

SUMMARY

This summary aims to give you an overview of the information contained in this document and therefore does not contain all the information which may be important to you. You should read this document in its entirety before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” of this document. You should read that section carefully before you decide to invest in the [REDACTED]. Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary” of this document.

OVERVIEW

We are an established subcontractor in Singapore. Our business specialises in providing reinforced concrete works. Since we established our business in 1996, we have been providing mainly steel reinforcement works. Expansion took place in 2005 when we broadened our scope of services into reinforced concrete works comprising steel reinforcement works, formwork erection and concrete works. We may provide such services individually or as a total package comprising all three, depending on our customers’ requirements.

Our Group actively participates as a subcontractor for reinforced works in large-scale general building and civil engineering projects. During the Track Record Period, our Group had completed 16 general building projects and one civil engineering project as a subcontractor. As at the Latest Practicable Date, we had five general building projects and two civil engineering projects on hand with aggregate contract sums of approximately S\$71.4 million and S\$39.0 million, respectively, while their outstanding contract sums were approximately S\$48.5 million and S\$29.4 million, respectively.

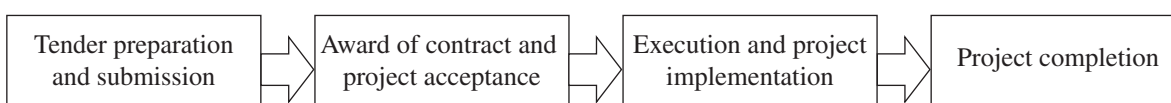
Our Group is involved in both public sector and private sector projects. We had four public sector projects and 13 private sector projects during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, we had four public sector projects and three private sector projects on hand with aggregate contract sums of approximately S\$99.2 million and S\$11.2 million, respectively, while their outstanding contract sums aggregated at approximately S\$68.7 million and S\$9.2 million, respectively.

Our revenue for the two years ended was approximately S\$29.9 million and S\$30.1 million, respectively. For the two years ended 31 December 2016, we achieved profit for the year of approximately S\$2.5 million and S\$3.0 million, respectively.

OUR PRINCIPAL BUSINESS ACTIVITIES

Our Group engages in different types of general building and civil engineering projects, including residential housing, offices, commercial, industrial and institutional developments, special purposes constructions, MRT stations and infrastructure. We specialise in providing reinforced concrete works, comprising steel reinforced works, formwork erection and concrete works.

The diagram below illustrates our operation process, which involves four major phases:



Notes:

1. The time frame is for illustrative purposes only. The actual frame of a given project may vary significantly as it depends on various factors, including (i) change of designs; (ii) adjustment to the scope of work; and (iii) inclement weather conditions.
2. We would have internal evaluation where our tenders are unsuccessful.

For further details, please refer to the section headed “Business — Operation Process” of this document.

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OUR COMPETITIVE STRENGTHS

We believe that our Group possesses the following competitive strengths:

- Our proven track record has established a reputation in the construction industry
- We maintain good relationships with our customers and our subcontractors
- We have the ability to secure skilled and efficient labour force for our projects
- We have an experienced management team
- We are committed to delivering timely quality works

For details, please refer to the section headed “Business — Our competitive strengths” of this document.

OUR BUSINESS STRATEGIES

To achieve our Group’s objective of gaining a market share in the construction industry in Singapore, we have the following business strategies:

- Upgrade our licences so as to expand our business through bidding for larger public sector projects
- Set up our dormitory and cut and bend factory
- Strengthen our manpower in managerial and technical expertise

For details, please refer to the section headed “Business — Our business strategies” of this document.

OUR PRICING STRATEGY

Our tender pricing is usually determined by the project size based on the quantum of works involved and complexity of the project as well as the site environment.

MAIN QUALIFICATIONS, LICENCES AND CERTIFICATIONS

As a subcontractor in Singapore carrying out steel reinforcement works, formwork erection and concrete works, we do not require any specific licences, including GB1 licence, for carrying out such works for our projects. To facilitate our business growth, we have applied for and obtained various licences since 2014.

Our Group currently holds a GB1 licence issued by the BCA under the BLS, which enables us to undertake contracts for general building works. A GB1 licence is required to carry out private sector building works and public sector building works. In addition, we are registered with the BCA under the CRS and currently we operate under the C1 grade for both workhead for “General Building” (CW01) and workhead for “Civil Engineering” (CW02), which enable us to tender for public sector building works with a tendering limit of S\$4 million as at the Latest Practicable Date. Also, being an approved scaffold contractor, we are qualified to provide scaffolding works without having to outsource them to third parties when providing our subcontracting works. For details, please refer to the section headed “Business — Main qualifications, licences and certifications” of this document.

CUSTOMERS

Our direct customers are primarily the main contractors of various types of general building or civil engineering projects in Singapore, which comprise main contractors engaged by government bodies and project developers. During the Track Record Period and up to the Latest Practicable Date, our Group was awarded two projects in which we acted as a main contractor and hence these two customers were project developers. For the two years ended 31 December 2016, revenue from our largest customer accounted for approximately 44.4% and 42.3% of our revenue, respectively. Revenue from our five largest customers for the corresponding periods accounted for approximately 97.3% and 96.6% of our revenue, respectively. For details, please refer to the section headed “Business — Customers” of this document.

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SUPPLIERS

Our suppliers mainly supply the following to us: (i) accommodation for the foreign workers we employ; (ii) construction materials such as steel, timber, metal formwork as well as metal ware products. We maintain a list of approved suppliers, which is reviewed and updated regularly. For the two years ended 31 December 2016, suppliers of construction materials from our largest supplier (excluding our subcontractors) accounted for 15.8% and 33.4% of our total supplies, respectively. Supplies from our five largest suppliers (excluding our subcontractors) for the corresponding periods accounted for 44.7% and 80.5% of our total supplies, respectively. For details, please refer to the section headed “Business — Suppliers” of this document.

SUBCONTRACTORS

We may engage subcontractors in our construction projects. The works we typically subcontract to our subcontractors include the labour intensive tasks and works not within our specialisation. Our subcontractors include sole proprietors as well as limited liability companies. For the two years ended 31 December 2016, subcontracting charges incurred by our largest subcontractor accounted for approximately 27.7% and 24.9%, respectively of our Group’s total subcontracting charges. Subcontracting charges incurred by our five largest subcontractors for the corresponding periods accounted for approximately 75.6% and 81.6% of our total subcontracting charges, respectively.

COMPETITION

According to the Euromonitor Report, the construction industry in Singapore is a highly fragmented market. As of April 2017, 1,887 companies were registered under the General Building workhead of BCA’s Contractor Registration System. There were also a substantial number of 998 companies registered under the Civil Engineering category. Within the General Building workhead, 16.2% of the companies (i.e. 306 companies) qualified for A1, A2, B1 and B2 grades, which allow them to bid on projects valued at S\$13 million or more. Hence, the General Building sector has a broad-based structure with a large number of small players; 60.6% belonging to the C3 grade, leading to intense competition among these players. The distribution of companies is similar for the Civil Engineering workhead, where 56.5% of the 998 companies under this workhead qualified for C3 Grade, while only 19.7% qualified for A1, A2, B1 or B2 grades.

SHAREHOLDER INFORMATION

After completion of the [REDACTED] and the [REDACTED], without taking into account any Shares which may be issued upon the exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme. Amber Capital will control approximately [REDACTED] of our Company’s Shares in issue. Amber Capital is held as to 96.77% by Mr. Goh, the chairman and our executive Director, and 3.23% by Ms. Tan, the spouse of Mr. Goh and our executive Director. Accordingly, Amber Capital, Mr. Goh and Ms. Tan will become a group of our Controlling Shareholders upon completion of the [REDACTED] and the [REDACTED]. Please refer to the section headed “Relationship with Controlling Shareholders” of this document.

SUMMARY OF HISTORICAL FINANCIAL PERFORMANCE

The tables below set out a summary of the audited consolidated financial information of our Group for the two years ended 31 December 2016, which is derived from the Accountants’ Report set out in Appendix I to this document. You should read this summary in conjunction with our consolidated financial information included in the Accountants’ Report set out in Appendix I to this document and the section headed “Financial Information” of this document.

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

Combined statements of profit or loss and other comprehensive income

	Year ended 31 December 2015 S\$'000	Year ended 31 December 2016 S\$'000
Revenue	29,942	30,068
Direct costs	<u>(24,122)</u>	<u>(24,286)</u>
Gross profit	5,820	5,782
Other expenses and income, net	(340)	163
Administrative expenses	(2,580)	(2,626)
Finance costs	<u>(23)</u>	<u>(37)</u>
Profit before taxation	2,877	3,282
Income tax expense	<u>(374)</u>	<u>(308)</u>
Profit for the year	<u>2,503</u>	<u>2,974</u>
Profit and other comprehensive income for the year	<u><u>2,503</u></u>	<u><u>2,974</u></u>

Revenue

Our revenue was principally derived from providing reinforced concrete works, which cover the main areas of steel reinforcement works, formwork erection and concrete works, in Singapore. During the Track Record Period, 23 projects in total had recognised revenue, of which 17 projects were completed and six were still ongoing as at 31 December 2016. For the completed projects, 16 projects were related to general building works and one project was related to civil engineering works. As at the Latest Practicable Date, we had five general building projects and two civil engineering project on hand with aggregate contract sums of approximately S\$71.4 million and S\$39.0 million, respectively. The following table sets out our revenue generated from projects related to general building works and civil engineering works:

	For the year ended 31 December					
	2015			2016		
	<i>No. of projects handled (Note)</i>	<i>S\$'000</i>	<i>%</i>	<i>No. of projects handled</i>	<i>S\$'000</i>	<i>%</i>
Revenue						
General building projects	13	28,873	96.4	15	21,859	72.7
Civil engineering projects	<u>2</u>	<u>1,069</u>	<u>3.6</u>	<u>2</u>	<u>8,209</u>	<u>27.3</u>
	<u><u>15</u></u>	<u><u>29,942</u></u>	<u><u>100.0</u></u>	<u><u>17</u></u>	<u><u>30,068</u></u>	<u><u>100.0</u></u>

Note: The number of projects handled as shown in the above table is counted based on the revenue recognised in a particular financial year during the Track Record Period.

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During the Track record Period, our Group engaged in construction projects from both public and private sectors. Public sector projects refer to projects where the ultimate employer(s) are Singapore government departments and statutory bodies, while private sector projects refer to projects where the ultimate employer(s) are corporate property developer(s) and land owner(s). The following table sets forth the revenue generated from the sector where our ultimate project employers belong to:

	For the year ended 31 December 2015			2016		
	<i>No. of projects handled</i> (Note)	<i>S\$'000</i>	<i>%</i>	<i>No. of projects handled</i> (Note)	<i>S\$'000</i>	<i>%</i>
Revenue						
Public sector projects	5	6,540	21.8	6	21,790	72.5
Private sector projects	10	23,402	78.2	11	8,278	27.5
	<u>15</u>	<u>29,942</u>	<u>100.0</u>	<u>17</u>	<u>30,068</u>	<u>100.0</u>

Note: The number of projects handled as shown in the above table is counted based on the revenue recognised in a particular financial year during the Track Record Period.

The following table sets forth our revenue derived from our projects at different completion stages during the Track Record Period:

	For the year ended 31 December 2015			2016		
	<i>No. of projects handled</i> (Note)	<i>S\$'000</i>	<i>%</i>	<i>No. of projects handled</i> (Note)	<i>S\$'000</i>	<i>%</i>
Revenue						
Revenue derived from projects brought forward	8	21,954	73.3	9	21,193	70.5
Revenue derived from new projects commenced	7	7,988	26.7	8	8,875	29.5
	<u>15</u>	<u>29,942</u>	<u>100.0</u>	<u>17</u>	<u>30,068</u>	<u>100.0</u>

Note: The number of projects handled as shown in the above table is counted based on the revenue recognised in a particular financial year during the Track Record Period.

For the two years ended 31 December 2016, we recorded revenue of approximately S\$29.9 million and S\$30.1 million, respectively. The increase in our revenue was mainly attributable to (i) the increase in revenue recognised for Project Sengkang General Hospital 2 and Project Orchard Station as a result of greater portions of works performed during the year ended 31 December 2016; and (ii) the commencement of Project Outram Community Hospital during the year ended 31 December 2016. The effect was partially offset by (i) the decrease in revenue recognised for Project Tanjong Pagar Mixed Development, Project Amkor and Project Tanjong Pagar resulting from lesser portions of works being performed during the year ended 31 December 2016 as they were substantially completed as at 31 December 2015; and (ii) no revenue being recognised for Project Sengkang General Hospital 1 during the year ended 31 December 2016 as it was completed as at 31 December 2015.

Please refer to the tables under the paragraphs headed “Projects on hand” and “Projects completed” for further details of our projects involving general building and civil engineering projects.

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Direct costs

The following table sets out the breakdown of our direct costs during the Track Record Period:

	For the year ended 31 December 2015		2016	
	S\$'000	%	S\$'000	%
Cost of construction materials and consumables	2,310	9.6	6,482	26.7
Direct labour	12,932	53.6	10,185	41.9
Subcontracting charges	5,771	23.9	5,533	22.8
Accommodation expenses	1,081	4.5	746	3.1
Other direct costs	2,028	8.4	1,340	5.5
	<u>24,122</u>	<u>100.0</u>	<u>24,286</u>	<u>100.0</u>

Gross profit and gross profit margin

The following tables set forth our gross profits and gross profit margins by business type and business sector for the Track Record Period:

	For the year ended 31 December 2015		2016	
	Gross profit S\$'000	Gross profit margin %	Gross profit S\$'000	Gross profit margin %
General building projects	5,225	18.1	4,185	19.1
Civil engineering projects	<u>595</u>	<u>55.7</u>	<u>1,597</u>	<u>19.5</u>
	<u>5,820</u>	<u>19.4</u>	<u>5,782</u>	<u>19.2</u>

	For the year ended 31 December 2015		2016	
	Gross profit S\$'000	Gross profit margin %	Gross profit S\$'000	Gross profit margin %
Public sector projects	1,635	25.0	4,986	22.9
Private sector projects	<u>4,185</u>	<u>17.9</u>	<u>796</u>	<u>9.6</u>
	<u>5,820</u>	<u>19.4</u>	<u>5,782</u>	<u>19.2</u>

Our gross profit remained stable at approximately S\$5.8 million and S\$5.8 million for the two years ended 31 December 2016, respectively. The gross profit increased in line with the increase in our revenue. Our gross profit margin remained relatively stable at approximately 19.4% and 19.2% for the two years ended 31 December 2016, respectively.

Profit for the year

As a result of the foregoing, our profit for the year increased by approximately S\$0.5 million, or approximately 20.0% from approximately S\$2.5 million for the year ended 31 December 2015 to S\$3.0 million for the year ended 31 December 2016.

Our net profit margin also slightly increased from approximately 8.4% for the year ended 31 December 2015 to approximately 9.9% for the year ended 31 December 2016. The increase in net profit margin for the year was mainly attributable to (i) net other income being recognised for the year ended 31 December 2016, whereas net other expenses were recognised for the year ended 31 December 2015; and (ii) a decrease in income tax expense for the year.

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Highlights of combined statements of financial position

	At 31 December	
	2015	2016
	<i>S\$'000</i>	<i>S\$'000</i>
Total non-current assets	5,448	6,715
Total current assets	18,378	19,592
Total current liabilities	14,197	16,327
Total liabilities	14,503	16,510
Total assets less current liabilities	9,629	9,980
Net current assets	4,181	3,265
Net assets	9,323	9,797

Highlights of combined statements of cash flows

	Years ended 31 December	
	2015	2016
	<i>S\$'000</i>	<i>S\$'000</i>
Operating cash flows before movements in working capital	3,576	3,591
Net cash generated from operating activities	2,907	7,891
Net cash used in investing activities	(286)	(96)
Net cash used in financing activities	(1,329)	(5,032)
Net increase in cash and cash equivalents	1,292	2,763
Cash and cash equivalents at the end of year	4,252	7,015

SUMMARY OF KEY FINANCIAL RATIOS

The table below sets out certain financial ratios of our Group during the Track Record Period:

The following sets out our key financial ratios during the Track Record Period:

	As at 31 December	
	2015	2016
Profitability ratios		
Return on equity ⁽¹⁾ (%)	26.8	30.4
Return on total assets ⁽²⁾ (%)	10.5	11.3
Liquidity ratios		
Current ratio ⁽³⁾ (times)	1.3	1.2
Capital adequacy ratios		
Gearing ratio ⁽⁴⁾ (%)	25.0	21.4
Interest coverage ratio ⁽⁵⁾ (times)	126.1	89.7

Notes:

1. Return on equity is calculated by dividing profit for the year by total equity at the end of the respective years and multiplying the resulting value by 100%.
2. Return on total assets is calculated by dividing profit for the year by total assets at the end of the respective years and multiplying the resulting value by 100%.
3. Current ratio is calculated as total current assets divided by total current liabilities.
4. Gearing ratio is calculated as total debt (summation of amount due to a director, bank borrowing and obligation under finance leases) divided by total equity and multiplied by 100%.
5. Interest coverage ratio is calculated by dividing profit before finance costs and tax from continuing operations by finance costs.

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For details of these ratios, please refer to the section headed “Financial Information — Summary of key financial ratios” of this document.

RECENT DEVELOPMENT OF OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD

In late April 2017, our Group was granted a letter of award in relation to construction of an industrial building as main contractor for Project Tanjong Penjuru. The contract sum of Project Tanjong Penjuru was approximately S\$7.5 million. This project is expected to commence work in around May 2017 and complete in around January 2018. As at the Latest Practicable Date, construction work for such project had not yet commenced.

DIVIDENDS

During the Track Record Period, no dividend had been paid or declared by our Company. IEPL declared and paid dividends of approximately S\$1.1 million and S\$2.5 million to the then shareholders for the two years ended 31 December 2016, respectively. After the Track Record Period, IEPL proposed a special dividend of approximately S\$4.5 million, which will be settled by setting off against the amount due from Mr. Goh. Our Directors consider that there has not been any material adverse impact on our Group’s financial and liquidity position arising out of the dividend payment as our Group continues to maintain net current assets and net assets positions after such payment.

We currently do not have a dividend policy. There is no expected or predetermined dividend payout ratio after the [REDACTED]. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend upon our Group’s future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. Any final dividend for a financial year will be subject to Shareholders’ approval. Holders of the Shares will be entitled to receive such dividends pro rata according to the amounts paid up on the Shares.

Dividends may be paid only out of our Company’s distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

REASONS FOR THE [REDACTED] IN HONG KONG

Our Directors believe that our Company and its Shareholders will benefit as a whole from the [REDACTED] for the following reasons:

(i) Accelerate the implementation of our corporate strategies

Our Group is operating in a labour-intensive and capital-intensive environment, and we have spent considerable efforts in managing our financial and human resources. Most of the [REDACTED] from the [REDACTED] are expected to be dedicated to the implementation of our corporate strategies. The [REDACTED] grants our Group access to a larger investor base and additional fund-raising channels where we can promptly raise new capital from time to time, and accelerates our pace of achieving our business objective.

(ii) Promote our corporate profile and reputation

Our Group has been contemplating the growth and expansion of our business and accordingly, [REDACTED] has been considered. Our Company has never applied for [REDACTED] of our Shares in other jurisdictions including the Singapore Stock Exchange. We believed that [REDACTED] in Singapore was not conducive to our Group in terms of long-term growth and financing needs. Our Group explored other platforms and concluded that the Stock Exchange is a suitable platform given its level of internationalism, maturity in the global financial world and sufficient institutional capital and funds following listed companies in Hong Kong.

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Our Directors believe that the [REDACTED] on the Stock Exchange will provide an indirect complimentary advertising to raise our Group’s brand awareness and publicity on an international level, making our Company’s range of services known to new potential local and international customers for their projects in Singapore, in the hope of leading to an increase in our Company’s market share. Being a publicly traded company, the flow of information is established towards different stakeholders, including Shareholders, customers, suppliers, subcontractors and our employees. The [REDACTED] status and the public disclosure of our information will allow these parties to know ourselves better and, hence, are an effective way to promote our corporate profile as well as enhance our Group’s reputation.

In addition, our Directors also believe that customers may prefer contractors who are listed given their reputation, [REDACTED] status, public financial disclosures and general regulatory supervision by relevant regulatory bodies. Given the continuing expansion plans of our Group, the [REDACTED] would give us an additional fund raising option by issuance of Shares. Therefore, although our Group has a strong financial position during the Track Record Period, the publicity from the [REDACTED] would be beneficial to our Group. Our Directors have confirmed that to the best of their knowledge and belief, there would have been no impediments to our Company if we were to list on the Singapore Stock Exchange.

(iii) Facilitate capital structure’s optimisation

In choosing between debt financing and equity financing, our Directors have taken into account (i) the nature of construction industry, especially the reinforced concrete works industry in which our Group operates, where upfront cash outflow is often incurred in the early phase of our project. The early cash outflow is also expected to be in place quickly after our customer has engaged us, which would mean equity financing is a more appropriate source since funds raised from the issue of equity are a committed source of fund and does not entail a maturity date; (ii) debt financing from banks or financial institutions normally require the pledge of properties or other significant assets, which our Group lacks or does not require for our operation; and (iii) debt financing and equity financing are not mutually exclusive, but our Group is expected to have a better position to negotiate with banks and financial institutions if we are a listed company with enlarged equity and financial capital base. Our Directors further believe that the [REDACTED] would broaden our shareholder base and enhance the liquidity of the Shares, as compared to the limited liquidity of the Shares that are privately held before the [REDACTED]. Our Directors seek to optimise our Company’s capital structure and take the view that the [REDACTED] will give our Group the flexibility in doing so.

[REDACTED]

Our estimated [REDACTED] primarily consist of [REDACTED] commissions in addition to professional fees paid to the Sole Sponsor, legal advisers and the reporting accountant for their services rendered in relation to the [REDACTED]. Assuming the [REDACTED] is not exercised and assuming an [REDACTED] of [REDACTED] per Share, being the mid-point of our indicative price range for the [REDACTED] stated in this document, the total [REDACTED] will be [REDACTED] (equivalent to [REDACTED]), of which approximately [REDACTED] (equivalent to [REDACTED]) is directly attributable to the [REDACTED] and is expected to be capitalised after the [REDACTED]. The remaining amount of approximately [REDACTED] (equivalent to [REDACTED]) is expected to be charged to the Company’s combined statements of comprehensive income for the year ending 31 December 2017. During the Track Record Period, we did not incur any [REDACTED]. The estimated [REDACTED] are subject to adjustments based on the actual amount incurred or to be incurred.

THE [REDACTED] STATISTICS

	Based on the minimum indicative [REDACTED] of [REDACTED] per [REDACTED]	Based on the maximum indicative [REDACTED] of [REDACTED] per [REDACTED]
Market capitalisation of our Shares (<i>Note 1</i>)	[REDACTED]	[REDACTED]
Unaudited pro forma adjusted combined net tangible assets of our Group per Share (<i>Note 2</i>)	[REDACTED] (equivalent to approximately [REDACTED])	[REDACTED] (equivalent to approximately [REDACTED])

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Notes:

1. The calculation of the market capitalisation of our Shares is based on [REDACTED] Shares in issue immediately after completion of the [REDACTED] but does not take into account any 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 pursuant to [REDACTED].
2. The unaudited pro forma adjusted combined net tangible assets of our Group per Share has been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this document for further details.

FUTURE PLANS AND [REDACTED]

Our Directors estimate that the [REDACTED] from the [REDACTED] (after deducting the [REDACTED] commission and estimated expenses payable by our Company in connection with the [REDACTED], but assuming the [REDACTED] is not exercised) will be approximately [REDACTED] (equivalent to approximately [REDACTED] based on the [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range between [REDACTED] and [REDACTED] per [REDACTED])). We intend to apply the [REDACTED] as follows:

Plans	From the Latest Practicable Date to 31 December 2017 HK\$'000	For the six months ending		Total HK\$'000	Approximate % of [REDACTED]
		30 June 2018 HK\$'000	31 December 2018 HK\$'000		
Acquiring property for our dormitory and cut and bend factory	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Renovating the new dormitory and cut and bend factory	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Purchasing one single production line of cut and bend system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The remaining [REDACTED], approximately [REDACTED]% of the [REDACTED], will be used as our Group's general working capital. For details, please refer to the section headed “Future Plans and [REDACTED]” of this document.

RISK FACTORS

Our Group believes that there are certain risks and uncertainties involved in its operations, some of which are beyond our Group's control. Our Group has categorised these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to the [REDACTED]. Some of the major risks generally associated with our business include the following:

- Our revenue was primarily generated from contracts awarded by our top five customers and any significant decrease in the number and/or the contract amount of projects with our major customers and any liquidity problems of our major customers may materially and adversely affect our financial condition and operating results.
- Our revenue is mainly derived from projects which are non-recurring in nature and our Group may not be able to secure new customers or projects continuously.
- Tender prices may not reflect the actual construction costs involved. The profitability and revenue of our Group vulnerable to fluctuations in material costs and subcontracting costs.
- Failure to provide timely and quality services could materially affect our financial performance as well as tarnish our reputation.
- We could be negatively affected by the performance by our subcontractors.
- Our operations may subject us to claims or we are exposed to litigation or dispute.

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- Our workforce is largely made up of foreign workers and any adverse change in the government policies in relation to foreign workers could materially affect our operations and financial performance.

NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had the following non-compliance incidents: (i) failure to submit accounts and tax computation; (ii) failure to timely repatriate foreign ex-employees; (iii) failure to ensure health and safety of a worker; (iv) failure to submit incident reports of work injury in a timely manner; (v) late payment of CPF contribution; (vi) not holding annual general meetings within the stipulated time; (vii) failure to pay salary to workers in a timely manner; and (viii) failure to obtain a clearance certificate from Public Utilities Board before commencement of work. For details of our non-compliance, please refer to the section headed “Business — Regulatory non-compliance” of this document.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there had been no material adverse change in the financial or trading or prospects of our Group since 31 December 2016, being the date to which our latest audited financial information was prepared, and there had been no event since 31 December 2016 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.