost of debt financing will not increase further in the future. Moreover, for some of the banking facilities granted to the Group, the banks also have the rights to review the relevant facilities and to cancel, reduce or vary the same at their absolute discretion. All in all, it is apparent that debt financing presents considerable uncertainties for our Group which inhibits its stable implementation of the Expansion Plan.

Furthermore, based on the terms of the banking facilities granted to our Group, most of such banking facilities have specific usages which restrict our Group's ability to apply the proceeds from the banking facilities to fund our Expansion Plan. Therefore, the Directors consider that there is limited practicality for our Group to rely on the banking facilities to fund its Expansion Plan.

(iv) To gain access to a wider range of fund raising channels and to establish a listing platform for future capital raising and corporate finance activities for our Group

In terms of funding costs, although the one-off listing expenses to be incurred is expected to be higher than the interest expenses on debt financing for the same amount of funds raised, our Directors are of the view that the Listing should not be seen as a one-off fundraising exercise but an important step for our Group to further its long-term development and business growth through establishing a listing platform for future capital raising and corporate finance activities. Therefore, our Directors consider that, when assessing the commercial rationale for our Company to pursue the Listing, its long-term benefits to our Group should be considered instead of only focusing on the one-off listing expenses or the net proceeds to be raised from the Global Offering. Upon listing, our Group will gain access to a wider range of fundraising channels than those that are available to an unlisted private company. More importantly, any secondary equity fundraising to be conducted by our Group after the Listing is likely to be at a much lower cost than that of the Global Offering. Also, in many occasions, the cost of debt financing is also cheaper for a listed company than its unlisted counterpart. All in all, although the cost of the Global Offering after taking into account the listing expenses associated with the Listing is expected to the higher than the cost of debt financing, our Directors consider it commercially justifiable for the Company to pursue the Listing having considered the long-term benefits it will bring as discussed above.

(v) To reduce the covenant restrictions associated with debt financing in our ability to pay dividends or obtain additional financing

If we raise additional funds by debt financing, we may be subject to various covenants under the relevant debt instruments which may restrict our ability to pay dividends or obtain additional financing, while for equity financing, we are not subject to such covenant restrictions.

Our Directors are of the view that despite higher one-off costs in the form of listing expenses for the Listing when compared to relatively low interest costs for debt financing, having considered (i) the constraint of our Group to raise further debt financing in terms of capacity, collaterals, guarantees and covenant restrictions; (ii) an adequate amount of funds is expected to be raised through the Listing to satisfy our current expansion needs; and (iii) the Listing will allow more flexibility in satisfying our Group's future financing needs, equity financing is the preferred option to raise capital with a view that it would benefit our Group's medium to long term development.

Funding needs for implementing our business strategies

Our current available cash resources

As at 31 October 2019, our cash and cash equivalents, which represents our immediately available working capital, amounted to approximately SGD3.8 million. Our Directors consider that the amount of our cash and cash equivalent fluctuates from time to time, depending largely on the timing of (i) payment from our customers; and (ii) payment to our suppliers and subcontractors. Therefore, the amount of our cash and cash equivalents as at a particular date may not fully reflect our general liquidity position. Our Group normally incurs net cash outflows of approximately 15% to 20% of the contract sum at the early stage of its projects. Further, based on the current scale of our operations and the costs incurred by us during the Track Record Period, our Directors expect that, in order to satisfy the payment to suppliers and subcontractors and payments for other operating expenses, we will require a stable level of cash and cash equivalents. There can be no assurance that we will receive payments from our customers before we are required to settle our suppliers and subcontractors' invoices and other liabilities, which may result in possible cash flow mismatch. Furthermore, other risks set out in the section headed "Risk factors" in this prospectus may also lead to unforeseen circumstances, such as customers' default on payments and potential litigation and claims, which will result in an increase of liquidity needs and/or needs for the use of immediately available cash.

From a prudent financial management perspective, our Directors consider that our Group should constantly maintain a sufficient amount of immediately available cash resources for meeting the payment obligations arising from our daily operations and our liquidity needs in case of unforeseen circumstances.

Our current banking facilities

As at 31 October 2019, our unutilised banking facilities amounted to approximately SGD9.5 million, as set out in the section headed "Financial information — Indebtedness" in this prospectus. As disclosed in the paragraph headed "Discussion between equity financial and debt financing" above, our Directors consider that a combination of equity financing and debt financing will be beneficial to our Group as it can maximise the return for our Shareholders.

Given the continuing expansion plans of our Group, our Directors believe that there is a genuine funding need to support our expansion plan through the Listing. For the three years ended 30 June 2019, our Group had net cash flows from operating activities of approximately SGD7.3 million and net cash flows used in operating activities of SGD3.4 million and SGD5.2 million, respectively. Although as at 31 October 2019, our Company had (a) unutilised banking facilities of approximately SGD9.5 million; and (b) cash balance of approximately SGD3.8 million, we will not be able to secure sufficient funds through debt financing alone to implement our Expansion Plan and retain adequate working capital for our day-to-day operation.

The Listing would also provide us with a long-term fund raising platform to raise funds through secondary fund raising exercise after the Listing and enable our Company to offer an equity based incentive program (such as the Share Option Scheme) to our employees that more directly correlates with their performance and which can be used to better motivate the employees and foster a team of enthusiastic staff. Therefore, our Directors believe that the Listing will be beneficial to our Group. Furthermore, based on our business plan, our Group is expected to utilise the Net Proceeds from the Global Offering of approximately HK$27.2 million, approximately HK$38.5 million, HK$23.0 million, and HK$8.3 million. respectively, for (i) purchase of new machinery and equipment and upgrade and enhance existing ones; (ii) strengthen our technical capabilities and productivity through investment in new technology; (iii) strengthening our financial capabilities to undertake new constriction and A&A projects; and (iv) enhancing and expanding our workforce. Without the proceeds from the Global Offering, we will be unable to fund our expansion plans solely on the unutilised banking facilities and cash balance as at 31 October 2019.

IMPLEMENTATION PLAN

Our implementation plans are set forth below for the period from the Listing Date to 31 December 2021. Investors should note that the following implementation plans are inherently subject to uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed "Risk Factors" in this prospectus. Our actual course of business may vary from our business strategies set out in this prospectus. There is no assurance that our plans will materialise in accordance with our expected time frame or that our objectives will be accomplished. While the actual course of events may invariably encounter unforeseeable changes and fluctuations, we shall use our best endeavours to anticipate changes, yet allowing for flexibility to implement the following plans. In the event of any material modifications to the use of proceeds as described above, we will issue announcement in accordance with the Listing Rules and disclose in our annual report for the relevant year as required by the Stock Exchange.

The following tables set out the details of our implementation plan:

From Listing Date to 30 June 2020

Business strategies	Implementation plans	Use of proceeds
Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment to enhance our productivity and quality	To acquire equipment, machinery and motor vehicle	Approximately HK$17.9 million
Strengthen our Group's financial capabilities to undertake new construction and A&A projects of larger contract value	Initial Capital Requirement for Project A	Approximately HK$23.0 million
Strengthen our technical capability and productivity through investment in new construction technology	• To hire new staff with BIM and VDC experience • To hire new staff including design engineers and PPVC consultants • upgrade BIM version • recurring costs for the BIM and other relevant software	Approximately HK$5.5 million
Enhance and expand our workforce to cope with our business expansion	• To hire additional workforce to support business expansion, including skilled general workers, crane and excavator, site engineers and site supervisors	Approximately HK$2.1 million

From 1 July 2020 to 31 December 2020

Business strategies	Implementation plans	Use of proceeds
Purchase of new machinery and equipment, and upgrading and replacement of existing machinery and equipment to enhance our productivity and quality	To acquire equipment, machinery and motor vehicle	Approximately HK$9.3 million
Strengthen our technical capability and productivity through investment in new construction technology	• To hire new staff with BIM and VDC experience • To hire new staff including design engineers and PPVC consultants • upgrade BIM version • recurring costs for the BIM and other relevant software • construct a precast production site close to our headquarters in the Tuas area in Singapore	Approximately HK$17.8 million
Enhance and expand our workforce to cope with our business expansion	• To hire additional workforce to support business expansion, including skilled general workers, crane and excavator, site engineers and site supervisors	Approximately HK$2.1 million

From 1 January 2021 to 30 June 2021

Business strategies	Implementation plans	Use of proceeds
Strengthen our technical capability and productivity through investment in new construction technology	• To hire new staff with BIM and VDC experience • To hire new staff including design engineers and PPVC consultants • upgrade BIM version • recurring costs for the BIM and other relevant software • construct a precast production site close to our headquarters in the Tuas area in Singapore	Approximately HK$9.9 million
Enhance and expand our workforce to cope with our business expansion	• To hire additional workforce to support business expansion, including skilled general workers, crane and excavator, site engineers and site supervisors	Approximately HK$2.1 million

From 1 July 2021 to 31 December 2021

Business strategies	Implementation plans	Use of proceeds
Strengthen our technical capability and productivity through investment in new construction technology	• To hire new staff with BIM and VDC experience • To hire new staff including design engineers and PPVC consultants • upgrade BIM version • recurring costs for the BIM and other relevant software	Approximately HK$5.3 million
Enhance and expand our workforce to cope with our business expansion	• To hire additional workforce to support business expansion, including skilled general workers, crane and excavator, site engineers and site supervisors	Approximately HK$2.0 million

HONG KONG UNDERWRITERS

SPDB International Capital Limited

Easy Securities Limited

Chuenman Securities Limited

GLAM Capital Limited

Great Roc Capital Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 20,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

(a) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and

(b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Sole Global Coordinator (for itself and on behalf of the other Underwriters)),

the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering, on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters), the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Global Coordinator:

(i) that any statement contained in any of this prospectus and the Application Forms and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**"), was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Sole Global Coordinator(s) (for itself and on behalf of the other Hong Kong Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute an omission therefrom; or

(iii) any breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, our Executive Directors and the Controlling Shareholders (the "**Warrantors**") pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(v) any change or development involving a prospective adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of any member of our Group ("**Group Company**"); or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Hong Kong Underwriting Agreement; or

(vii) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) our Company withdraws any of the Relevant Documents or the Global Offering; or

(ix) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(x) that a petition or an order is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xi) an authority or a political body or organisation in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors and senior management member of the Group as set out in the "Directors, senior management and employees" section of this prospectus; or

(xii) a portion of the orders in the bookbuilding process, which is considered by the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) in its absolute opinion to be material, at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Sole Global Coordinator (for itself, in its absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(xiii) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) in its absolute opinion to be material; or

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Singapore Exchange the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or

(iv) any new law(s), rule(s), statute(s), ordinance(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), judgment(s), decree(s) or ruling(s) of any governmental authority ("**Law(s)**"), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the United States, the Cayman Islands, Singapore, the BVI, the European Union (or any member thereof) or any other jurisdictions relevant to any Group Company or the Global Offering (the "**Specific Jurisdictions**"); or

(v) any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Singapore dollar against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

(viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of the Warrantors; or

(x) any of the Directors and senior management member of our Company as set out in the "Directors, senior management and employees" section of this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xi) the chairman or chief executive officer of our Company vacating his or her office; or

(xii) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or

(xv) non-compliance of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or

(xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity,

which in each case individually or in aggregate in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

(a) has or is or will or may or could be expected to have an adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or position or prospects or risks of our Company or our Group or any Group Company or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or shall otherwise result in an interruption to or delay thereof; or

(d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings given to the Stock Exchange pursuant to the Listing Rules

By our Company

In accordance with Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement 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 for the issue of Shares pursuant to the Global Offering (including the Over-allotment Option) or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option or the Stock Borrowing Agreement, it shall not:

(a) in the period commencing on the date by reference to which disclosure of its shareholdings 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 our securities that it is shown to beneficially own in this prospectus (the "**Relevant Shares**"); or

(b) in the period of a further six months commencing on the date on which the period referred to in paragraph (a) 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 Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any securities in our Company beneficially owned by it in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings given to the Hong Kong Underwriters

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the exercise of any options granted or to be granted under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), we will not, and will procure each other Group Company not to, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of such other Group Company, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable); or

(c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other Group Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Our Company has also undertaken that it will not, and will procure each other Group Company not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**").

In the event that, during the Second Six-Month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

By our Controlling Shareholders

Each of our Controlling Shareholders has undertaken jointly and severally to each of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the other Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for themselves and on behalf of the other Hong Kong Underwriters):

(i) at any time during the First Six-Month Period, it/he/she shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/he/she (together, the "**Controlled Entities**") shall not,

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him/her directly or indirectly through its Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or

(c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, which any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(ii) at any time during the Second Six-Month Period, it/he/she shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he/she would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be "Controlling Shareholders" (as defined in the Listing Rules) of our Company;

(iii) in the event that it/he/she enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it/he/she shall take all reasonable steps to ensure that it/he/she will not create a disorderly or false market for any Shares or other securities of our Company; and

(iv) it/he/she shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/he/she or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of our Company, the Stock Exchange, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the other Hong Kong Underwriters that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he/she will:

(i) when it/he/she pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

Underwriters' interests in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as of the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Placing

International Placing

In connection with the International Placing, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Offer Shares or procure purchasers for the International Offer Shares initially being offered pursuant to the International Placing. Please refer to the section headed "Structure of the Global Offering — International Placing" in this prospectus.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Sole Global Coordinator on behalf of the International Underwriters from the Listing Date until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to issue and allot up to an aggregate of 30,000,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering and at the Offer Price, to cover, among other things, any over-allocations in the International Placing, if any.

Total Commission and Expenses

We will pay the Sole Global Coordinator (for itself and on behalf of the other Underwriters) an underwriting commission of 10.0% of the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering (excluding any International Offer Shares reallocated to the Hong Kong Public Offering and any Hong Kong Offer Shares reallocated to the International Placing), out of which the Underwriters will pay all sub-underwriting commission, if any. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the Sole Global Coordinator and the relevant International Underwriters, but not the Hong Kong Underwriters.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$0.70 (being the mid-point of the stated range of the Offer Price between HK$0.65 and HK$0.75), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to HK$42.6 million in total and are payable by us.

Indemnity

We have undertaken to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Restrictions on 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, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. SPDB International Capital Limited is the Sole Sponsor for the listing of the Shares on the Stock Exchange.

The Global Offering initially consists of (subject to the Over-allotment Option):

(i) the Hong Kong Public Offering of 20,000,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in "Hong Kong Public Offering" in this section; and

(ii) the International Placing of 180,000,000 Offer Shares (subject to reallocation and the Over-allotment Option as mentioned below) which will conditionally be placed with selected professional, institutional and other investors outside the United Stated.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but may not do both.

The number of Offer Shares to be offered under the Hong Kong Public Offering and International Placing respectively may be subject to reallocation and, in the case of the International Placing only, the Over-allotment Option as set out in "International Placing — Over-allotment Option" in this section.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Placing on or around the Price Determination Date. Details of the underwriting arrangements are summarised in "Underwriting" in this prospectus.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering for subscription by the public in Hong Kong 20,000,000 Offer Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth below in "Conditions of the Global Offering".

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

- ***Pool A***: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable); and

- ***Pool B***: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 100% of the Hong Kong Offer Shares initially available under either pool A or pool B will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Placing is subject to reallocation at the discretion of the Sole Global Coordinator, subject to the following:

(a) where the International Offer Shares are fully subscribed or oversubscribed:

(i) if the Hong Kong Offer Shares are undersubscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate;

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then 20,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 40,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times of the number of Offer Shares initially available under the Hong Kong Public Offering, then 40,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number the Offer Shares available under the Hong Kong Public Offering will be increased to 60,000,000 Offer Shares, representing 30% of the total number of Offer Shares initially available under the Global Offering;

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times of the number of Offer Shares initially available under the Hong Kong Public Offering, then 60,000,000 Offer Shares will be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number the Offer Shares available under the Hong Kong Public Offering will be increased to 80,000,000 Offer Shares, representing 40% of the total number of Offer Shares initially available under the Global Offering; and

(v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, then 80,000,000 Offering Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number the Offer Shares available under the Hong Kong Public Offering will be increased to 100,000,000 Offer Shares, representing 50% of the total number of Offer Shares initially available under the Global Offering;

(b) where the International Offer Shares are undersubscribed:

(i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this Prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 20,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be increased to 40,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares between the Hong Kong Public Offering and the International Placing in the circumstances where (i) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (ii) the International Offer Shares are not fully subscribed and the Hong Kong Offer Shares are oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the low-end of the indicative Offer Price range (i.e.HK$0.65 per Offer Share) stated in this prospectus.

In addition, the Sole Global Coordinator may reallocate Offer Shares from the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, if such reallocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Hong Kong Public Offering following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 40,000,000 Offer Shares).

In all cases, the number of Offer Shares allocated to the International Placing will be correspondingly reduced. In addition, the Sole Global Coordinator may in its sole and absolute discretion reallocate Offer Shares of the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has 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 International Offer Shares under the International 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 it has been or will be placed or allocated International Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offering are required to pay, on application, maximum price of HK$0.75 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% on each Offer Share, amounting to a total of HK$3,787.79 for one board lot of 5,000 Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in the paragraph headed "Pricing and Allocation", is less than the maximum price of HK$0.75 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For further details, see "How to apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL PLACING

Number of Offer Shares Initially Offered

Subject to the reallocation as described above, the number of Shares to be initially offered under the International Placing will be 180,000,000 Shares, representing 90% of the Offer Shares under the Global Offering. Subject to the reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offering, the number of Shares initially offered under the International Placing will represent approximately 22.5% of our Company's enlarged issued share capital immediately after completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme).

Allocation

Pursuant to the International Placing Underwriting Agreement, the International Offer Shares will be conditionally placed on behalf of our Company by the International Placing Underwriters or through selling agents appointed by them. International Offer Shares will be selectively placed with certain professional and institutional investors 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 International Placing is subject to the Hong Kong Public Offering being unconditional.

Allocation of the International Offer Shares pursuant to the International Placing will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Offer 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 Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Placing may change as a result of the clawback arrangement as described above in the paragraph headed "The Hong Kong Public Offering — Reallocation" or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sole Global Coordinator (for itself and on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 30,000,000 additional new Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Placing to, (such as effecting the permitted stabilising actions as set out in the section headed "Stabilisation" below), cover over-allocations in the International Placing, if any.

If the Over-allotment Option is exercised in full, the additional Shares to be issued pursuant thereto will represent approximately 3.75% of our enlarged issued share capital immediately following the completion of the Global Offering and the Capitalisation Issue. In the event that the Over-allotment Option is exercised, an announcement will be made.

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 securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the stabilising manager, or any person acting for it (for itself and on behalf of the Underwriters and not as agent for our Company), may over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the stabilising manager or any persons acting for it, to conduct any such stabilising action. Such stabilising action, if taken, will be conducted at the absolute discretion of the stabilising manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong under the Securities and Futures (Price Stabilising) Rules of the SFO includes (i) over-allocating 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 agreeing to purchase, 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, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in Shares should note that:

- the stabilising manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time or period for which the stabilising manager (or any person acting for it) will maintain such a long position;
- liquidation of any such long position by the stabilising manager (or any person acting for it) and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date and is expected to expire on Thursday, 30 January 2020, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and
- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price, which means that stabilising bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the stabilising manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, using Shares purchased by the stabilising manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the stabilising manager may choose to enter into an agreement with a controlling shareholder of our Company, to borrow, whether on its own or through its affiliates, up to 30,000,000 Shares, representing 15% of the total number of the Offer Shares initially available for the Global Offering. The stock borrowing arrangement under such an agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with as follows:

- such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares to be borrowed from a controlling shareholder by the stabilising manager (or any person acting for it) is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

- the same number of Shares so borrowed must be returned to a controlling shareholder or its nominee(s) within three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised, and (b) the day on which the Over-allotment Option is exercised in full;

- the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and

- no payment will be made to a controlling shareholder by the stabilising manager (or any person acting for it) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) will determine the Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Tuesday, 31 December 2019, and in any event, not later than Friday, 3 January 2020.

The Offer Price will not be more than HK$0.75 per Offer Share and is expected to be not less than HK$0.65 per Offer Share, unless otherwise announced, as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum price of HK$0.75 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% fee, amounting to a total of HK$3,787.79 for one board lot of 5,000 Shares.

If the Offer Price, as finally determined in the manner described below, is lower than HK$0.75, we will refund the respective difference, including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies. We will not pay interest on any refunded amounts. For more details, please refer to the section headed "How to apply for Hong Kong Offer Shares" in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International 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 Hong Kong Public Offering.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the Offer Price Range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice on our website at **www.kwanyong.com.sg** and the website of the Stock Exchange at **www.hkexnews.hk** (the contents of the website do not form a part of this prospectus). Upon issue of such a notice, the revised number of Offer Shares and/or offer price range will be final and conclusive and the Offer Price, if agreed upon by us, will be fixed within such revised offer price range.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price Range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in "Summary" in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with the Company and the Sole Global Coordinator (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 you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offering, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares and/or the Offer Price Range is reduced, applicants 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.

In the event of a reduction in the number of Offer Shares, the Sole Global Coordinator may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised).

The final Offer Price, the level of indication of interest in the International Placing, the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in "How to apply for Hong Kong Offer Shares — 11. Publication of results" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on:

- the Listing Committee granting approval for the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option);

- the Offer Price having been agreed between us and the Sole Global Coordinator (on behalf the Underwriters);

- the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Thursday, 23 January 2020, being the 30th date after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before Friday, 3 January 2020, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on our website at **www.kwanyong.com.sg** and the website of the Stock Exchange at **www.hkexnews.hk** on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in "How to apply for Hong Kong Offer Shares — 13. Refund of application monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, us and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarised in "Underwriting".

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 8 January 2020, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 8 January 2020.

The Shares will be traded in board lots of 5,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **eWhite Form** service at **www.ewhiteform.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

The Company, the Sole Global Coordinator, the **eWhite Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

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.

2. WHO CAN APPLY

You can apply for Hong Kong 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 apply online through the **eWhite Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

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, the Sole Global Coordinator 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 and they may not apply by means of **eWhite Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/ or any its subsidiaries;
- a Director or chief executive officer of the Company and/ or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.ewhiteform.com.hk**.

For Hong Kong 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, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between 9:00 a.m. on Tuesday, 24 December 2019 until 12:00 noon on Tuesday, 31 December 2019 from:

(i) any of the following offices of the Underwriters:

SPDB International Capital Limited	**33/F, SPD Bank Tower, One Hennessy, 1 Hennessy Road, Hong Kong**
Easy Securities Limited	**11/F, Continental Place, 238 Des Voeux Road Central, Sheung Wan, Hong Kong**

Chuenman Securities Limited	**Office A, 10/F, Sang Woo Building, 227-228 Gloucester Road, Wan Chai, Hong Kong**
GLAM Capital Limited	**908-11, 9/F, Nan Fung Tower, 88 Connaught Road Central & 173 Des Voeux Road Central, Hong Kong**
Great Roc Capital Securities Limited	**44/F, Convention Plaza Office Tower, 1 Harbour Road, Wan Chai, Hong Kong**

(ii) any of the branches of the following receiving bank:

DBS Bank (Hong Kong) Limited

	Branch Name	**Address**
Hong Kong Island	Happy Valley Branch	G/F, 18A-22 King Kwong Street, Happy Valley
Kowloon	Nathan Road — SME Banking Centre	2/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
New Territories	Tuen Mun Town Plaza — SME Banking Centre	Shop 23, G/F, Tuen Mun Town Plaza (II), 3 Tuen Lung Street, Tuen Mun

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m., Tuesday, 24 December 2019 until 12:00 noon, Tuesday, 31 December 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 **Ting Hong Nominees Limited — Kwan Yong Public Offer** for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- 9:00 a.m. to 5:00 p.m., Tuesday, 24 December 2019
- 9:00 a.m. to 5:00 p.m., Friday, 27 December 2019
- 9:00 a.m. to 1:00 p.m., Saturday, 28 December 2019
- 9:00 a.m. to 5:00 p.m., Monday, 30 December 2019
- 9:00 a.m. to 12:00 noon, Tuesday, 31 December 2019

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 31 December 2019, the last application day or such later time as described in "- 10. Effect of bad weather and/or extreme conditions on the opening of the applications lists".

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 or applying through the **eWhite Form** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong 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 (Winding Up and Miscellaneous Provisions) Ordinance and the 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 Global Offering in this prospectus;

(vi) agree that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering 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 Offer Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to the Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Global Coordinator, 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 the Company, the Sole Global Coordinator 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 Hong Kong 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 Hong Kong 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 Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/ or its agents to send any Share certificate(s) and/ or any e-Refund system payment instructions 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 the Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong 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 or to the **eWhite Form** Service Provider 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 THROUGH eWHITE FORM SERVICE

General

Individuals who meet the criteria in "2. Who can apply", may apply through the **eWhite Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.ewhiteform.com.hk**.

Detailed instructions for application through the **eWhite Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **eWhite Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **eWhite Form** service.

Time for Submitting Applications under the eWhite Form service

You may submit your application to the **eWhite Form** Service Provider at **www.ewhiteform.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m., Tuesday, 24 December 2019 until 11:30 a.m., Tuesday, 31 December 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon, Tuesday, 31 December 2019 or such later time under "10. Effects of bad weather and/or extreme conditions on the opening of the applications lists".

No Multiple Applications

If you apply by means of **eWhite Form** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **eWhite Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **eWhite Form** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **eWhite Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant 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).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong 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 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 Center
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 Hong Kong 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 the Company, the Sole Global Coordinator 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 Hong Kong 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 Hong Kong 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 Hong Kong 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 Offer Shares under the International Placing;

- (if the 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 the Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong 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 the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, 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 the Company, our Hong Kong Branch Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/ or its 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 the Company agreeing that it will not offer any Hong Kong 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 the Company's announcement of the Hong Kong Public Offering 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 Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the 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 (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; 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 the 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 Hong Kong 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 5,000 Hong Kong Offer Shares. Instructions for more than 5,000 Hong Kong 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 Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/ Custodian Participants can input **electronic application instructions** at the following times on the following dates:[(1)]

- 9:00 a.m. to 8:30 p.m., Tuesday, 24 December 2019
- 8:00 a.m. to 8:30 p.m., Friday, 27 December 2019
- 8:00 a.m. to 1:00 p.m., Saturday, 28 December 2019
- 8:00 a.m. to 8:30 p.m., Monday, 30 December 2019
- 8:00 a.m. to 12:00 noon, Tuesday, 31 December 2019

Note:

(1) These times in this sub-section 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.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m., Tuesday, 24 December 2019 until 12:00 noon, Tuesday, 31 December 2019 (24 hours daily, except on 31 December 2019, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon, Tuesday, 31 December 2019, the last application day or such later time as described in "10. Effect of bad weather and/or extreme conditions on the opening of the application lists".

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 Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong 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 Hong Kong 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, the 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 the Company, the Hong Kong Branch Share Registrar, the receiving bankers, the Sole Global Coordinators, 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.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **eWhite Form** service is also only a facility provided by the **eWhite Form** Service Provider to public investors. 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. The Company, the Directors, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **eWhite Form** service will be allotted any Hong Kong 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/ CCASS 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, Tuesday, 31 December 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong 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 or through **eWhite Form** service, 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 of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the 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).

9. HOW MUCH ARE THE HONG KONG 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 Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **eWhite Form** service in respect of a minimum of 5,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 5,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.ewhiteform.com.hk**.

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 "Structure of the Global Offering — Pricing and allocation".

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS 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;

- a "black" rainstorm warning; and/or
- Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 31 December 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 or Extreme Conditions 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, 31 December 2019 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in "Expected timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Tuesday, 7 January 2020 on the Company's website at **www.kwanyong.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 of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.kwanyong.com.sg** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m., Tuesday, 7 January 2020;
- from the designated results of allocations website at **www.ewhiteform.com.hk/results** with a "search by ID Number / Business Registration Number" function on a 24-hour basis from 9:00 a.m. on Tuesday, 7 January 2020 to 12:00 midnight on Tuesday, 14 January 2020;
- by telephone enquiry line by calling (852) 2153-1688 between 9:00 a.m. and 6:00 p.m. from Tuesday, 7 January 2020 to Tuesday, 14 January 2020 on a Business Day (excluding Saturday, Sunday and Hong Kong Public Holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 7 January 2020 to Tuesday, 14 January 2020 at all the receiving bank branches and sub-branches.

If the 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 Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" 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.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong 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 or to **eWhite Form** Service Provider, 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 the 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 the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Global Coordinator, the **eWhite Form** Service Provider 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 Hong Kong Offer Shares is void:

The allotment of Hong Kong 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 Committee notifies the 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) Hong Kong Offer Shares and International Offer Shares;

- your Application Form is not completed in accordance with the stated instructions;

- your **electronic application instructions** through the **eWhite Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;

- 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;

- the Company or the Sole Global Coordinator 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 Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. 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$0.75 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" 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 Tuesday, 7 January 2020.

14. DESPATCH/ COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **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 Hong Kong 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 Hong Kong 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 Tuesday, 7 January 2020. 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., Wednesday, 8 January 2020 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" 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 Hong Kong 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 the 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 Tuesday, 7 January 2020 or such other date as notified by us on our website.

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 the 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 Hong Kong Offer Shares, your refund cheque(s) and/ or Share certificate(s) will be sent to the address on the relevant Application Form on Tuesday, 7 January 2020, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Tuesday, 7 January 2020, 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 Tuesday, 7 January 2020, 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 Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m., Tuesday, 7 January 2020 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong 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 through the eWhite Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the 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 Tuesday, 7 January 2020, or such other date as notified by our Company on our website as the date of despatch/ collection of Share certificates/ e-Refund system payment instructions/ refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Tuesday, 7 January 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund system payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong 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 Tuesday, 7 January 2020, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the 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 Hong Kong Public Offering in the manner specified in "Publication of Results" above on Tuesday, 7 January 2020. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m., Tuesday, 7 January 2020 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 Hong Kong 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 Hong Kong 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 Tuesday, 7 January 2020. Immediately following the credit of the Hong Kong 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 Hong Kong 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 Tuesday, 7 January 2020.

15. 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, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

EY 安永

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The Directors
Kwan Yong Holdings Limited
SPDB International Capital Limited

Dear Sirs,

We report on the historical financial information of Kwan Yong Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-65, which comprises the combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 30 June 2017, 2018 and 2019 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 30 June 2017, 2018 and 2019 and the statement of financial position of the Company as at 30 June 2019 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-3 to I-65 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 24 December 2019 (the "Prospectus") in connection with the initial listing of the 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors 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 (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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, 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 financial position of the Group as at 30 June 2017, 2018 and 2019 and the Company as at 30 June 2019, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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-3 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong
24 December 2019

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young LLP, Singapore in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "Underlying Financial Statements").

The Historical Financial Information is presented in Singapore dollars ("SGD") and all values are rounded to the nearest thousand (SGD'000) except when otherwise indicated.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 30 June 2017	2018	2019
		SGD'000	*SGD'000*	*SGD'000*
REVENUE	6(a)	78,664	53,883	110,364
Cost of sales		(69,373)	(43,894)	(95,991)
Gross profit		9,291	9,989	14,373
Other income and gains, net	6(b)	2,498	2,198	865
Administrative expenses		(5,530)	(4,207)	(5,256)
Listing and other expenses		—	(1)	(2,395)
Finance costs	7	(201)	(249)	(30)
PROFIT BEFORE TAX	8	6,058	7,730	7,557
Income tax	11	(854)	(1,474)	(1,639)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO THE SOLE SHAREHOLDER OF THE COMPANY		5,204	6,256	5,918

COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 30 June 2017	2018	2019
		SGD'000	*SGD'000*	*SGD'000*
NON-CURRENT ASSETS				
Property, plant and equipment	14	18,672	17,472	17,043
Investment properties	15	1,996	1,965	1,934
Equity investments at fair value through profit or loss	16	10,431	—	—
Total non-current assets		31,099	19,437	18,977
CURRENT ASSETS				
Contract assets	17	3,488	12,611	27,064
Trade receivables	18	17,572	4,159	22,888
Prepayments, deposits and other receivables	19	2,659	4,210	1,413
Pledged deposits	20	9,000	13,000	7,000
Cash and cash equivalents	20	17,446	6,120	3,044
Total current assets		50,165	40,100	61,409
CURRENT LIABILITIES				
Contract liabilities	17	1,508	—	590
Trade payables	21	24,262	15,472	33,066
Other payables and accruals	22	3,172	612	750
Provision for defect liabilities	23	1,092	641	375
Deferred capital grants	24	76	47	47
Income tax payable		493	1,464	1,294
Bank borrowings	25	451	2,785	3,856
Obligations under finance leases	26	19	—	78
Total current liabilities		31,073	21,021	40,056
NET CURRENT ASSETS		19,092	19,079	21,353
TOTAL ASSETS LESS CURRENT LIABILITIES		50,191	38,516	40,330

	Notes	As at 30 June 2017	2018	2019
		SGD'000	*SGD'000*	*SGD'000*
NON-CURRENT LIABILITIES				
Deferred capital grants	24	97	91	44
Bank borrowings	25	9,543	466	454
Obligations under finance leases	26	—	—	118
Deferred tax liabilities	27	720	424	261
Total non-current liabilities		10,360	981	877
NET ASSETS		39,831	37,535	39,453
EQUITY				
Equity attributable to the sole shareholder of the Company				
Issued capital	28	—	—	—#
Reserves	29(a)(i)	39,831	37,535	39,453
Total equity		39,831	37,535	39,453

Less than SGD500.

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Issued capital	Merger reserve	Retained profits	Total equity
	SGD'000	*SGD'000 (note 29(a)(ii))*	*SGD'000*	*SGD'000*
At 1 July 2016	—	8,500	26,127	34,627
Profit for the year and total comprehensive income for the year	—	—	5,204	5,204
At 30 June 2017 and 1 July 2017	—	8,500*	31,331*	39,831
Profit for the year and total comprehensive income for the year	—	—	6,256	6,256
Issue of bonus shares by a subsidiary to its then shareholders (note 12)	—	6,500	(6,500)	—
Dividend and distributions in specie declared by a subsidiary to its then shareholders (note 12)	—	—	(8,552)	(8,552)
At 30 June 2018 and 1 July 2018	—	15,000*	22,535*	37,535
Profit for the year and total comprehensive income for the year	—	—	5,918	5,918
Dividend declared by a subsidiary to its then shareholders (note 12)	—	—	(4,000)	(4,000)
Issue of a new share upon incorporation of the Company (note 28(a))	—#	—	—	—
At 30 June 2019	—#	15,000*	24,453*	39,453

* These reserves accounts comprise the combined reserves of SGD39,831,000, SGD37,535,000 and SGD39,453,000 in the combined statements of financial position as at 30 June 2017, 2018 and 2019, respectively.

Less than SGD500.

COMBINED STATEMENTS OF CASH FLOWS

	Notes	2017	2018	2019
		Year ended 30 June		
		SGD'000	*SGD'000*	*SGD'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		6,058	7,730	7,557
Adjustments for:				
Bank interest income	6(b)	(360)	(400)	(205)
Dividend income of equity investments at fair value through profit or loss	6(b)	(255)	(269)	—
Fair value gain of equity investments at fair value through profit or loss, net	6(b)	(1,190)	(791)	—
Gain on disposal of items of property, plant and equipment, net	6(b)	(66)	(35)	—
Amortisation of deferred capital grants	6(b)	(76)	(55)	(47)
Finance costs	7	201	249	30
Depreciation of property, plant and equipment	8	1,585	1,552	1,754
Depreciation of investment properties	8	31	31	31
Write-off of other receivables	8	—	1	—
		5,928	8,013	9,120
Decrease/(increase) in contract assets		11,944	(9,123)	(14,453)
Decrease/(increase) in trade receivables		(14,597)	13,413	(18,729)
Decrease/(increase) in prepayments, deposits and other receivables		(792)	(1,552)	2,797
Increase/(decrease) in contact liabilities		1,508	(1,508)	590
Increase/(decrease) in trade payables		7,008	(8,790)	17,594
Increase/(decrease) in other payables and accruals		(1,642)	(2,560)	138
Decrease in provision for defect liabilities		(604)	(451)	(266)
Cash flows generated from/(used in) operations		8,753	(2,558)	(3,209)
Income tax paid		(1,480)	(799)	(1,972)
Interest paid		(4)	(1)	—
Net cash flows from/(used in) operating activities		7,269	(3,358)	(5,181)

	Year ended 30 June		
	2017	2018	2019
	SGD'000	*SGD'000*	*SGD'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of time deposits with original maturity of more than three months when acquired	(1,962)	(28,000)	(7,000)
Withdrawal of time deposits with original maturity of more than three months when acquired	10,003	26,000	13,000
Interest received	360	400	205
Capital grants received	179	20	—
Purchase of items of property, plant and equipment	(1,665)	(352)	(1,091)
Proceeds from disposal of items of property, plant and equipment	139	35	6
Purchases of equity investments at fair value through profit or loss	(7,004)	(8,156)	—
Proceeds from disposal of equity investments at fair value through profit or loss	6,121	14,826	—
Dividends received from equity investments at fair value through profit or loss	255	269	—
Net cash flows from investing activities	6,426	5,042	5,120

	Notes	Year ended 30 June 2017	2018	2019
		SGD'000	*SGD'000*	*SGD'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid		(197)	(248)	(30)
Repayment of bank borrowings		(466)	(9,451)	(69)
Capital element of finance leases rental payments		(156)	(19)	(44)
Cash dividends paid to the then shareholders of a subsidiary		—	(4,000)	(4,000)
Net cash flows used in financing activities		(819)	(13,718)	(4,143)
Net increase/(decrease) in cash and cash equivalents		12,876	(12,034)	(4,204)
Cash and cash equivalents at beginning of year		2,570	15,446	3,412
Cash and cash equivalents at end of year		15,446	3,412	(792)
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances other than time deposits	20	446	120	37
Time deposits	20	26,000	19,000	10,007
Less: Pledged deposits		(9,000)	(13,000)	(7,000)
Cash and cash equivalents as stated in the combined statements of financial position		17,446	6,120	3,044
Less: Time deposits with original maturity of more than three months when acquired		(2,000)	—	—
Less: Bank overdrafts	25	—	(2,708)	(3,836)
Cash and cash equivalents as stated in the combined statements of cash flows		15,446	3,412	(792)

Statement of financial position of the Company

	Notes	As at 30 June 2019
		SGD'000
CURRENT ASSETS		
Cash and cash equivalents	20	4
CURRENT LIABILITIES		
Other payables	22	9
NET CURRENT LIABILITIES		(5)
NET LIABILITIES		(5)
DEFICIENCY IN ASSETS		
Issued capital	28	—#
Accumulated loss	29(b)	(5)
TOTAL DEFICIENCY IN ASSETS		(5)

Less than SGD500

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 7 September 2018. The registered office of the Company is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands, and the headquarter and principal place of business of the Company is located at 11 Joo Koon Crescent, Singapore 629022.

The Company is an investment holding company. During the Relevant Periods, the Group was principally engaged in the provision of general building and construction services in Singapore.

As at the date of this report, in the opinion of the directors of the Company, Ideal Smart Ventures Limited, a company incorporated in the British Virgin Islands, is the immediate holding company and the ultimate holding company of the Company.

The Company and its subsidiaries now comprising the Group underwent a reorganisation (the "Reorganisation") as further detailed in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

Prior to the incorporation of the Company and the completion of the Reorganisation, the principal activities of the Group were carried out by Kwan Yong Construction Pte Ltd ("Kwan Yong"), which was incorporated in Singapore.

The Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies having substantially similar characteristics to a private company incorporated in Hong Kong, the particulars of which are set out below:

Company name	Place and date of incorporation/ place of operations	Nominal value of issued share capital	Percentage of equity attributable to the Company: As at 30 June 2017	2018	2019	As at the date of this report	Principal activities
			%	%	%	%	
Forever Brilliant International Limited* ("Forever Brilliant") (note (a))	British Virgin Islands 6 July 2018	US$2	N/A	N/A	100	100	Investment holding
Kwan Yong Construction Pte Ltd** (note (b))	Singapore 17 May 1984	SGD 15,000,000	100	100	100	100	Provision of general building and construction services

* Directly held by the Company.

** Indirectly held by the Company.

Notes:

(a) No audited financial statements have been prepared for this entity as it is not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdiction of its incorporation.

(b) The statutory financial statements of this entity for the years ended 30 June 2017 and 2018 prepared under Singapore Financial Reporting Standards were audited by HLB Atrede LLP, Singapore.

The statutory financial statements of this entity for the year ended 30 June 2019 prepared under Singapore Financial Reporting Standards were audited by Ernst & Young LLP, Singapore.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the section headed "History, Reorganisation and Corporate Structure — Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 13 December 2019. As the Reorganisation only involved inserting new holding companies of an existing company and has not resulted in any change of economic substances, for the purpose of this report, the Historical Financial Information for the Relevant Periods has been presented as a continuation of the existing company and prepared on a combined basis by using the pooling of interests method as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The combined statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the respective dates of incorporation of the relevant entities, where this is a shorter period. The combined statements of financial position of the Group as at 30 June 2017, 2018 and 2019 present the assets and liabilities of the companies now comprising the Group using the existing book values of the relevant entities. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRSs effective for the accounting period commencing from 1 July 2018 including IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for equity investments at fair value through profit or loss which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Historical Financial Information:

Amendments to IFRS 3	*Definition of Business*[5]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[2]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015—2017 Cycle	*Amendments to the following four IFRSs:* *IFRS 3 Business Combinations*[1] *IFRS 11 Joint Arrangements*[1] *IAS 12 Income Tax*[1] *IAS 23 Borrowing Costs*[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Effective for annual periods beginning on or after 1 January 2021
4 No mandatory effective date yet determined but available for adoption
5 Effective for business combinations for which the acquisition date is on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period

Further information about IFRS 16 that is expected to be applicable to the Group is as follows:

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC—15 *Operating Leases — Incentives* and SIC—27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for recognition exemptions.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40 *Investment Property*, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from the current accounting policy under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

The Group will adopt IFRS 16 using the modified retrospective method with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with any cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits as at 1 July 2019, and the comparative information will not be restated and continues to be reported under IAS 17.

The Group will use the following practical expedients when applying IFRS 16 as at 1 July 2019:

- Applying short term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application

- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease

As disclosed in note 32(a) to the Historical Financial Information, as at 30 June 2019, the Group had future minimum lease payments under non-cancellable operating leases in aggregate of approximately SGD3,688,000. The Group is of the view that the adoption of IFRS 16 shall not have significant impact on the Group's net assets and financial performance.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of a subsidiary are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a holding company of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) as at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made as at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of different categories of property, plant and equipment are as follows:

Leasehold property	39 years
Office renovation	5 years
Plant and machinery	5 years
Computers	1 year
Motor vehicles	10 years
Signboard	10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least as at each financial year.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 72 to 85 years. The residual values, useful lives and the depreciation method of investment properties are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the period of retirement or disposal.

Leases

(i) As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Operating lease payments are recognised as an expense in profit or loss on the straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rentals receivable under operating leases are credited to profit or loss on the straight-line basis over the lease terms. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost or at fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition — Revenue from contracts with customers" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- 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 at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the combined statements of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other ECLs credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest amortisation is included in finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are payable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision will be reversed. If the effect of discounting is material, the amount recognised for a provision is the present value as the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current income tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax

Deferred tax is provided, using the liability method, on all temporary differences as at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed as at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed as at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted as at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the combined statements of financial position.

Revenue recognition

Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Group provides general building and construction services, which involves general building, air-conditioning and mechanical ventilation system, electrical system as well as sanitary and plumbing system.

At contract inception, the Group assesses whether the transfer of service was satisfied at a point in time or over time by determining if (a) its performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and (b) the Group has an enforceable right to payment for performance completed to date. The Group recognises revenue from the provision of general building and construction services over time as the Group's performance creates or enhances asset that the customer controls as the asset is created or enhanced.

Contract revenue is recognised over time by reference to the Group's progress towards completing the performance obligation in the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs (input method).

For costs incurred in fulfilling the contract which are within the scope of another IFRS, these shall be accounted for in accordance with those other IFRS. If these are not within the scope of another IFRS, the Group will recognise these as contract assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Significant financing components

In determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that include a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception, such that it reflects the credit characteristics of the party receiving financing in the contract.

The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.

Revenue from other sources

Interest income

Interest income is recognised on an accrual basis using the effective interest method.

Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

Rental income

Rental income arising on operating leases of investment properties is recognised on the straight-line basis over the lease terms. The aggregate costs of incentives provided to the lessees are recognised as a reduction of rental income over the lease term on the straight-line basis.

Contract modifications

The Group accounts for contract modifications arising from change orders to modify the scope or price of the contract as separate contracts if the modification adds distinct goods or services at their standalone selling prices. For contract modifications that add distinct goods or services but not at their standalone selling prices, the Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations. For contract modifications that do not add distinct goods or services, the Group accounts for the modification as continuation of the original contract and is recognised as a cumulative adjustment to revenue at the date of modification.

Contract assets and liabilities

(a) Contract assets

A contract asset is the right to consideration in exchange for goods and services transferred to the customer. If the Group performs by transferring goods and services to a customer before the customer pays for consideration or before payment is due, a contract asset is recognise for the earned consideration that is conditional.

(b) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If the customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when payment is made or the payment is due (whichever is earlier). Contact liabilities are recognised as revenue when the Group performs under the contract.

Employee benefits

(a) Defined contribution plans

The Group makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

Dividends and distributions in specie

Final dividends are recognised as a liability when they are approved by the shareholders of relevant entities comprising the Group in a general meeting.

Interim dividends are recognised immediately as a liability when they are proposed and declared by directors of relevant entities comprising the Group, as the memorandum and articles of association of these entities grant their directors the authority to declare interim dividends.

In respect of a non-cash dividend (e.g., a distribution in specie), the liability of the non-cash dividend is measured at the fair value of the assets to be distributed. When the Group settles the non-cash dividend payable, it recognises the difference, if any, between the carrying amount of assets distributed and the carrying amount of the non-cash dividend payable in profit or loss.

Functional currency

The Historical Financial Information is presented in SGD, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements made in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Historical Financial Information:

Determining the timing of satisfaction of construction revenue

Contract revenue is recognised over time by reference to the Group's progress towards completing the performance obligations in the construction contract, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs (the "input method"). Management has determined that a cost-based method for these services provide a faithful depiction of the Group's performance in transferring control of goods and services promised to the customers, as it reflects the Group's effort incurred to date relative to the total inputs expected to be incurred to date as a proportion of total costs expected to be incurred up to the completion of the performance obligations within the contract.

Determining the method to estimate variable consideration and assessing the constraint for construction services

The Group seeks to collect (i) variations from customers as reimbursement of costs and margins for scope of works not included in the original construction contracts and (ii) incentive payments, which give rise to variable consideration. The Group determined that the most likely amount method is the appropriate method to use in estimating the variable consideration for variations and incentive payments in construction services, given there is a wide range of possible outcomes which are subject to negotiations with third parties.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, current negotiations with customers and the current economic conditions.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the Historical Financial Information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on the straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 to 39 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the property, plant and equipment as at the end of each reporting period is disclosed in note 14.

Estimating the contract revenue and contract costs for construction works

The management of the Group reviews and revised the estimate of (i) contract revenue (including variations in contract works and incentive payments) yet to be certified by surveyors appointed by the customers and (ii) contract costs for each construction contract.

Recognised amounts of contract revenue and contract costs reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. In making these estimates, management takes into consideration the past experience in conducting similar construction works.

The actual outcomes in terms of the contract revenue and contract costs may be higher or lower than the amounts estimated at the end of the Relevant Periods, which would affect the revenue and profit or loss recognised in the future years as an adjustment to the amounts recorded to date.

Provision for defect liabilities

Determining the provision for defect liabilities in respect of cost of work required to be carried out for the rectification of construction defects requires an assessment of the potential defects that could arise, the estimation of the timing of incoming such costs and of the future costs of carrying out such rectification works. Significant estimate is required in determining if the Group has to make provision for any potential liquidated damages exposures. The carrying amount of the provision for defect liabilities as at the end of each reporting period is disclosed in note 23.

5. SEGMENT INFORMATION

Operating segment information

No operating segment information is presented as the Group's revenue and reported results during each of the Relevant Periods, and the Group's total assets as at the end of each of the Relevant Periods were derived from or attributable to one single operating segment, i.e., provision of general building and construction services.

Geographical information

The Group's revenue during each of the Relevant Periods were all derived from external customers based in Singapore, and the Group's non-current assets, excluding financial assets, as at the end of each of the Relevant Periods were all located in Singapore.

Information about major customers

Revenue from major customers, which contributed 10% or more of the Group's revenue for each of the Relevant Periods, is set out below:

	Year ended 30 June		
	2017	2018	2019
	SGD'000	*SGD'000*	*SGD'000*
Customer A	66,562	28,392	50,019
Customer B	N/A*	19,074	N/A*
Customer C	10,545	N/A*	N/A*
Customer D	N/A*	N/A*	17,704
Customer E	N/A*	N/A*	31,137

* *The customer did not contribute 10% or more of the Group's revenue in the corresponding periods.*

6. REVENUE AND OTHER INCOME AND GAINS, NET

(a) Revenue

Revenue represents an appropriate proportion of contract revenue of construction contracts for the provision of general building and construction services.

(i) Disaggregation of revenue

	Year ended 30 June		
	2017	2018	2019
	SGD'000	*SGD'000*	*SGD'000*
By geographical market			
Singapore	78,664	53,883	110,364
By revenue stream			
General building and construction services	78,664	53,883	110,364
By timing of revenue recognitions			
Over time	78,664	53,883	110,364

(ii) Performance obligation — Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The aggregate amounts of transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations at the end of each of the Relevant Periods are as follows:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Expected to be recognised:			
Within one year	41,105	52,397	186,341
More than one year	—	6,086	28,200
	41,105	58,483	214,541

Variable consideration that is constrained is not included in the transaction price. The Group determined that the estimates of variable consideration are not constrained.

(b) Other income and gains, net

An analysis of the Group's other income and gains, net for each of the Relevant Periods is as follows:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Other income			
Bank interest income	360	400	205
Dividend income of equity investments at fair value through profit or loss	255	269	—
Government grants (note)	64	105	129
Amortisation of deferred capital grants	76	55	47
Rental income	439	474	480
Sundry income	48	69	4
	1,242	1,372	865
Gains, net			
Fair value gain of equity investments at fair value, net through profit or loss	1,190	791	—
Gain on disposal of items of property, plant and equipment	66	35	—
	1,256	826	—
Other income and gains, net	2,498	2,198	865

Note: During the Relevant Periods, subsidies were received by a subsidiary from various government authorities in Singapore for employment incentives and productivity improvement. There are no unfulfilled conditions or contingencies attaching to government grants that have been recognised.

7. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Interest on:			
Bank overdraft	4	1	—
Term loan	194	248	23
Finance leases	3	—	7
	201	249	30

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended 30 June		
	Notes	**2017**	**2018**	**2019**
		SGD'000	*SGD'000*	*SGD'000*
Cost of construction work		69,373	43,894	96,437
Depreciation of property, plant and equipment	14	1,585	1,552	1,754
Less: Amount included in cost of construction work		(989)	(928)	(1,082)
		596	624	672
Depreciation of investment properties	15	31	31	31
Minimum lease payments under operating leases		468	340	373
Less: Amount included in cost of construction work		(339)	(178)	(214)
		129	162	159

	Note	Year ended 30 June 2017	2018	2019
		SGD'000	*SGD'000*	*SGD'000*
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		19	31	48
Employee benefit expense (excluding directors' remuneration (note 9)):				
Salaries, allowances and benefits in kind		5,739	5,233	6,489
Pension scheme contributions		494	429	565
		6,233	5,662	7,054
Less: Amount included in cost of construction work		(4,786)	(3,899)	(5,113)
		1,447	1,763	1,941
Defect liability provision/(provision reversed), net:				
Additional provision	23	315	526	—
Reversal of unutilised provision	23	(676)	(282)	—
		(361)	244	—
Write-off of other receivables*		—	1	—
Listing expenses*		—	—	2,395

* Amounts were included in "Listing and other expenses" on the face of the combined statements of profit or loss and other comprehensive income.

9. DIRECTORS' REMUNERATION

Subsequent to the incorporation of the Company, on 8 October 2018, Mr. Kwan Mei Kam, Ms. Tay Yen Hua, Mr. Wong San Ta Jacob and Ms. Kwan Shu Ming were appointed as executive directors of the Company, and Mr. Lim Ah Lay was appointed as a non-executive director of the Company. Subsequent to the Relevant Periods, Mr. Koh Lian Huat, Dr. Wu Dongqing and Mr. Chou Sean Yu were appointed as independent non-executive directors of the Company on 17 December 2019.

Certain directors of the Company received remuneration from a subsidiary now comprising the Group in their capacity as being directors and/or employees of that subsidiary. The remuneration of these directors as recorded in the financial statements of that subsidiary during the Relevant Periods is set out below:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Fees	2,000	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	892	858	1,019
Pension scheme contributions	46	47	46
	938	905	1,065
	2,938	905	1,065

An analysis of these directors' remuneration, on a named basis, is as follows:

	Fees	**Salaries, allowances and benefits in kind**	**Pension scheme contributions**	**Total**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Year ended 30 June 2017				
Mr. Kwan Mei Kam	1,000	203	6	1,209
Ms. Tay Yen Hua	1,000	203	7	1,210
Mr. Wong San Ta Jacob	—	391	17	408
Ms. Kwan Shu Ming	—	95	16	111
	2,000	892	46	2,938

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Year ended 30 June 2018				
Mr. Kwan Mei Kam	—	214	6	220
Ms. Tay Yen Hua	—	214	7	221
Mr. Wong San Ta Jacob	—	330	17	347
Ms. Kwan Shu Ming	—	100	17	117
	—	858	47	905
Year ended 30 June 2019				
Mr. Kwan Mei Kam	—	238	6	244
Ms. Tay Yen Hua	—	238	6	244
Mr. Wong San Ta Jacob	—	433	17	450
Ms. Kwan Shu Ming	—	110	17	127
	—	1,019	46	1,065

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of the five highest paid employees of the Group during each of the Relevant Periods are as follows:

	Year ended 30 June		
	2017	2018	2019
	SGD'000	*SGD'000*	*SGD'000*
Directors' fees	2,000	—	—
Salaries, allowances and benefits in kind	2,281	1,181	1,400
Pension scheme contributions	65	65	65
	4,346	1,246	1,465

The number of the highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	Year ended 30 June		
	2017	2018	2019
Nil to HK$1,000,000	—	—	—
HK$1,000,001 to HK$1,500,000	1	4	3
HK$1,500,001 to HK$2,000,000	1	1	1
HK$2,000,001 to HK$2,500,000	1	—	1
HK$6,000,000 to HK$6,500,000	2	—	—
	5	5	5

11. INCOME TAX

An analysis of the Group's income tax is as follows:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Current tax — Singapore:			
Charge for the year	386	1,705	1,802
Underprovision in prior years	—	65	—
	386	1,770	1,802
Deferred tax (note 27)	468	(296)	(163)
	854	1,474	1,639

Notes:

(a) No Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during each of the Relevant Periods.

Singapore income tax has been provided at the rate of 17% on the estimated assessable profits arising in Singapore during each of the Relevant Periods.

(b) A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate of Singapore (in which the Group operates) to the tax expense at the effective tax rate is as follows:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Profit before tax	6,058	7,730	7,557
Tax expense at the statutory rate of 17%	1,030	1,314	1,285
Adjustments in respect of current tax of previous periods	—	65	—
Income not subject to tax	(269)	(195)	(8)
Expenses not deductible for tax	216	326	412
Effects of partial tax exemptions, reliefs and rebates*	(171)	(36)	(17)
Others	48	—	(33)
Tax expense at the effective tax rates of 14.1%, 19.1% and 21.7% for the years ended 30 June 2017, 2018 and 2019, respectively	854	1,474	1,639

* Pertains to impact of partial exemption, tax rebates and enhanced capital allowance deduction granted by the Inland Revenue Authority of Singapore to a Singapore subsidiary.

12. DIVIDENDS AND DISTRIBUTIONS IN SPECIE

No dividend has been paid or declared by the Company since its date of incorporation on 7 September 2018.

The dividends and distributions in specie declared by Kwan Yong, a subsidiary of the Company, to its then shareholders during the Relevant Periods are as follows:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Cash dividend	—	4,000	4,000
Distributions in specie*	—	4,552	—
	—	8,552	4,000

* During the year ended 30 June 2018, Kwan Yong distributed certain equity investments of the Group to its then shareholders by way of two distributions in specie pursuant to resolutions of its directors passed on 21 June 2018. The total fair value of these equity investments at the date of distributions amounted to SGD4,552,000.

In addition to the above, bonus shares amounting to SGD6,500,000 were declared and issued by Kwan Yong to its then shareholders during the year ended 30 June 2018 and the Group's retained profits was reduced by the same amount accordingly.

No rate of dividend or distribution in specie paid or proposed is presented as such information is not meaningful having regard to the purpose of this report.

13. EARNINGS PER SHARE ATTRIBUTABLE TO THE SOLE SHAREHOLDER OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results of the Group for the Relevant Periods using the pooling of interests method, as disclosed in note 2.1.

14. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold property	Office renovation	Plant and machinery	Computers	Motor vehicles	Signboard	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
	(note (a))		*(note (b))*		*(note (b))*		
Year ended 30 June 2017							
At 1 July 2016:							
Cost	14,935	850	4,361	355	1,887	20	22,408
Accumulated depreciation	(479)	(172)	(1,852)	(355)	(944)	(2)	(3,804)
Net carrying amount	14,456	678	2,509	—	943	18	18,604
Net carrying amount:							
At 1 July 2016	14,456	678	2,509	—	943	18	18,604
Additions	—	241	567	17	901	—	1,726
Depreciation provided	(383)	(194)	(819)	(17)	(170)	(2)	(1,585)
Disposals	—	—	—	—	(73)	—	(73)
At 30 June 2017	14,073	725	2,257	—	1,601	16	18,672
At 30 June 2017:							
Cost	14,935	1,091	4,745	372	2,412	20	23,575
Accumulated depreciation	(862)	(366)	(2,488)	(372)	(811)	(4)	(4,903)
Net carrying amount	14,073	725	2,257	—	1,601	16	18,672
Year ended 30 June 2018							
At 1 July 2017:							
Cost	14,935	1,091	4,745	372	2,412	20	23,575
Accumulated depreciation	(862)	(366)	(2,488)	(372)	(811)	(4)	(4,903)
Net carrying amount	14,073	725	2,257	—	1,601	16	18,672
Net carrying amount:							
At 1 July 2017	14,073	725	2,257	—	1,601	16	18,672
Additions	—	49	63	20	220	—	352
Depreciation provided	(383)	(219)	(724)	(20)	(204)	(2)	(1,552)
At 30 June 2018	13,690	555	1,596	—	1,617	14	17,472
At 30 June 2018:							
Cost	14,935	1,140	4,650	392	2,616	20	23,753
Accumulated depreciation	(1,245)	(585)	(3,054)	(392)	(999)	(6)	(6,281)
Net carrying amount	13,690	555	1,596	—	1,617	14	17,472

Group

	Leasehold property	Office renovation	Plant and machinery	Computers	Motor vehicles	Signboard	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
	(note (a))		*(note (b))*		*(note (b))*		
Year ended 30 June 2019							
At 1 July 2018:							
Cost	14,935	1,140	4,650	392	2,616	20	23,753
Accumulated depreciation	(1,245)	(585)	(3,054)	(392)	(999)	(6)	(6,281)
Net carrying amount	13,690	555	1,596	—	1,617	14	17,472
Net carrying amount:							
At 1 July 2018	13,690	555	1,596	—	1,617	14	17,472
Additions	—	82	323	128	798	—	1,331
Depreciation provided	(383)	(235)	(778)	(53)	(303)	(2)	(1,754)
Disposals	—	—	(6)	—	—	—	(6)
At 30 June 2019	13,307	402	1,135	75	2,112	12	17,043
At 30 June 2019:							
Cost	14,935	1,222	4,960	520	3,414	20	25,071
Accumulated depreciation	(1,628)	(820)	(3,825)	(445)	(1,302)	(8)	(8,028)
Net carrying amount	13,307	402	1,135	75	2,112	12	17,043

Notes:

(a) The leasehold property of the Group as at the end of each of the Relevant Periods was pledged to a bank for a term loan granted to the Group (note 25(b)(i)).

(b) The carrying amounts of the Group's property, plant and equipment held under finance leases as at 30 June 2017, 2018 and 2019 are as follows:

Group

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Plant and machinery	264	—	—
Motor vehicles	306	—	366
	570	—	366

15. INVESTMENT PROPERTIES

Group

	Year ended 30 June		
	2017	2018	2019
	SGD'000	*SGD'000*	*SGD'000*
At beginning of year:			
Cost	2,365	2,365	2,365
Accumulated depreciation	(338)	(369)	(400)
Net carrying amount	2,027	1,996	1,965
Net carrying amount:			
At beginning of year	2,027	1,996	1,965
Depreciation provided during the year	(31)	(31)	(31)
At end of year	1,996	1,965	1,934
At end of year:			
Cost	2,365	2,365	2,365
Accumulated depreciation	(369)	(400)	(431)
Net carrying amount	1,996	1,965	1,934

Notes:

(a) The Group's investment properties are commercial properties in Singapore which are leased to third parties under operating leases, further summary details of which are included in note 32(b).

(b) The Group's investment properties are initially carried at cost, and subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The fair value of the investment properties as at 30 June 2017, 2018 and 2019 amounted to SGD5,700,000, SGD5,600,000 and SGD5,400,000, respectively, and have been arrived at on a market value basis of a valuation carried out on each of these dates by an independent professional qualified surveyor. The valuation was arrived at by reference to comparable market transactions for similar properties by direct comparison approach, assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. The valuation involves the use of certain significant inputs for which the market data are not available. The fair value measurement of the investment properties falls into Level 3 of the fair value hierarchy as defined in IFRS 13 *Fair Value Measurement*.

16. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's equity investments at fair value through profit or loss as at the end of each of the Relevant Periods are all listed equity investments stated at fair value and are not held for trading.

17. CONTRACT BALANCES

Information relating to contract balances arising from contracts with customers is disclosed as follows:

Group

		As at 30 June		
	Notes	**2017**	**2018**	**2019**
		SGD'000	*SGD'000*	*SGD'000*
Contract assets:				
Retention receivables	(a)	109	491	174
Other contract assets	(b)	3,379	12,120	26,890
Total contract assets	(c)	3,488	12,611	27,064
Trade receivables	18	17,572	4,159	22,888
Contract liabilities	(d)	(1,508)	—	(590)

Notes:

(a) Retention receivables held by contract customers arise from the Group's construction work business and are settled within a period ranging from one year to two years after the completion of the construction work and after the relevant construction work is accepted by the contract customers, as stipulated in the construction contracts.

The due date for settlement of the Group's retention receivables as at the end of each of the Relevant Periods is analysed as follows:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Due after one year	109	491	174

(b) Other contract assets primarily relate to the Group's right to consideration for construction work completed but yet to be certified by surveyors appointed by the customers as at the reporting date. Contract assets are transferred to receivables when the rights become unconditional.

The increase/(decrease) in contracts assets during the Relevant Periods was the result of the increase/(decrease) in the value of the construction works performed but have not yet been certified by the surveyors appointed by the customers at the end of each of the Relevant Periods.

The expected timing of recovery or settlement of other contract assets as at the end of each of the Relevant Periods is as follows:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Within one year	1,156	8,242	23,320
More than one year	2,223	3,878	3,570
Total other contract assets	3,379	12,120	26,890

(c) The Group applies the simplified approach to providing for ECLs prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all contract assets. The Group has assessed the impairment of its contract assets on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the directors of the Company, have no significant increase in credit risk during the Relevant Periods. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and insignificant loss on collection incurred in the past history, no ECL was made for contract assets as at 30 June 2017, 2018 and 2019.

(d) Contract liabilities are the Group's obligations to transfer goods or services to customers for which the Group has received consideration from customers. Contract liabilities are recognised as revenue when the Group performs under the contract.

Set out below is the amount of revenue recognised from amounts included in contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Revenue recognised that was included in the contract liabilities balance at beginning of year	—	1,508	—
Revenue recognised related to performance obligations satisfied in previous years	—	392	—

(e) As at 30 June 2017, 2018, and 2019, performance bonds amounting to SGD12,111,000, SGD11,638,000 and SGD18,246,000, respectively, were issued by an insurance company as security deposits in lieu of cash to customers of the Group for the due performance and observance of the Group's obligations under the contracts entered into between the Group and the customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the insurance company to pay to them the sum or sums stipulated in such demand. The Group will then be liable to compensate the insurance company accordingly. The performance bonds will be released upon completion of the contract work. The performance bonds are secured by way of personal guarantees given by two directors of the Company and the then shareholders of Kwan Yong.

18. TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally on a 30-day term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group assesses at the end of each reporting period whether there is objective evidence that any trade receivables are impaired. The Group seeks to maintain strict control over all its outstanding receivables and has a credit control in place to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group has assessed the impairment of its trade receivables on an individual basis based on internal credit rating and ageing of these balances which, in the opinion of the directors of the Company, have no significant increase in credit risk during the Relevant Periods. ECL is estimated based on historical observed default rates over the expected life of debtors and are adjusted for forward-looking information that is available without undue cost or effort. Considering the good credit history of debtors and loss on collection is not material, no ECL was made for trade receivables as at 30 June 2017, 2018 and 2019.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

Group

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Within one month	8,825	1,210	6,959
1 to 2 months	—	15	1,329
2 to 3 months	—	1	—
Over 3 months	35	111	101
	8,860	1,337	8,389
Unbilled receivables*	8,712	2,822	14,499
	17,572	4,159	22,888

* Unbilled receivables related to construction works which have been certified by customers but related invoices have not been issued as at the end of the reporting period.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

		As at 30 June		
	Notes	**2017**	**2018**	**2019**
		SGD'000	*SGD'000*	*SGD'000*
Advance payments to sub-contractors		—	1,826	—
Prepayments		121	—	651
Deposits		202	99	259
GST receivable		—	417	127
Due from non-director key management personnel	(a)	297	341	—
Other receivables		1,039	427	376
Loan receivables	(b)	1,000	1,100	—
		2,659	4,210	1,413

Notes:

(a) The balances with related persons were unsecured, interest-free and had no fixed terms of repayment.

(b) Included in loan receivables as at 30 June 2017 and 2018 was a loan of SGD1,000,000 advanced to a company in which a brother of a director of the Company has a beneficial interest. The balance was unsecured, interest-free and repayable by June 2018. The Group did not hold any collateral or other credit enhancements over its loan receivable balance. The loan balance was repaid during the financial year ended 30 June 2019.

20. CASH AND CASH EQUIVALENTS

		Group			Company
		As at 30 June			As at 30 June
	Notes	**2017**	**2018**	**2019**	**2019**
		SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Cash and bank balances other than time deposits		446	120	37	4
Time deposits		26,000	19,000	10,007	—
Total cash and bank balances	(a)	26,446	19,120	10,044	4
Less: Pledged deposits	(b)	(9,000)	(13,000)	(7,000)	—
Cash and cash equivalents		17,446	6,120	3,044	4

Notes:

(a) Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between two months and twelve months, depending on the immediate cash requirements of the Group, and earn interests at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(b) Time deposits of SGD9,000,000, SGD13,000,000 and SGD7,000,000 as at 30 June 2017, 2018 and 2019, respectively, were pledged to banks as securities for the Group's bank overdraft facilities (note 25(a)(ii)).

21. TRADE PAYABLES

Group

	Notes	As at 30 June 2017	2018	2019
		SGD'000	*SGD'000*	*SGD'000*
Trade payables	(a)	18,043	10,339	25,280
Retention payables	(b)	6,219	5,133	7,786
		24,262	15,472	33,066

Notes:

(a) The Group's trade payables are unsecured, non-interest bearing, and are normally settled on average terms of 30 to 60 days.

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date is as follows:

Group

	As at 30 June 2017	2018	2019
	SGD'000	*SGD'000*	*SGD'000*
Within one month	947	617	3,933
1 to 2 months	614	2	1,419
2 to 3 months	106	50	73
Over 3 months	99	123	175
	1,766	792	5,600
Unbilled payables*	16,277	9,547	19,680
	18,043	10,339	25,280

* Unbilled payables are accrued subcontractor costs but related invoices have not been received as at the end of the reporting period.

(b) Retention payables represent contract sums payable to the Group's subcontractors which are withheld by the Group for a period of time after the work has been completed in accordance with contractual terms and conditions agreed with its subcontractors.

The expected due date for settlement of the Group's retention payables as at the end of each of the Relevant Periods is analysed as follows:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Due within one year	2,518	2,203	3,322
Due after one year	3,701	2,930	4,464
	6,219	5,133	7,786

22. OTHER PAYABLES AND ACCRUALS

	Group			Company
	As at 30 June			As at 30 June
	2017	**2018**	**2019**	**2019**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Accruals	2,829	518	655	—
Deposits received and other payables	242	94	95	9
GST payable	101	—	—	—
	3,172	612	750	9

Note: The Group's other payables are unsecured and non-interest bearing.

23. PROVISION FOR DEFECT LIABILITIES

Group

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
At beginning of year	1,696	1,092	641
Utilised during the year	(243)	(695)	(266)
Additional provision made during the year	315	526	—
Unused amount reversed	(676)	(282)	—
At end of year	1,092	641	375

Provision for defect liabilities is recognised for expected claim on defective works for completed construction projects, based on the Group's expectation and past experience of the level of repair works.

24. DEFERRED CAPITAL GRANTS

Deferred capital grants relate to grants received from Building and Construction Authority of Singapore under the Productivity Innovation Project scheme for equipment purchased and used in connection with projects. These grants are amortised and recognised as other income in profit or loss on the straight-line basis over the useful lives of the relevant equipment. Amounts that are to be recognised in profit or loss beyond one year after the reporting period end are presented in non-current liabilities section of the combined statements of financial position.

25. BANK BORROWINGS

Group

	Notes	As at 30 June 2017	2018	2019
		SGD'000	*SGD'000*	*SGD'000*
Bank borrowings comprise:				
Bank overdrafts, secured	(a)	—	2,708	3,836
Term loan, secured	(b)	9,994	543	474
		9,994	3,251	4,310
Portion classified as current liabilities		(451)	(2,785)	(3,856)
Non-current portion		9,543	466	454
Analysed into amounts repayable:				
On demand		—	2,708	3,836
Within one year		451	77	20
In the second year		436	15	21
In the third to fifth years, inclusive		991	51	70
Beyond five years		8,116	400	363
		9,994	3,251	4,310

Notes:

(a) The bank overdrafts are repayable on demand, bear effective interest at rates ranging from 4.50% to 5.00% per annum and are secured by:

(i) existing deed of guarantee and indemnity for all monies from two directors of the Company; and

(ii) existing charge of cash and security agreement (first party) for deposits amounting to not less than SGD3,000,000 (note 20(b)).

(b) The term loan as at 30 June 2017 and 2018 bore fixed interest at the rate of 2.48% per annum. Subsequent to May 2019, the term loan bears floating interest at the rate of 3-month SIBOR + 3% per annum. The term loan is repayable in 24 years by monthly instalments commencing from May 2015 and is secured by way of:

(i) a first legal mortgage on the Group's leasehold property (note 14(a)); and

(ii) joint and several personal guarantees by two directors of the Company who are the then shareholders of Kwan Yong.

26. OBLIGATIONS UNDER FINANCE LEASES

The Group purchases and leases certain of its plant and machinery and motor vehicles (note 14(b)) for its construction work business under finance lease arrangements, with average lease terms of 1 to 3 years and annual interest rates ranging from 1.40% to 2.78% per annum.

As at the end of each of the Relevant Periods, future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	As at 30 June					
	2017		2018		2019	
	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments	Minimum lease payments	Present value of minimum lease payments
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Amounts payable:						
Within one year	19	19	—	—	78	87
In the second to fifth years, inclusive	—	—	—	—	118	122
Total minimum lease payments	19	19	—	—	196	209
Future finance charges		—*		—		(13)
Total obligations under finance leases		19		—		196
Portion classified as current liabilities		(19)		—		(78)
Non-current portion		—		—		118
Analysed into amounts repayable:						
Within one year		—		—		78
In the second year		—		—		83
In the third to fifth years, inclusive		—		—		35
		—		—		196

* Less than SGD500.

27. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the Relevant Periods are as follows:

Group

	Arising from				
	Depreciation allowance in excess of related depreciation	**Provision for defect liabilities**	**Temporary difference arising from revenue recognition**	**Others**	**Total**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
At 1 July 2016	128	(288)	388	24	252
Deferred tax charged to profit or loss during the year (note 11)	18	103	81	266	468
At 30 June 2017 and 1 July 2017	146	(185)	469	290	720
Deferred tax charged/(credited) to profit or loss during the year (note 11)	150	77	(469)	(54)	(296)
At 30 June 2018 and 1 July 2018	296	(108)	—	236	424
Deferred tax charged/(credited) to profit or loss during the year (note 11)	29	44	—	(236)	(163)
At 30 June 2019	325	(64)	—	—	261

28. SHARE CAPITAL

Company

	As at 30 June 2019	
	HKD'000	*Equivalent to SGD'000*
Authorised:		
38,000,000 ordinary shares of HK$0.01 each (note (a))	380	66
Issued and fully paid:		
1 ordinary share of HK$0.01	—#	—#

The movement in the Company's issued capital from its date of incorporation of 7 September 2018 to 30 June 2019 is as follows:

	Number of shares in issue	Issued capital
		SGD'000
At 7 September 2018 (date of incorporation)	—	—
Issue of a new share upon incorporation (note (a))	1	—#
At 30 June 2019	1	—#

Less than HKD500 or SGD500.

Notes:

(a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 September 2018 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each, of which one share was allotted and issued at par value on the same date.

(b) Subsequent to the Relevant Periods, on 13 December 2019, pursuant to a reorganisation agreement entered into between the Company and two directors of the Company, as part of the Reorganisation, the Company issued a total of 2 ordinary shares of HK$0.01 each as consideration for the acquisition of the entire equity interests in Forever Brilliant which is the then holding company of Kwan Yong, as further detailed in the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

Upon the completion of this acquisition transaction, the Company became the holding company of the companies now comprising the Group.

29. RESERVES

(a) Group

(i) The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the combined statements of changes in equity.

(ii) Merger reserve

The merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries when entities under common control are accounted for by applying the pooling of interests method, as described in note 2.1.

(b) Company

	Accumulated loss
	SGD'000
At 7 September 2018 (date of incorporation)	—
Loss for the period and total comprehensive loss for the period	(5)
At 30 June 2019	(5)

30. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

(a) Non-cash transactions

During the years ended 30 June 2017 and 2019, the Group purchased certain property, plant and equipment with a total capital value of SGD295,000 and SGD400,000, respectively, under finance lease arrangements. Of these amounts, SGD234,000 and SGD160,000 were paid as down payments and the remaining balances of SGD61,000 and SGD240,000 were financed by entering into finance lease arrangements during the years ended 30 June 2017 and 2019, respectively.

Save as disclosed above and the distributions in specie declared by Kwan Yong to its then shareholders during the year ended 30 June 2018 as further detailed in note 12, the Group did not have other major non-cash transactions of investing and financing activities during the Relevant Periods.

(b) Changes in liabilities arising from financing activities during the Relevant Periods are as follows:

Group	Term loan	Obligations under finance leases
	SGD'000	*SGD'000*
At 1 July 2016	10,460	114
Finance costs (note 7)	194	3
Changes from financing activities	(660)	(159)
Non-cash transactions	—	61
At 30 June 2017 and 1 July 2017	9,994	19
Finance costs (note 7)	248	—
Changes from financing activities	(9,699)	(19)
At 30 June 2018 and 1 July 2018	543	—
Finance costs (note 7)	23	7
Changes from financing activities	(92)	(51)
Non-cash transactions	—	240
At 30 June 2019	474	196

31. CAPITAL COMMITMENTS

As at 30 June 2019, the Group had capital commitments of SGD1,556,000 (2017 and 2018: Nil) relating to purchase of equipment, which were not recognised in the Historical Financial Information.

32. OPERATING LEASE ARRANGEMENTS

(a) As lessee

As at the end of each of the Relevant Periods, the Group leases certain of its leasehold properties, warehouse premises and workers' quarters under operating lease arrangements. These leases have an average tenure of 2 years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

The Group is required to pay annual land rent to Jurong Town Corporation ("JTC") for its leasehold property. The annual land rent is based on market rent for the relevant year. The land lease has a remaining tenure of 35 years.

Future minimum rentals payable under non-cancellable operating leases as at the end of each of the Relevant Periods are as follows:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Within one year	340	243	539
In the second to fifth years, inclusive	510	357	497
After five years	3,277	3,188	2,652
	4,127	3,788	3,688

(b) As lessor

The Group leases its investment properties and certain portion of the office and warehouse premises under operating lease arrangements. These non-cancellable leases have remaining lease terms of between 19 and 35 months. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at the end of each of the Relevant Periods are as follows:

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Within one year	473	341	485
In the second to fifth years, inclusive	114	263	304
	587	604	789

33. RELATED PARTY DISCLOSURES

(a) Other than the balances with certain key management personnel as disclosed in note 19 to the Historical Financial Information, the Group had no other outstanding balances with related parties as at the end of each of the Relevant Periods

(b) During the Relevant Periods, certain performance bonds and banking facilities of the Group were guaranteed by two directors of the Company, as set out in notes 17(e) and 25 to the Historical Financial Information, respectively.

(c) The compensation of the key management personnel of the Group is set out below:

Group

	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Directors' fees	2,000	—	—
Salaries, allowance and benefits in kind	1,514	1,388	1,623
Pension scheme contribution	98	98	98
	3,612	1,486	1,721
Comprising amounts paid to:			
Directors of the Company	2,938	905	1,065
Other key management personnel	674	581	656
	3,612	1,486	1,721

34. FINANCIAL INSTRUMENTS BY CATEGORIES

Other than certain equity investments measured at fair value through profit or loss as disclosed in note 16, all the Group's financial assets and liabilities as at the end of each of the Relevant Periods were debt instruments and financial liabilities stated at amortised cost, respectively.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument 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.

As at the end of each of the Relevant Periods, the fair values of equity investments are based on quoted market prices (as categorised within Level 1 of the fair value hierarchy). The fair values of other financial assets and financial liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments, therefore, no disclosure of the fair values of these financial instruments is made.

The fair values of the interest-bearing bank loans have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial instruments.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the Relevant Periods, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and process for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Market risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in listed equity instruments. These instruments are quoted in the Singapore Exchange Securities Trading Limited in Singapore and are classified as equity investments at fair value through profit or loss. The Group does not have exposure to commodity price risk.

During the year ended 30 June 2018, the Group has disposed of all its investment in listed equity instruments.

Sensitivity analysis for equity price risk

The sensitivity analysis below is based on the assumption in the market price of the quoted equity investments by 5% during the years ended 30 June 2017, respectively, with all other variables held constant. As at the end of each of the Relevant Periods, the Group's profit before tax would have been increased (decreased) by the following amounts:

Group

	Increase/(decrease) in profit before tax		
	Year ended 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Equity instruments			
Increase in market price by 5%	522	—	—
Decrease in market price by 5%	(522)	—	—

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and cash and bank balances. No other financial asset carries a significant exposure to credit risk.

The Group applies (i) the simplified approach to provide for ECLs on trade receivables and contract assets that do not contain a significant financing component and (ii) the general approach to provide for ECLs on deposits and other receivables, which are estimated by reference to past default experience of the debtor and the current market condition in relation to each other's exposure. The ECLs also incorporated forward-looking information with reference to general macroeconomics conditions that may affect the ability of the debtors to settle receivables. Based on the management's analysis, loss on collection is not material and hence no provision is provided. The credit risk on cash and bank balances are minimal as they are placed with reputable financial institutions with high credit ratings and no history of default.

Excessive risk concentration of trade receivables

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

Identified concentrations of credit risks are controlled and managed accordingly. As at 30 June 2017, 2018 and 2019, 97%, 45% and 55%, respectively, of the Group's trade receivables were due from a major customer which is a ministry of the Government of Singapore.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure in respect of its development projects, and flexibility through the use of stand-by credit facilities.

Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods based on contractual undiscounted repayment obligations.

Group

	Weighted average effective interest rate	Carrying amounts	Contractual cash flows 1 year or less	1 to 5 years	Over 5 years	Total
	%	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
As at 30 June 2017						
Trade payables		24,262	24,262	—	—	24,262
Financial liabilities included in other payables and accruals		391	391	—	—	391
Bank borrowings	2.14	9,994	694	2,776	11,219	14,689
Obligations under finance leases	2.04	19	19	—	—	19
		34,666	25,366	2,776	11,219	39,361

	Weighted average effective interest rate	Carrying amounts	1 year or less	1 to 5 years	Over 5 years	Total
	%	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
As at 30 June 2018						
Trade payables		15,472	15,472	—	—	15,472
Financial liabilities included in other payables and accruals		141	141	—	—	141
Bank borrowings	2.51	3,251	2,799	145	555	3,499
		18,864	18,412	145	555	19,112

	Weighted average effective interest rate	Carrying amounts	Contractual cash flows			
			1 year or less	1 to 5 years	Over 5 years	Total
	%	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
As at 30 June 2019						
Trade payables		33,066	33,066	—	—	33,066
Financial liabilities included in other payables and accruals		363	363	—	—	363
Bank borrowings	3.76	4,310	3,879	173	469	4,521
Obligations under finance leases	2.71	196	87	122	—	209
		37,935	37,935	295	469	38,159

(d) Interest rate risk

Interest rate risk is the rate that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their bank borrowings.

As at 30 June 2017 and 2018, the Group exposure to interest rate risk is minimal as the interest rate on the bank borrowing is fixed. As at 30 June 2019, the Group's borrowings are at floating rates and the interest rate exposure is not significant to the Group. The Group manages its interest rate risk on an ongoing basis with the primary objective of limiting the extent to which net interest expenses could be affected by an adverse movement of rates.

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. The Group manages its capital structure by taking into account its current and projected cash flow, expansion and capital expenditure commitments. Where necessary, adjustments to the amount of dividends paid to shareholder or the issuance of new shares may be considered. The Group does not adopt any formal dividend policy. No changes were made in the objectives, policies or processes during the Relevant Periods.

The Group is not subject to externally imposed capital requirements for the years ended 30 June 2017, 2018 and 2019.

The Group also monitors capital using a gearing ratio, which is total debt divided by the total equity. Total debt included bank borrowings and obligations under finance leases. The gearing ratio as at the end of each of the Relevant Periods is as follows:

Group

	As at 30 June		
	2017	**2018**	**2019**
	SGD'000	*SGD'000*	*SGD'000*
Bank borrowings	9,994	3,251	4,310
Obligations under finance leases	19	—	196
Total debt	10,013	3,251	4,506
Total equity	39,831	37,535	39,453
Gearing ratio	25.1%	8.7%	11.4%

37. EVENT AFTER THE RELEVANT PERIODS

Save as the completion of the Reorganisation on 13 December 2019 as disclosed in notes 2.1 and 28 to the Historical Financial Information, the Group had no other significant events subsequent to the Relevant Periods.

II. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2019.

The information set forth in this appendix does not form part of the Accountants' Report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose 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 forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted combined net tangible assets, prepared by our directors of the Company in accordance with rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants and on the basis of the notes set out below, is set forth to illustrate the effect of the Global Offering on the combined net tangible assets of the Group attributable to shareholders of the Company as if it had taken place on 30 June 2019. The unaudited pro forma statement of adjusted combined net tangible assets of the Group attributable to shareholders of the Company has been prepared for illustration purpose only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 30 June 2019 had the Global Offering been completed on that date or any future dates.

	Combined net tangible assets of the Group attributable to shareholders of the Company as at 30 June 2019	**Add: Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted combined net tangible assets of the Group attributable to shareholders of the Company immediately after completion of the Global Offering**	**Unaudited pro forma adjusted combined net tangible assets of the Group attributable to shareholders of the Company per Share immediately after completion of the Global Offering**	
	SGD'000	*SGD'000*	*SGD'000*	*SGD*	*HK$ equivalent*
	(note 1)	*(note 2)*		*(note 3)*	*(note 4)*
Based on the minimum indicative Offer Price of HK$0.65 per Offer Share	39,453	17,766	57,219	0.072	0.411
Based on the maximum indicative Offer Price of HK$0.75 per Offer Share	39,453	20,896	60,349	0.075	0.434

Notes:

(1) The amount of the combined net tangible assets of the Group attributable to shareholders of the Company as at 30 June 2019 is extracted from the Accountants' Report set out in Appendix I to this prospectus. The combined net tangible assets of the Group as at 30 June 2019 is the same as the combined net assets of the Group because the Group did not have any intangible assets as at that date.

(2) The estimated net proceeds from the Global Offering are based on the minimum and maximum indicative Offer Prices of HK$0.65 and HK$0.75 per Offer Share, respectively, and after deduction of the estimated underwriting fees and other listing expenses payable by our Company (excluding listing expenses of approximately S$2,395,000, which have been recognised in profit or loss prior to 30 June 2019). The estimated net proceeds are converted into HK$ at the rate of SGD1 = HK$5.75.

(3) The number of Shares used for the calculation of the unaudited pro forma adjusted combined net tangible assets of the Group attributable to shareholders of the Company per Share is calculated based on 800,000,000 Shares in issue upon completion of the Global Offering, which comprises the existing 3 Shares in issue as at the date of this prospectus, 599,999,997 Shares to be issued pursuant to the Capitalisation Issue and 200,000,000 Shares to be issued pursuant to the Global Offering, but without taking into account of any Shares which may be issued as a result of the exercise of the Over-allotment Option, the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares.

(4) The HK$ equivalent amount is converted at the rate of SGD1 = HK$5.75.

(5) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of the Group attributable to shareholders of the Company to reflect any trading results or other transactions of our Group entered into subsequent to 30 June 2019.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this prospectus.

EY 安永

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To the directors of Kwan Yong Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Kwan Yong Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at 30 June 2019 and related notes as set out in section A of Appendix II to the prospectus dated 24 December 2019 (the "**Prospectus**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in section A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Global Offering (as defined in the Prospectus) on the Group's financial position as at 30 June 2019, as if the transaction had taken place on 30 June 2019. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 30 June 2019, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with rule 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 ("**AG**") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* 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*, 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 rule 4.29(7) of the Listing Rules, on the 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 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 Pro Forma Financial Information in accordance with rule 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 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 Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Global Offering on unadjusted financial information of the Group as if 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 transaction would have been as presented.

A reasonable assurance engagement to report on whether the 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 Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the 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 transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the 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 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 purpose of the Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong
24 December 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 Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2019 of the property interests held by the Group.

JLL®
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place, 979 King's Road, Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No : C-030171

24 December 2019

The Board of Directors
Kwan Yong Holdings Limited

Dear Sirs,

In accordance with your instructions to value the property interests held by Kwan Yong Holdings Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the ("**Group**") in Singapore, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 October 2019 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "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".

We adopted the direct comparison approach in the valuation of the properties by making reference to comparable market transactions, assuming sale of the property interests in their existing state, subject to tenancies and occupancy arrangement in our assessment of the market value of the property interests. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense 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.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have been shown copies of lease agreements and have carried out the title searches relating to the properties with the Land Title Registry. We have reported the information with regards to the ownership, tenure, land area and all encumbrances, if any, in our reports. However, we do not interpret nor ascertain the security of the ownership or legal interest in the properties belonging to the Group. In carrying out our valuation, we assumed that the Group owned the assets as at the valuation date. Where possible, we have examined the original documents to verify the existing title to the property interests in the countries and any material encumbrance that might be attached to the property interests or any tenancy amendment.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on 15 August 2019 by Valentine Chua. She has more than 5 years' experience in the valuation of properties in Singapore.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Singapore Dollar (SGD).

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T. W. Yiu is a Chartered Surveyor who has 25 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interests held for investment by the Group in Singapore

No.	Property	Market value in existing state as at the valuation date
		SGD
1.	192 Pandan Loop #06-16 Pantech Business Hub Singapore 128381	1,350,000
2.	Block 721 Clementi West Street 2 #01-138 Singapore 120721	2,200,000
3.	Block 721 Clementi West Street 2 #01-140 Singapore 120721	2,200,000
	Sub-total:	**5,750,000**

Group II — Property interest held for occupation by the Group in Singapore

No.	Property	Market value in existing state as at the valuation date
		SGD
4.	11 Joo Koon Crescent Singapore 629022	13,500,000
	Sub-total:	**13,500,000**
	Grand-total:	**19,250,000**

VALUATION CERTIFICATE

Group I — Property interests held for investment by the Group in Singapore

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				SGD
1.	192 Pandan Loop #06-16 Pantech Business Hub Singapore 128381	The property comprises a strata-titled factory unit located on the 6th floor of a 7-storey industrial building within an industrial development known as Pantech Business Hub. The property is located on Lot U46241P Mukim 5 with a strata floor area of approximately 346 sq.m. (3,724.3 sq.ft.) which was built circa 1980s. The property is held under leasehold for 99 years commencing from 27 January 1984.	As advised by the Group, the property is currently being tenanted at a total monthly rental of S$5,214/- with the lease commencing from 15 December 2018 for a period of two years.	1,350,000

Notes:

1. Pursuant to the title search record, the title particulars of the property are as follows:-

   a. The registered proprietor is Kwan Yong Construction Pte Ltd, an indirect wholly-owned subsidiary of the Company; and

   b. The Property is not subject to any encumbrance.

2. The property is located along Pandan Loop, off West Coast Highway. The immediate vicinity comprises a mixture of standard flatted warehouse/factory buildings and purpose-built factories.

3. According to the Master Plan Zoning (2014 Edition), the site of the property is zoned as "Business 2 with a plot ratio of 2.5". "Business 2" in the Master Plan refers to areas used or intended to be used for clean industry, light industry, general industry, warehouse, public utilities and telecommunication uses and other public installations. Special industries such as manufacture of industrial machinery, shipbuilding and repairing, may be allowed in selected areas subject to evaluation by the competent authority.

4. Our valuation has been made on the following basis and analysis:

   We have identified and analysed various relevant sales evidences in the locality which have similar characteristics as the subject property. The selected comparables are located within the same development as the property at Pantech Business Hub, which were transacted in 2018/2019. The adjusted unit rate of the comparables ranges from SGD336 per sq.ft. to SGD373 per sq.ft. on strata floor area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at our assumed unit rate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				SGD
2.	Block 721 Clementi West Street 2 #01-138 Singapore 120721	The property comprises a HDB shophouse unit located on the 1st and 2nd floor of a 2-storey commercial-cum-residential block. The property is located on Lot U50290A Mukim 5 with a total strata floor area of approximately 152 sq.m. (1,636.11 sq.ft.) (1st: floor: 68 sq.m. (731.946 sq.ft.); 2nd floor: 84 sq.m. (904.168 sq.ft.)) which was built in about 1985. The property is held under leasehold for 85 years commencing from 1 November 1995.	As advised by the Group, #01-138 & #01-140 are currently being tenanted at a total monthly rental of S$15,000/- with the lease commencing from 1 December 2018 for a period of three years.	2,200,000

Notes:

1. Pursuant to the title search record, the title particulars of the property are as follows:-

    a. The registered lessor is Housing & Development Board (HDB) and registered lessee is Kwan Yong Construction Pte Ltd, an indirect wholly-owned subsidiary of the Company.

2. The property is located along Clementi West Street 2, within a neighbourhood centre of Clementi New Town. The locality comprises a mixture of lock-up shops, shops with living quarters, eating houses, market and food centre.

3. According to the Master Plan Zoning (2014 Edition), the site of the property is zoned as “Commercial & Residential”. “Commercial & Residential” in the Master Plan refers to areas used or intended to be used mainly for mixed residential and commercial development. Commercial areas shall not be located above residential areas. The type and quantum of commercial and related uses and the total quantum of such commercial and related uses shall be determined by the competent authority. The total quantum of commercial and related uses shall not, unless otherwise allowed by the competent authority exceed 40% of the maximum allowable floor area.

4. Pursuant to the lease agreement, the property is subject to, inter alia, the following covenants and conditions:

    a. Without prejudice to any covenants and conditions set forth in the said Memorandum of Lease, not to use or permit or suffer to be used the Premises or any part thereof as:-

        i. an eating establishment where food is cooked and served in the Premises or any part thereof; or

        ii. an eating establishment where food is served in the Premises or any part thereof; or

        iii. snack bar; or

        iv. a market produce shop; or

        v. a karaoke lounge/video lounge; or

        vi. a billiard saloon/snooker centre

5. Approval for change of use to family restaurant has been granted for the property with the approval expiring on 4 January 2022.

6. Our valuation has been made on the following basis and analysis:

   We have identified and analysed various relevant sales evidences in the locality which have similar characteristics as the subject property. The selected comparables are HDB commercial properties located within HDB estates, which were transacted in 2018. The adjusted unit price of these comparables ranges about SGD1,285 per sq.ft. to SGD1,431 per sq.ft. on strata floor area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at our assumed unit rate.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				SGD
3.	Block 721 Clementi West Street 2 #01-140 Singapore 120721	The property comprises a HDB shophouse unit located on the 1st and 2nd floor of a 2-storey commercial-cum-residential block. The property is located on Lot U50291K Mukim 5 with a total strata floor area of approximately 152 sq.m. (1,636.11 sq.ft.) (1st floor: 68 sq.m. (731.946 sq.ft.) & 2nd floor: 84 sq.m. (904.168 sq.ft.)) which was built in about 1985. The property is held under leasehold for 85 years commencing from 1 November 1995.	As advised, #01-138 & #01-140 are currently being tenanted at a total monthly rental of S$15,000/- with the lease commencing from 1 December 2018 for a period of three years.	2,200,000

Notes:

1. Pursuant to the title search record, the title particulars of the property are as follows:-

   a. The registered lessor is Housing & Development Board (HDB) and registered lessee is Kwan Yong Construction Pte Ltd, an indirect wholly-owned subsidiary of the Company.

2. The property is located along Clementi West Street 2, within a neighbourhood centre of Clementi New Town. The locality comprises a mixture of lock-up shops, shops with living quarters, eating houses, market and food centre.

3. According to the Master Plan Zoning (2014 Edition), the site of the property is zoned as “Commercial & Residential”. “Commercial & Residential” in the Master Plan refers to areas used or intended to be used mainly for mixed residential and commercial development. Commercial areas shall not be located above residential areas. The type and quantum of commercial and related uses and the total quantum of such commercial and related uses shall be determined by the competent authority. The total quantum of commercial and related uses shall not, unless otherwise allowed by the competent authority exceed 40% of the maximum allowable floor area.

4. Pursuant to the lease agreement, the property is subject to, inter alia, the following covenants and conditions:

   a. Without prejudice to any covenants and conditions set forth in the said Memorandum of Lease, not to use or permit or suffer to be used the Premises or any part thereof as:

      i. an eating establishment where food is cooked and served in the Premises or any part thereof; or

      ii. an eating establishment where food is served in the Premises or any part thereof; or

      iii. snack bar; or

      iv. a market produce shop; or

v. a karaoke lounge/video lounge; or

vi. billiard saloon/snooker centre.

5. Approval for change of use to family restaurant has been granted for the property with the approval expiring on 4 January 2022.

6. Our valuation has been made on the following basis and analysis:

We have identified and analysed various relevant sales evidences in the locality which have similar characteristics as the subject property. The selected comparables are HDB commercial properties located within HDB estates, which were transacted in 2018. The adjusted unit price of these comparables ranges about SGD1,285 per sq.ft to SGD1,431 per sq.ft. on strata floor area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at our assumed unit rate.

VALUATION CERTIFICATE

Group II — Property interest held for occupation by the Group in Singapore

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				SGD
4.	11 Joo Koon Crescent Singapore 629022	The property consists of a block of 4-storey factory with temporary ancillary workers' dormitory, erected on a generally rectangular shaped plot of land at the access road level. The property is located on Lot 2189L Mukim 7 with site area of approximately 5,001.9 sq.m. (53,840.4 sq.ft.) which was built circa 2000s and has undergone addition & alteration works in year 2014. The property has a gross floor area of approximately 4,953.33 sq.m. (53,317.6 sq.ft.). The property is held under leasehold for 30 years commencing from 16 March 1994 with an entitlement for a further 30 years term.	The property is currently partly owner occupied by the registered lessee and partly tenanted. As advised by the Group, part of the property (approximately 1,021.93 sq.m.) is currently being tenanted at a total monthly rental of S$20,000/- with the lease expiring in 31 July 2020.	13,500,000

Notes:

1. Pursuant to the title search record, the title particulars of the property are as follows:-

   a. The registered lessor is Jurong Town Corporation (JTC) and registered lessee is Kwan Yong Construction Pte. Ltd, an indirect wholly-owned subsidiary of the Company;

   b. Lot 2189L Mukim 7 is mortgaged to DBS Bank Ltd vide mortgaged document no. IE/182195Q dated 22 April 2015; and

   c. The property shall not to use or permit or suffer the demised premises or any part thereof to be used otherwise than for the purpose of fabrication of steel and metal structures system formwork, repair and maintenance of building apparatus and manufacture of moulds required for precast only ("Authorised Use") and for no other purpose whatever.

2. The property is located along Joo Koon Crescent, approximately 23 km from the city centre at Collyer Quay. The locality is an established industrial estate with developments comprising a mixture of purpose-built detached factories, standard factories and dormitories.

3. According to the Master Plan Zoning (2014 Edition), the site of the property is zoned as "Business 2" with a plot ratio of 1.4. "Business 2" in the Master Plan refers to areas used or intended to be used for clean industry, light industry, general industry, warehouse, public utilities and telecommunication uses and other public installations. Special industries such as manufacture of industrial machinery, shipbuilding and repairing, may be allowed in selected areas subject to evaluation by the competent authority.

4. Our valuation has been made on the following basis and analysis:

We have identified and analysed various relevant sales evidences in the locality which have similar characteristics as the subject property. The selected comparables are industrial properties located within Jurong Industrial Estate, which were transacted in 2019. The adjusted unit rate of these comparables ranges about SGD210 per sq.ft. to SGD289 per sq.ft. on gross floor area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at our assumed unit rate.

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 Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 September 2018 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association ("**Memorandum**") and its Amended and Restated Articles of Association ("**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since 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) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 17 December 2019 with effect from the Listing Date. A summary of certain provisions of the Articles is set out below.

(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 Cayman 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 any class of shares may (unless otherwise provided for by the terms of issue of the shares 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. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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 an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided 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 register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may 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 requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the 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 as it thinks fit 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) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one 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 20% per annum as the Board shall fix from the day appointed for payment 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, 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, nevertheless, 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 payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgement of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term 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 the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time 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 also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers 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 Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) 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 shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be 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 whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall 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

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may 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 Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(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 uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, 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 Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, 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 shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with 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 for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of 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 or other benefits received by him as a director, officer or member of 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 in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, 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 for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) 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/have 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 proposal concerning an offer of shares, 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 proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) 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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(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 by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is 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 members which 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.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) 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 share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised 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 in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Requisition of general meetings

Extraordinary general meetings may be convened on the requisition of one or more members 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 of the Company 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 two 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 (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.

(v) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be 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, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(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, and continues to be present until the conclusion of the meeting.

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 shall be 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 shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarised financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The members may, at a general meeting remove the auditor(s) by a special resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) 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.

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 of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) 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 members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' 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 monies 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, 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.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(i) 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, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or 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 so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 7 September 2018 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, 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.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so 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 are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. 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 member and, for the avoidance of doubt, 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; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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 that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, 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, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

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.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking for the Company is for a period of 20 years from 2 October 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.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right 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 of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, 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 (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate 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 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a 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 the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s).The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall 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.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI. 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

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 7 September 2018. Our Company has established a principal place of business in Hong Kong at Room 502, Tai Tung Building, 8 Fleming Road, Wan Chai, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 19 November 2018. In connection with such registration, Ms. Ng Hoi Ying has been appointed as authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it is subject to the Companies Law and its constitution documents comprise the Memorandum of Association and the Articles of Association. A summary of various parts of the constitution documents and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in authorised and issued share capital of our Company

(a) Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 7 September 2018 with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of par value HK$0.01 each, of which one Share was allotted and issued as fully paid to an initial subscriber. Subsequently on the same date, the subscriber transferred one subscriber Share to Ideal Smart.

(b) On 13 December 2019, pursuant to the Reorganisation Agreement, our Company acquired all the issued shares of Forever Brilliant from Mr. Kwan and Ms. Tay. In consideration thereof, at the direction of Mr. Kwan and Ms. Tay, our Company shall allot and issue two Shares to Ideal Smart credited as fully paid respectively.

(c) Pursuant to the written resolutions of our sole Shareholder passed on 17 December 2019, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 Shares of par value HK$0.01 each to HK$150,000,000 divided into 15,000,000,000 Shares of par value HK$0.01 each, by the creation of a further 14,962,000,000 Shares, each ranking pari passu with our Shares then in issue in all respects.

(d) Immediately following the completion of the Capitalisation Issue and the Global Offering, without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the authorised share capital of our Company will be HK$150,000,000 divided into 15,000,000,000 Shares, of which 800,000,000 Shares will be allotted and issued, fully paid or credited as fully paid and 14,200,000,000 Shares will remain unissued. Other than any Share which may be issued pursuant to the exercise of the Over-allotment Option or any options which may fall to be granted under the Share Option Scheme, or the exercise of the general mandate referred to in "A. Further information about our Company — 3. Written resolutions of our sole

Shareholder" in this Appendix, our Directors have no present intention to issue any part of the authorised but unissued capital of our Company, and without the prior approval of our sole Shareholder in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

(e) Save as disclosed above, there has been no alteration in the share capital of our Company since its incorporation.

3. Written resolutions of our sole Shareholder

Pursuant to the written resolutions of our sole Shareholder passed on 17 December 2019, among other things:

(a) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of par value HK$0.01 each to HK$150,000,000 divided into 15,000,000,000 Shares of par value HK$0.01 each, by the creation of additional 14,962,000,000 Shares of HK$0.01 each, each ranking pari passu with the existing issued Shares in all respects;

(b) conditional on the conditions as set out in the section headed "Structure of the Global Offering" of this prospectus:

(i) the Global Offering and the Over-allotment Option were approved and our Directors or any committee of the Board were authorised to (aa) allot and issue the Offer Shares to rank pari passu with the then existing Shares in all respects; (bb) implement the Global Offering and the Listing; and (cc) do all things and execute all documents in connection with or incidental to the Global Offering and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

(ii) conditional on the share premium account of our Company being credited as a result of the allotment and issue of the Offer Shares pursuant to the Global Offering, our Directors were authorised to capitalise a maximum amount of HK$5,999,999.97 standing to the credit of the share premium account of our Company and to apply such amount in paying up in full at par an aggregate of 599,999,997 Shares for allotment and issue, credited as fully paid at par and rank pari passu in all respects with each other and the existing issued Shares (except entitlement to the Capitalisation Issue), to Ideal Smart, and the Directors were authorised to give effect to such capitalisation and distribution;

(iii) the rules of the Share Option Scheme, the principal terms of which are set out in "D. Share Option Scheme" in this Appendix, were approved and adopted and our Directors or any committee of the Board were authorised, subject to the terms and conditions of the Share Option Scheme, to implement the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options that may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;

(iv) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issues or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of any options which may be granted under the Share Option Scheme or under any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of our Company and/or any of our subsidiaries of shares or rights to acquire shares or any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares of our Company in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or a specific authority granted by our Shareholders in general meeting, such number of Shares not exceeding (1) 20% of the aggregate number of our issued shares as enlarged by the Capitalisation Issue and the Global Offering (without taking into account any Shares falling to be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme); and (2) the aggregate number of our issued Shares repurchased under the Repurchase Mandate as defined in paragraph (v) below. Such mandate shall remain in effect until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of our Company;

(2) the expiration of the period within which the next annual general meeting of our Company is required to be held by the Articles of Association or any other applicable laws of the Cayman Islands; or

(3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;

(v) a general unconditional mandate (the “**Repurchase Mandate**“) was given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of our issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares falling to be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), such mandate shall remain in effect until whichever is the earliest of:

(1) the conclusion of the next annual general meeting of our Company;

(2) the expiration of the period within which the next annual general meeting of our Company is required to be held be the Articles of Association or any other applicable laws of the Cayman Islands;

(3) the passing of an ordinary resolution of our Shareholders in general meeting revoking, varying or renewing such mandate;

(vi) the general unconditional mandate mentioned in paragraph (iv) above was extended by the addition to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate referred to in paragraph (v) above provided that such extended amount shall not exceed 10% of the aggregate number of our issued Shares immediately following the completion of the Capitalisation Issue and the Global Offering excluding any Shares which may be issued upon exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme; and

(vii) our Company approved and adopted the Memorandum of Association and Articles of Association, the terms of which are summarised in Appendix IV to this prospectus, with effect upon the Listing.

4. Reorganisation

The companies comprising our Group underwent a Reorganisation in preparation for the Listing, details of which are set out in the paragraphs headed "History, Reorganisation and corporate structure — Reorganisation" of this prospectus. Following the Reorganisation, our Company became the holding company of our Group.

Diagrams showing our Group's structure after the Reorganisation and immediately upon completion of the Capitalisation Issue and the Global Offering (assuming that no Share has been issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme) are set out in the paragraphs headed "History, Reorganisation and corporate structure — Reorganisation" of this prospectus.

5. Changes in share capital of subsidiaries

Our Company's subsidiaries are referred to in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

Save as mentioned in the paragraph headed "History, Reorganisation and corporate structure — Establishment and development of the subsidiaries of our Company", there was no change in the share capital of the major subsidiaries of our Company during the two years preceding the date of this prospectus.

Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our sole Shareholder on 17 December 2019, the Repurchase Mandate was given to our Directors authorising our Directors to exercise all powers of our Company to purchase the Shares as described above in the paragraphs headed "A. Further information about our Company — 3. Written resolutions of our sole Shareholder" in this Appendix.

(ii) Source of funds

Any repurchases must be financed out of funds legally available for such purpose in accordance with the Memorandum of Association and Articles of Association and any applicable laws of the Cayman Islands. A listed company is prohibited from repurchasing its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or out of the proceeds of a fresh issue of share made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium accounts of our Company, or if authorised by the Articles of Association and subject to the Companies Law, out of capital.

(iii) Core connected persons

Under the Listing Rules, a company shall not knowingly repurchase shares from a core connected person (as defined in the Listing Rules) and a core connected person shall not knowingly sell his shares to the company.

(b) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after Listing, could accordingly result in up to 80,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(c) Reasons for repurchases

Repurchases of Shares will only be made when our Directors believe that such a repurchase will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share.

(d) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate was to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, our Memorandum and Articles and the applicable laws of the Cayman Islands.

No core connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, in the event that the Repurchase Mandate is exercised.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of our Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code due to any repurchase made pursuant to the Repurchase Mandate immediately after the Listing.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business of our Group) have been entered into by members of our Group within the two years immediately preceding the date of this prospectus and are or may be material:

(a) the Reorganisation Agreement;

(b) the Deed of Indemnity;

(c) a cornerstone investment agreement dated 19 December 2019 made between our Company and SG-Bogen Pte Ltd pursuant to which SG-Bogen Pte Ltd has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to nearest whole board lot of 5,000 Shares) that may be purchased with HK$11,498,500 (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee);

(d) a cornerstone investment agreement dated 19 December 2019 made between our Company and Mr. Tay Wah Seng pursuant to which Mr. Tay Wah Seng has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to nearest whole board lot of 5,000 Shares) that may be purchased with HK$11,498,500 (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee);

(e) a cornerstone investment agreement dated 19 December 2019 made between our Company and Mr. Charles Antonny Melati pursuant to which Mr. Charles Antonny Melati has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to nearest whole board lot of 5,000 Shares) that may be purchased with HK$4,312,500 (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee);

(f) a cornerstone investment agreement dated 19 December 2019 made between our Company and Mr. Tan Cheng Chuan pursuant to which Mr. Tan Cheng Chuan has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to nearest whole board lot of 5,000 Shares) that may be purchased with HK$8,625,000 (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee); and

(g) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Company

(a) Trademark

As at the Latest Practicable Date, our Group is the registered owner of the following trademarks in Hong Kong which we believe are material to our business:

No.	Trademark	Registered owner	Date of registration	Expiry date	Place of registration	Trademark number	Class *(Note)*
1.	光榮 控股 光榮 控股	Kwan Yong	9 October 2018	8 October 2028	Hong Kong	304693401	35, 37, 42
2.	光榮 控股 KWAN YONG HOLDINGS LIMITED 光榮 控股 KWAN YONG HOLDINGS LIMITED	Kwan Yong	9 October 2018	8 October 2028	Hong Kong	304693410	35, 37, 42
3.	光榮 建築 光榮 建築	Kwan Yong	9 October 2018	8 October 2028	Hong Kong	304693429	35, 37, 42
4.	光榮 建築 KWAN YONG CONSTRUCTION PTE LTD 光榮 建築 KWAN YONG CONSTRUCTION PTE LTD	Kwan Yong	9 October 2018	8 October 2028	Hong Kong	304693438	35, 37, 42
5.	光榮控股 KWAN YONG HOLDINGS LIMITED 光榮建築控股有限公司 光榮控股 KWAN YONG HOLDINGS LIMITED 光榮建築控股有限公司	Kwan Yong	15 January 2019	14 January 2029	Hong Kong	304802058	35, 37, 42
6.	光榮建築 KWAN YONG CONSTRUCTION PTE LTD 光榮建築私人有限公司 光榮建築 KWAN YONG CONSTRUCTION PTE LTD 光榮建築私人有限公司	Kwan Yong	15 January 2019	14 January 2029	Hong Kong	304802067	35, 37, 42

Note:

Class 35 - Advertising; Business administration; Office functions; Business project management services for construction projects; all included in Class 35.

Class 37 - Building construction services; Services auxiliary to construction services like inspections of construction plans; Advisory services relating to building construction, repair and installation; Construction, maintenance, restoration and demolition of buildings; Repair services; Installation services; Foundation works; Superstructure works; Drilling; Provision of services specialising in the field of construction such as painting, plumbing, heating equipment installations or roofing; Demolition of buildings; Building construction supervision; Construction consultation; Site formation, excavation, dredging, ground improvement; Fitting-out works; Scaffolding; Plastering; Painting, interior and exterior; Varnishing; Carpentry services; all included in Class 37.

Class 42 - Analysis and research relating to engineering; Engineering services for the design of building structures; Services relating to engineering and construction evaluations, estimation, research and reports; Design relating to civil and construction engineering; all included in Class 42.

As at the Latest Practicable Date, our Group is the registered owner of the following trademarks in Singapore which we believe are material to the business:

No.	Trademark	Registered Owner	Date of registration	Expiry date	Place of registration	Trademark number	Class *(Note)*
1.	光榮建築 KWAN YONG CONSTRUCTION PTE LTD 光榮建築私人有限公司	Kwan Yong	4 October 2018	4 October 2028	Singapore	40201820097R	37
2.	光榮控股 KWAN YONG HOLDINGS LIMITED 光榮控股有限公司	Kwan Yong	4 October 2018	4 October 2028	Singapore	40201820098P	37

Note:

Class 37: Building construction; Construction consultancy; Factory construction; Housing construction; Underground construction; On-site construction supervision; Building and construction services; Construction of public works.

(b) Domain name

As at the Latest Practicable Date, our Group is the owner of the following domain names which are considered by our Directors as material to the business of our Group:

Domain name	Registered owner	Date of registration	Expiry date
kwanyong.com.sg	Kwan Yong	November 2019	November 2020
kwanyong.com	Kwan Yong	April 2019	April 2020
kwanyong.sg	Kwan Yong	January 2019	January 2020

Information contained in the above websites does not form part of this prospectus.

Save as disclosed herein, there are no other trade or service marks, patents, copyrights, other intellectual or industrial property rights which are or may be material to the business of our Group. As at the Latest Practicable Date, we had not engaged in, and were not aware of, any litigation or legal proceedings for the violation of intellectual property rights or any material violation.

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

1. Directors

(a) Disclosure of interests of Directors

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme), the interests and short positions of our Directors 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 in which they are taken or deemed to have taken under such provisions), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, will be as follows:

(i) Long position in the Shares

Name of Directors	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Kwan *(Note 1)*	Interest in a controlled corporation	600,000,000 ordinary Shares	75%
Ms. Tay *(Note 1)*	Interest in a controlled corporation	600,000,000 ordinary Shares	75%

Notes:

1. Ideal Smart is the registered and beneficial owner holding 75% of the issued Shares of our Company after completion of the Capitalisation Issue and the Global Offering (without taking into account the Shares which may be issued upon the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme). The issued share capital of Ideal Smart is owned as to 50% by Mr. Kwan and 50% by Ms. Tay, and therefore, each of Mr. Kwan and Ms. Tay is deemed to be interested in all the Shares registered in the name of Ideal Smart in our Company under the SFO.

(ii) Long position in the ordinary shares of associated corporations

Name of Directors	Name of associated corporation	Capacity	Number and class of securities	Approximate percentage of shareholding
Mr. Kwan	Ideal Smart	Beneficial owner	1 ordinary share	50%
Ms. Tay	Ideal Smart	Beneficial owner	1 ordinary share	50%

(b) Particulars of service contracts

Each of Mr. Kwan, Ms. Tay, Mr. Wong and Ms. Kwan, our Executive Directors, has entered into a service contract with our Company for an initial fixed term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party. Commencing from the Listing Date, each of our Executive Directors is entitled to an annual salary set out below, such salary to be reviewed annually by our Board and the Remuneration Committee.

In addition, each of our Executive Directors may be entitled to, if so recommended by the Remuneration Committee and approved by the Board at its absolute discretion, a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of the Executive Director, provided that the relevant Executive Director shall abstain from voting and not be counted in the quorum in respect of any resolution of our Board approving the amount of annual salary, discretionary bonus and other benefits payable to him/her. Commencing from the Listing Date, the basic annual salary of our Executive Directors are as follows:

Name	**Amount**
	(SGD)
Mr. Kwan	320,000
Ms. Tay	320,000
Mr. Wong	300,000
Ms. Kwan	153,000

Each of Mr. Koh Lian Huat, Dr. Wu Dongqing and Mr. Chou Sean Yu, being our Independent Non-executive Directors, and Mr. Lim Ah Lay, our Non-executive Director, has entered into a letter of appointment with our Company for an initial term of service commencing from the date of their respective appointments and shall continue thereafter subject to a maximum of three years unless terminated by either party giving not less than one month's notice in writing. Commencing from the Listing Date, each Independent Non-executive Director and Non-executive Director is entitled to an annual director's fee of HK$200,000.

Save as disclosed above, none of our Directors has or is proposed to enter into a service contract/letter of appointment with our Company or any of our subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

(c) Directors' remuneration

Our Company's policies concerning remuneration of Executive Directors are:

(i) the amount of remuneration payable to our Executive Directors will be determined on a case by case basis depending on the experience, responsibility, workload and the time devoted to our Group by the relevant Director;

(ii) non-cash benefits may be provided to our Directors under their remuneration package; and

(iii) our Executive Directors may be granted, at the discretion of our Board, share options of our Company, as part of the remuneration package.

An aggregate sum of approximately SGD2.9 million, SGD0.9 million and SGD1.1 million was paid to our Directors as remuneration by our Group for the three years ended 30 June 2019, respectively.

An aggregate sum of approximately SGD1.0 million is expected to be paid to our Directors as annual Directors' fees and other emoluments by our Group for the year ending 30 June 2020 under the arrangements in force at the date of this prospectus excluding discretionary bonus.

2. Substantial shareholders

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Global Offering and taking no account of 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 following persons/entities (not being our Directors or chief executive of our Company) will have an interest or a short position in the Shares or the 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 which would be recorded in the register of our Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Long position in Shares, underlying Shares and debentures

Name	Capacity	Number and class of securities	Approximate percentage of shareholding
Ideal Smart (*Notes 1*)	Beneficial Owner	600,000,000 Shares	75%

Notes:

1. Ideal Smart is a company incorporated in the BVI and will own 75% shareholding interest in the Company immediately following completion of the Global Offering and Capitalisation Issue but taking no account of Shares to be issued pursuant to the Over-allotment Option or options which may be granted under the Share Option Scheme. Each of Mr. Kwan and Ms. Tay owns 50% of the issued capital of Ideal Smart, respectively and thus each of Mr. Kwan and Ms. Tay will be deemed or taken to be interested in all the Shares which are to be beneficially owned by Ideal Smart for the purpose of the SFO.

3. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 33 of the Accountants' Report set out in Appendix I to this prospectus.

4. Disclaimers

Save as disclosed in this Appendix and the section headed "Substantial Shareholders" of this prospectus:

(a) and taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the Capitalisation Issue and the Global Offering 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 issued share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;

(b) none of our Directors and chief executive of our Company has for the purposes of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, an interest or short position in the shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed on the Stock Exchange;

(c) none of our Directors nor the experts named in "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 issue 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 our 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) none of the experts named in "E. Other information — 6. Qualifications of experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(f) None of our Directors, their close associate or any shareholders of the Company (which to the knowledge of our Directors owns more than 5% of the Company's issued capital) has any interest in our Group's five largest suppliers and five largest customers.

D. SHARE OPTION SCHEME

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally approved by all Shareholders on 17 December 2019.

For the purpose of this section, unless the context otherwise requires:

"Board"	means the board of Directors of our company or a duly authorised committee thereof;
"Eligible Participant"	means, among others, any director, full-time or part-time employee of our Company or any member of our Group, including any executive, non-executive directors and independent non-executive directors, advisers, consultants of our Company or any of our subsidiaries;
"Exercise Period"	means in respect of any particular Option, the period to be determined and notified by our Board to each Participant but which shall not exceed ten years from the date of grant of such option;
"Option"	means a right(s) to subscribe for Shares granted pursuant to the Share Option Scheme;
"Other Schemes"	means any other share option schemes adopted by our Group from time to time pursuant to which options to subscribe for Shares may be granted;
"Participant"	means any Eligible Participant who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant;

"Shareholders"	means shareholders of our Company from time to time;
"Subsidiary"	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Listing Rules) of our Company, whether incorporated in Hong Kong or elsewhere; and
"Trading Day"	means a day on which trading of Shares take place on the Stock Exchange.

(a) Purpose of the Share Option Scheme

The Share Option Scheme enables our Company to grant Options to Eligible Participant as incentives or rewards for their contributions to our Group.

(b) Who may join

Our Board may, at its discretion, invite any Eligible Participant to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Participant shall pay HK$1.00 to our Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than five business days from the date on which the Option is granted.

(c) Grant an Option

Any grant of Options must not be made after inside information has come to the knowledge of our Company until such inside information has been announced pursuant to the relevant requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of our 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, quarter-year period or any other interim period (whether or not required under the Listing Rules), and (b) the deadline for our Company to publish an announcement of its results for any year, half-year, quarter-year period or any interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results announcement. Our Directors may not grant any Option to an Eligible Participant during the periods or times in which the Directors are prohibited from dealing in shares pursuant to the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

The total number of Shares issued and to be issued upon exercise of the Options granted to a Participant under the Share Option Scheme and Other Schemes (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares of our Company (or the Subsidiary) in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, our Company may make a further grant of Options to such Participant (the "**Further Grant**") notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the Share Option

Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time. In relation to the Further Grant, our Company must send a circular to our Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the Share Option Scheme and Other Schemes) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders' meeting and the date of meeting of our Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.

(d) Price of Shares

The subscription price for the Shares subject to Options will be a price determined by our Board and notified to each Participant and shall be the highest 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 Options, which must be a Trading Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share.

For the purpose of calculating the subscription price, in the event that on the date of grant, our Company has been listed for less than five Trading Days, the Offer Price shall be used as the closing price for any Trading Day falling within the period before the Listing Date.

(e) Maximum number of Shares

(i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**") provided that Options lapsed in accordance with the terms of the Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 800,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 80,000,000 Shares, representing 10% of the Shares in issue as at the Listing Date.

(ii) Subject to the approval of Shareholders in general meeting, our Company may renew the Scheme Mandate Limit to the extent that the total number of Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and Other Schemes under the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of such Shareholders' approval provided that Options previously granted under the Share Option Scheme and Other Schemes (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. In relation to the Shareholders' approval referred to in this paragraph (ii), our Company shall send a circular to our Shareholders containing the information required by the Listing Rules.

(iii) Subject to the approval of Shareholders in general meeting, our Company may also grant Options beyond the Scheme Mandate Limit provided that Options in excess of the Scheme Mandate Limit are granted only to Eligible Participant specifically identified by our Company before such Shareholders' approval is sought. In relation to the Shareholders' approval referred to in this paragraph (iii), our Company shall send a circular to our Shareholders containing such relevant information as required by the Listing Rules in this regard.

(iv) Notwithstanding the foregoing, our Company may not grant any Options if the 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 Other Schemes exceeds 30% of the Shares in issue from time to time.

(v) The exercise of any Option shall be subject to the Shareholders in general meeting approving any increase in the authorised share capital of the Company. Subject thereto, the Board shall make available sufficient authorised but unissued share capital of our Company for purpose of allotment of shares upon exercise of Options.

(f) 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 to be determined and notified by our Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by our Board to each Participant, which our Board may in its absolute discretion determine.

(g) Rights are personal to grantee

An Option shall be personal to the Participant and shall not be assignable or transferable and no Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest whether legal or beneficial in favour of any third party over or in relation to any Option.

(h) Rights on death

If a Participant dies before exercising the Options in full, his or her personal representative(s) may exercise the Options up to the Participant's entitlement (to the extent that it has become exercisable on the date of death and not already exercised) within a period of 12 months from the date of death or such longer period our Board may determine, failing which such Options will lapse.

(i) Changes in capital structure

In the event of any alteration in the capital structure of our Company while an Option remains exercisable, and such event arises from a capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of capital of our Company, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to the Options so far as unexercised, and/or the exercise price, and/or the method of exercise of the Options, and/or the maximum number of Shares subject to the Share Option Scheme.

Any adjustments required under this paragraph must give a Participant the same proportion of the equity capital as that to which that Participant was previously entitled and shall be made on the basis that the aggregate exercise price payable by Participant on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but no such adjustments may be made to the extent that Shares would be issued at less than nominal value and, unless with the prior approval of the Shareholders in general meeting, no such adjustments may be made to the advantage of the Participant. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser of our Company or the auditors of our Company must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and the supplementary guidance set out in the letter issued by the Stock Exchange dated 5 September 2005 and any further guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(j) Rights on take-over

If a general offer (whether by way of takeover offer as defined in the Takeovers Code or scheme of arrangement or otherwise in like manner) has been made to all our Shareholders (other than the offeror and/or any persons acting in concert with the offeror), to acquire all or part of the issued Shares, and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Participant shall be entitled to exercise his or her outstanding Option in full or any part thereof within 14 days after the date on which such offer becomes or is declared unconditional. For the purposes of this sub-paragraph, “acting in concert” shall have the meaning ascribed to it under the Takeovers Code as amended from time to time.

(k) Rights on a compromise or arrangement

(i) In the event of a notice is given by our Company to our Shareholders to convene a Shareholders’ meeting for the purpose of considering and approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the Participants and the Participants may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the outstanding Option either in full or in part and 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 Shareholders’ meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise.

(ii) In the event of a compromise or arrangement between our Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company (other than any relocation schemes as contemplated in Rule 7.14(3) of the Listing Rules), our Company shall give notice thereof to all Participants on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme of arrangement, and thereupon the Participants may, by notice in writing to our Company accompanied by the remittance for the total exercise price payable in respect of the exercise of the relevant Options (such notice to be received by our Company not later than two business days prior to the proposed meeting) exercise the outstanding Option either in full or in part and our Company shall, as soon as possible and in any event no later than the business day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Participants which falls to be issued on such exercise credited as fully paid and registered the Participants as holders thereof.

(l) Lapse of Option

An Option shall lapse forthwith and not exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the Option as may be determined by the Board and under the Share Option Scheme;

(ii) subject to paragraphs (f), (h), (j), (k) and (p), the expiry of the Exercise Period of the Option;

(iii) subject to paragraph (k)(i), the date of commencement of the winding-up of our Company;

(iv) the date when the proposed compromise or arrangement becomes effective in respect of the situation contemplated in paragraph (k)(ii);

(v) in the event that the Participant was an employee or director of any member of our Group on the date of grant of Option to him or her, the date on which such member of our Group terminates the Participant's employment or removes the Participant from his or her office on the ground that the Participant has been guilty of misconduct, has committed an act of bankruptcy or has become insolvent or has made any arrangements or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of our Board or the board of directors of the relevant member of our Group to the effect that such employment or office has or has not been terminated or removed on one or more grounds specified in this subparagraph shall be conclusive;

(vi) the happening of any of the following events, unless otherwise waived by our Board:

(1) any liquidator, provisional liquidator, receiver or any person carrying out any similar function has been appointed anywhere in the world in respect of the whole or any part of the asset or undertaking of the Participant (being a corporation); or

(2) the Participant (being a corporation) has ceased or suspended payment of its debts, become unable to pay its debts or otherwise become insolvent; or

(3) there is unsatisfied judgment, order or award outstanding against the Participant or our Company has reason to believe that the Participant is unable to pay or has no reasonable prospect of being able to pay his/her/its debts; or

(4) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of type mentioned in sub-paragraphs (1), (2) and (3) above; or

(5) a bankruptcy order has been made against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or

(6) a petition for bankruptcy has been presented against the Participant or any director of the Participant (being a corporation) in any jurisdiction; or

(vii) the date the Participant commits any breach of any terms or conditions attached to the grant of the Option, unless otherwise resolved to the contrary by our Board; or

(viii) the date on which our Board resolves that the Participant has failed or otherwise is or has been unable to meet the continuing eligibility criteria in accordance with the terms of the Share Option Scheme.

(m) Ranking of Shares

Shares allotted and issued upon the exercise of an Option will be subject to our Memorandum and Articles of Association as amended from time to time and will rank pari passu in all respects with the fully paid or credited as fully paid Shares in issue on the date of such allotment or issue and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment or issue. Any Share allotted upon the exercise of the Option shall not carry voting rights until the name of the Grantee has been entered into the register of members of the Company as the holder thereof.

(n) Cancellation of Options granted

Any cancellation of Options granted in accordance with the Share Option Scheme but not exercised must be approved by the grantee concerned in writing.

In the event that our Board elects to cancel any Options and issue new ones to the same grantee, the issue of such new Options may only be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit.

(o) Period of Share Option Scheme

The Share Option Scheme will be valid and effective for a period of ten years commencing on the Listing Date, after which period no further Options may be granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and Options granted during the life of the Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(p) Alteration to and termination of Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of our Board, except that the provisions of the Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules shall not be altered to the advantage of the Participant or the prospective Participants without the prior approval of our Shareholders in general meeting (with the Eligible Participants, the Participants and their respective close associates abstaining from voting). No such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Participants as would be required by our Shareholders under our Memorandum and Articles of Association (as amended from time to time) for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the Share Option Scheme, which are of a material nature shall first be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Our Company may, by ordinary resolution in general meeting, at any time terminate the operation of the Share Option Scheme before the end of its life and in such event no further Options will be offered but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of Options granted prior thereto but not yet exercised at the time of termination, which shall continue to be exercisable in accordance with their terms of grant. Details of the Options granted, including Options exercised or outstanding, under the Share Option Scheme, and (if applicable) Options that become void or non-exercisable as a result of termination must be disclosed in the circular to our Shareholders seeking approval for the first new scheme to be established after such termination.

(q) Granting of Options to a director, chief executive or substantial shareholder of our Company or any of their respective associates

Where Options are proposed to be granted to a director, chief executive or substantial shareholder of our Company or any of their respective associates, the proposed grant must be approved by all independent non-executive Directors (excluding any independent nonexecutive Director who is the grantee of the Options).

If a grant of Options to a substantial shareholder of our Company or an independent non-executive Director, or any of their respective associates will result in the total number of the Shares issued and to be issued upon exercise of the Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person under the Share Option Scheme or Other Schemes in any 12-month period up to and including the date of the grant (i) representing in aggregate over 0.1% (or such other percentage as may from time to time specified by the Stock Exchange) of the Shares in issue from time to time, and (ii) having an aggregate value, based on the closing price of the Shares at the date of the grant, in excess of HK$5 million, then the proposed grant of Options must be approved by our Shareholders on a poll in general meeting. The grantee, his associates and all core connected persons of our Company must abstain from voting at such general meeting, except that any connected person may vote against the resolution provided that his or her intention to do so has been stated in the circular. The circular must contain the information required under the Listing Rules.

In addition, Shareholders' approval as described above will also be required for any change in terms of the Options granted to an Eligible Participant who is a substantial shareholder of our Company, an independent non-executive Director or their respective associates.

The circular must contain the following:

(i) details of the number and terms of the Options (including the subscription price relating thereto) to be granted to each Eligible Participant, which must be fixed before the relevant Shareholders' meeting, and the date of Board meeting for proposing such further grant is to be taken as the date of grant for the purpose of calculating the subscription price;

(ii) a recommendation from our independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the Options in question) to independent Shareholders, as to voting; and

(iii) all other information as required by the Listing Rules.

For the avoidance of doubt, the requirements for the granting of Options to a Director or chief executive (as defined in the Listing Rules) of our Company set out in this paragraph (q) do not apply where the Eligible Participant is only a proposed Director or proposed chief executive of our Company.

(r) Conditions of Share Option Scheme

The Share Option Scheme is conditional on (i) the passing of a resolution to adopt the Share Option Scheme by the Shareholders in general meeting; and (ii) the Stock Exchange granting approval for the listing of and permission to deal in the Share which may be issued pursuant to the exercise of Options.

Application has been made to the Listing Committee for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of Options that may be granted under Share Option Scheme.

(s) Present status of the Share Option Scheme

As at the Latest Practicable Date, no options had been granted or agreed to be granted by our Company under the Share Option Scheme.

The terms of the Share Option Scheme are in compliance with Chapter 17 of the Listing Rules.

E. OTHER INFORMATION

1. Tax and other indemnities

Each of our Controlling Shareholders (collectively, the "**Indemnifiers**") has entered into the Deed of Indemnity (being the material contract referred to in "B. Further information about the business of our Group — 1. Summary of material contracts — (b) the Deed of Indemnity" in this Appendix) with and in favour of our Company (for itself and as trustee for each of our present subsidiaries) to provide indemnities on a joint and several basis in respect of, among other matters:

(a) any tax (which includes estate duty) liabilities in whatever part of the world which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received, or of any transactions entered into, or the occurrence of any matters or things on or up to the date on which the Global Offering becomes unconditional (the "**Effective Date**"), save for any taxation the extent that:

(i) full provision has been made for such taxation in the audited accounts of our Group for the three years ended 30 June 2019 (the "**Accounts**") as set out in Appendix I to this prospectus and to the extent that such taxation is incurred or accrued since 1 July 2019 which arises in the ordinary course of business of our Group as described in the section headed "Business" in this prospectus;

(ii) falling on any member of our Group on or after 1 July 2019, unless the liability for such taxation would not have arisen but for any act or omission of, or delay by, or transactions voluntarily effected by any member of our Group (whether alone or in conjunction with some other act, omission, delay or transaction, whenever occurring) other than in the ordinary course of its business or in the ordinary course of acquiring or disposing of capital assets or pursuant to a legally binding commitment created before 1 July 2019;

(iii) such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority (whether in Hong Kong, or the Cayman Islands, or any other part of the world) coming into force after the Effective Date or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; and

(iv) any provisions or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers' liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied pursuant to the deed of indemnity to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; and

(b) all claims, actions, demands, liabilities, damages, costs, expenses, penalties, fines and of whatever nature suffered or incurred by any of the member of our Group directly or indirectly as a result of or in connection with the non-compliance or alleged noncompliance by any member of our Group with any applicable laws, rules and regulations in Singapore or Hong Kong or any jurisdictions in the course of its business occurred on or before the Listing Date and/or all actions, claims, demands, proceedings, costs and expenses, damages, losses and liabilities whatsoever which may be made, suffered or incurred by any the member of our Group in respect of or arising directly or indirectly from or on the basis of or in connection with any litigation, arbitration, claim and/or legal proceedings, whether of criminal, administrative, contractual, tortuous or otherwise nature instituted or threatened against any the member of our Group and/or any act, non-performance, omission or otherwise of any the member of our Group accrued or arising on or before the Listing Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of its subsidiaries in the Cayman Islands or the BVI or Singapore or Hong Kong, being jurisdictions in which one or more of the companies comprising our Group were incorporated.

2. Litigation

Save as disclosed in the paragraphs headed "Business — Litigation and non-compliance" in this prospectus, neither our Company nor any of our subsidiaries is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to our Directors to be pending or threatened by or against our Company or any of our subsidiaries, that would have a material adverse effect on our Group's results of operations or financial condition.

3. Sole Sponsor

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to the Capitalisation Issue and the exercise of any options which may be granted under the Share Option Scheme.

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately US$4,300 and are payable by our Company.

5. Promoter

Our Company has no promoter.

6. Qualifications of experts

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

Name	Qualification
SPDB International Capital Limited	A corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
RHTLaw Taylor Wessing LLP	Legal advisers to our Company as to laws of Singapore
Appleby	Legal advisers to our Company as to Cayman Islands law
Ipsos Limited	Industry consultant
Ernst & Young	Certified Public Accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property Valuer
SHINEWING Risk Services Limited	Internal control consultant
CCIS Singapore Pte Ltd	Independent workplace safety and health auditor

7. Consents of experts

Each of the experts referred to above has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports, letters, opinions or summaries thereof (as the case may be) and the references to its name included in this prospectus in the form and context in which it respectively appears.

8. Sponsor's fees

The Sole Sponsor will be paid by our Company a total fee of HK$4.95 million to act as sponsor to our Company in connection with the Listing.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Miscellaneous

(a) Save as disclosed in this Appendix and the sections headed "History, Reorganisation and corporate structure" and "Underwriting" of this prospectus, within the two years preceding the date of this prospectus:

   (i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

   (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

   (iii) no commission has been paid or payable (excluding commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares in our Company.

(b) No share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) No founder, management or deferred shares of our Company or any of our subsidiaries has been issued or agreed to be issued.

(d) Our Directors confirm that, up to the date of this prospectus, save as disclosed in "Summary — Recent developments and material adverse change", there has been no material adverse change in the financial or trading position or prospects of our Group since 30 June 2019 (being the date to which the latest audited combined financial statements of our Group were made up), and there had been no event since 30 June 2019 which would materially affect the information as shown in the Accountants' Report.

(e) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus.

(f) None of the persons named in the section headed "E. Other information — 6. Qualifications of experts" in this Appendix:

   (i) is interested beneficially or non-beneficially in any shares in any member of our Group; or

(ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

(g) No company within our Group is presently listed on any stock exchange or traded on any trading system and no part of the shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek listing of, or permission to deal in, any part of its shares or loan capital on any other stock exchange.

(h) Our Company has no outstanding convertible debt securities.

(i) All necessary arrangements have been made to enable the Shares to be admitted into CCASS for clearing and settlement.

(j) There are no arrangements under which future dividends are waived or agreed to be waived.

11. Bilingual prospectus

The English language and the Chinese language versions 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).

12. Taxation of holders of Shares

(a) Hong Kong

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

Profits from dealings in Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

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.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or parties involved in the Global Offering accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the Application Forms, the written consents referred to in the paragraph headed "E. Other information — 7. Consents of experts" in Appendix V to this prospectus, 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.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of TC & Co. of Units 2201-2203, 22nd Floor, Tai Tung Building, 8 Fleming Road, Wan Chai, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

1. the Memorandum and the Articles of Association;

2. the accountants' report prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

3. the audited combined financial statements of our Company have been prepared for the companies comprising our Group for each of the three financial years ended 30 June 2019;

4. the report on the unaudited pro forma financial information of our Group prepared by Ernst & Young, the text of which is set out in Appendix II to this prospectus;

5. the letter, summary of values and valuation certificates relating to the property interests of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the texts of which are set out in Appendix III to this prospectus;

6. the letter of advice prepared by Appleby, the legal advisers to our Company as to Cayman Islands Law, summarising certain aspects of the Companies Law referred to in Appendix IV to this prospectus;

7. the Companies Law;

8. the legal opinion prepared by RHTLaw Taylor Wessing LLP, the legal advisers to our Company as to Singapore law, in respect of certain aspects of our Group;

9. the material contracts referred to in the paragraph headed "Statutory and General Information — B. Further information about the business of our Group — 1. Summary of material contracts" in Appendix V to this prospectus;

10. the service agreements and letters of appointment referred to in the paragraph headed "Statutory and General Information — C. Further information about Directors, management and staff — 1. Directors" in Appendix V to this prospectus;

11. the written consents referred to the paragraph headed "Statutory and General Information — E. Other information — 7. Consents of experts" in Appendix V to this prospectus;

12. the Share Option Scheme;

13. the Ipsos Report;

14. the internal control report prepared by SHINEWING Risk Services Limited, our Group's internal control consultant; and

15. the audit report prepared by CCIS Singapore Pte Ltd.

Kwan Yong Holdings Limited
光榮建築控股有限公司