FINANCIAL INFORMATION

You should read this section in conjunction with our audited combined financial information, including the notes thereto, as set out in the Accountants' Report in Appendix I to this document. Our combined financial information has been prepared in accordance with IFRSs. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

The following discussion and analysis contain certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses 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, whether actual outcomes and development will meet our expectations and projections depend on a number of risks and uncertainties over which we do not have control. For further information, please refer to the section headed "Risk Factors" of this document.

OVERVIEW

We are an established subcontractor in Singapore specialising in providing reinforced concrete works, which mainly cover steel reinforcement works, formwork erection and concrete works. We may provide such services either individually or as a total package comprising all three, depending on the requirements of our customers.

Our business started in 1996 when we provided solely steel reinforcement works. Expansion of our business 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 had completed 16 general building projects and one civil engineering project, as a subcontractor during the Track Record Period. 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.

During the Track Record Period, we recognised revenue of approximately S$29.9 million and S$30.1 million and profit and total comprehensive income for the year of approximately S$2.5 million and S$3.0 million for the two years ended 31 December 2016, respectively.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 8 March 2017 as an exempted company with limited liability under the Cayman Companies Law. In preparation for the [REDACTED], our Group underwent the Reorganisation. For further details of the Reorganisation, please refer to the section headed "History, Reorganisation and Group Structure" of this document. As a result of the Reorganisation, our Company became the holding company of the companies now comprising our Group.

Our Company became the holding company of the subsidiaries now comprising our Group on 2017. As the Reorganisation involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substance, the Financial Information for the Track Record Period has been prepared on the basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

Accordingly, the combined statements of profit or loss and other comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of our Group since their respective date of incorporation, where there is a shorter period, are prepared as if the current group structure had been in existence throughout the Track Record Period. The combined statements of financial position as at 31 December 2015 and 2016 present the assets and liabilities of the companies now comprising our Group, as if the current group structure had been in existence at those dates, taking into account their respective dates of incorporation.

All intra-group assets, liabilities, equity, income, expenses and cashflows relating to transactions between members of our Group are eliminated in full on combination. For more information on the basis of presentation and preparation of our combined financial information included herein, please refer to note 2 to the Accountants' Report in Appendix I to this document.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITIONS

Our financial conditions and results of operations have been and will continue to be affected by a number of factors, including those set out below and in the section headed "Risk Factors" of this document:

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 fluctuations. A downturn in the Singapore construction industry is likely to have an adverse impact on our business and profitability due to the possibility of postponement, delay or cancellation of construction projects and delay in recovery of receivables.

Pricing of our projects

One of the key drivers to our profitability is our pricing. Although we determine our project prices based on a cost-plus method with reference to the time and costs estimated to be involved in a project, the actual time and costs involved in completing our general building and civil engineering projects may be adversely affected by a number of uncontrollable or unforeseen factors, including shortage and cost escalation in materials and labour, adverse weather conditions and changes in rules, regulations and policies set out by the government of Singapore. Actual site condition may be significantly different from our original anticipation and technical issues could arise from time to time, which both would adversely affect the total cost in completing our works. In addition, our unit prices and rates stated in the contract with our customers in general do not contain a price fluctuation adjustment mechanism. In other words, we must bear the risk of subsequent variation of the unit cost for the works we perform, including any inflation and abrupt shortage of labour and materials.

The price of each construction contract is determined with reference to our bids and substantially agreed to at the time a project is awarded. In order to determine the bids, we need to estimate the time and costs involved in a project. However, we may fail to accurately estimate completion costs. The actual amount of the total costs incurred in completing a project may be adversely affected by many factors, such as adverse weather conditions, accidents, unforeseen site conditions and fluctuations in the price of raw materials. If the costs for a project exceed the contracted price in the relevant contract, we may achieve lower-than-expected profits or even incur losses, which could materially and adversely affect our financial performance and results of operations.

Collectability and timing of collection of our trade debtors and retention sum receivables

We normally receive progress payments from our customers on a regular basis with reference to the value of works done, and a portion of such payment, which is typically at 5% or 10% of each of the certified amounts and up to a maximum limit of 5% or 10% of the total contract sum, is usually withheld by our customers as retention monies. Usually, half of the retention monies will be released upon agreement of the final accounts. The remaining half of the retention monies is usually to be released (i) upon completion of our part of our works; (ii) upon completion of the works under the main contract; (iii) upon expiration of the defects liability period as stipulated in the contract with our customer; or (iv) upon expiration of the defects liability period as stipulated in the main contract. Generally, the defects liability period lasts for up to 18 months from the date of completion for our projects as subcontractors. As for projects we act as a main contractor, the defects liability period lasts for 12 months from the date of completion. Accordingly, we may be subject to considerable credit risk and there can be no assurance that the retention monies or any future retention monies will be remitted by our customers to us on a timely basis and in full. As at 31 December 2016, our trade receivables amounted to approximately S$1.8 million and our retention monies receivables amounted to approximately S$5.6 million. 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.

Our ability to achieve success in the tendering process

Our reinforced concrete works projects, from which we primarily generate revenue, were principally awarded through a competitive tendering process. Our business is contract-based, which is non-recurrent in nature. Our future growth and success will depend on our ability to continue to secure tender and contract awards. In addition, we do not enter into any long-term agreement with our customers and we have to undergo the entire tender process for every new project. For the two years ended 31 December 2016, we recorded a tender success rate of approximately 18.2% and 13.3%, respectively. There is no assurance that our Group could achieve the same or higher tender success rate in the future as we did in the past. If our Group is unable to secure new tenders or obtain new contracts, there may be a significant decrease in our revenue, which may adversely affect our operation and financial results.

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

Given that the local construction workforce is limited in supply and hence more costly, our business is highly dependent on foreign workers. Any shortage in the supply of foreign workers, any increase in the FWL for foreign workers or any restriction on the number of foreign workers we can employ for our construction works, will adversely affect our business operations as well as our financial performance.

The supply of foreign workers in Singapore is subject to the policies and regulations imposed by the MOM. In respect of each construction project, the MOM imposes a quota, in terms of MYE, on the number of foreign workers which the main contractor can employ for the entire project. Being a subcontractor, we negotiate with our main contractor and make a request before the commencement of the construction work for the MYE to be needed to complete our works. Any tightening of such quota could affect our operations and hence our financial performance. In addition, any changes in the policies regarding the countries of origin of foreign workers may also affect the supply of foreign workers, which may force us to employ local workers at higher costs or cause disruptions to our operations or delays in the completion of our projects.

Further, the MOM imposes the FWL for foreign workers (subject to changes as and when announced by the government of Singapore) whereby the FWL for basic skilled workers under the construction sector who are on MYE increased to S$650 from 1 July 2016 and will further increase to S$700 from 1 July 2017. Any increase in the FWL will increase our operating expenses, thereby affecting the financial performance of our Group.

Fluctuation in direct costs

Our key direct costs in providing the reinforced concrete works projects are (i) costs of construction materials and consumables; (ii) direct labour; and (iii) subcontracting charges. For the two years ended 31 December 2016, costs of construction materials and consumables, direct labour and subcontracting charges represented 87.1% and 91.4% of our total direct costs, respectively. For the details of our component of direct costs, please refer to the paragraph headed "Principal components of results of operations — Direct costs" in this section.

To perform the reinforced concrete works projects, we primarily purchase the following construction materials and consumables, such as timber and steel, which are directly attributed to our construction project works. We also usually subcontract the most labour intensive part of our works, which are mainly steel reinforcement works and formwork erection to other subcontractors in a project.

Since costs of construction materials and consumables, direct labour and subcontracting charges are the major components of our direct costs, fluctuation in any of the aforesaid components will affect our direct costs during the actual implementation of the project. In the event that the direct costs increase unexpectedly to the extent that we have to incur substantial extra costs without sufficient compensations, our financial performance and profitability will be adversely affected.

The following sensitivity analyses illustrate the impact of hypothetical fluctuations in costs of construction materials and consumables, direct labour and subcontracting charges on our profit for the year during the Track Record Period, assuming all other variables remained constant.

Hypothetical fluctuations

(Decrease)/increase in cost of construction materials and consumables	**–20.0%** *S$'000*	**–5.0%** *S$'000*	**+5.0%** *S$'000*	**+20.0%** *S$'000*
Year ended 31 December 2015	(462)	(116)	116	462
Year ended 31 December 2016	(1,296)	(324)	324	1,296

(Decrease)/increase in profit for the year	**–20.0%** *S$'000*	**–5.0%** *S$'000*	**+5.0%** *S$'000*	**+20.0%** *S$'000*
Year ended 31 December 2015	383	96	(96)	(383)
Year ended 31 December 2016	1,076	269	(269)	(1,076)

Hypothetical fluctuations

(Decrease)/increase in direct labour	**–10.0%** *S$'000*	**–5.0%** *S$'000*	**+5.0%** *S$'000*	**+10.0%** *S$'000*
Year ended 31 December 2015	(1,293)	(647)	647	1,293
Year ended 31 December 2016	(1,019)	(509)	509	1,019

(Decrease)/increase in profit for the year	**–10.0%** *S$'000*	**–5.0%** *S$'000*	**+5.0%** *S$'000*	**+10.0%** *S$'000*
Year ended 31 December 2015	1,073	537	(537)	(1,073)
Year ended 31 December 2016	846	422	(422)	(846)

Hypothetical fluctuations

(Decrease)/increase in subcontracting charges	**–10.0%** *S$'000*	**–5.0%** *S$'000*	**+5.0%** *S$'000*	**+10.0%** *S$'000*
Year ended 31 December 2015	(577)	(289)	289	577
Year ended 31 December 2016	(553)	(277)	277	553

(Decrease)/increase in profit for the year	**–10.0%** *S$'000*	**–5.0%** *S$'000*	**+5.0%** *S$'000*	**+10.0%** *S$'000*
Year ended 31 December 2015	479	240	(240)	(479)
Year ended 31 December 2016	459	230	(230)	(459)

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGMENT

We have identified certain accounting policies that are significant to the preparation of our Group's combined financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. Also, we had not experienced any significant change in estimates and their underlying assumptions in the past. The method and assumptions on such estimates will unlikely be changed in the future. Our significant accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in details in notes 4 and 5 to the Accountants' Report in Appendix I to this document.

SUMMARY OF RESULTS OF OPERATIONS

The following combined statements of profit or loss and other comprehensive income of our Group for the Track Record Period are extracted from, and should be read in conjunction with, the audited combined statements of profit or loss and other comprehensive income, together with the accompanying notes, in the Accountants' Report set forth in Appendix I to this document.

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

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

During the Track Record Period, our Group recorded revenue of approximately S$29.9 million and S$30.1 million for the two years ended 31 December 2016, respectively; and our Group recorded profit and total comprehensive income for the year of approximately S$2.5 million and S$3.0 million for the same periods, respectively.

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. For the projects which were still ongoing, four and two projects were related to general building works and civil engineering works, 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		
	No. of projects handled (Note)	*S$'000*	*%*	*No. of projects handled*	*S$'000*	*%*
Revenue						
General building projects	13	28,873	96.4	15	21,859	72.7
Civil engineering projects	2	1,069	3.6	2	8,209	27.3
	15	29,942	100.0	17	30,068	100.0

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.

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**		
	No. of projects handled (Note)	*S$'000*	*%*	*No. of projects handled (Note)*	*S$'000*	*%*
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
	15	29,942	100.0	17	30,068	100.0

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.

Revenue contributed from public sector projects accounted for approximately 21.8% and 72.5% of our total revenue for the two years ended 31 December 2016, respectively. Revenue contributed from private sector projects accounted for approximately 78.2% and 27.5% of our total revenue for the two years ended 31 December 2016, respectively.

The increase in revenue contributed from public sector projects for the year ended 31 December 2016 was mainly due to (i) substantial completion of Project Sengkang General Hospital 2; (ii) the commencement of Project Outram Community Hospital; and (iii) the performance of a greater amount of work for Project Orchard Station during the year.

The decrease in revenue contributed from private sector projects for the year ended 31 December 2016 was mainly due to the fact that a substantial portion of each of the contract values of Project Tanjong Pagar Hotel, Project Tanjong Pagar Mixed Development, Project Micron and Project Jalan Pemimpin was recognised as revenue during prior years.

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		
	No. of projects handled (Note)	*S$'000*	*%*	*No. of projects handled (Note)*	*S$'000*	*%*
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
	15	29,942	100.0	17	30,068	100.0

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 the list of projects with contract value of over S$300,000, which includes the details of each project such as the revenue recognised during the Track Record Period and the percentage of completion by reference to the stage of completion of the contract, which is established according to the progress certificates (by reference to the amount of completed works confirmed by customers) issued by our customers, as at 31 December 2016. The aggregate revenue attributed to each of the following projects, represents over 95% of our total revenue generated, from our project portfolio during the Track Record Period.

No.	Name of project	Project sector	Revenue recognised for the year ended 31 December 2015	2016	Percentage of completion as at 31 December 2016
			S$'000	*S$'000*	*%*
1	Project Tanjong Pagar Mixed Development	Private	8,505	1,043	100.0%
2	Project Tanjong Pagar Hotel	Private	4,795	1,754	100.0%
3	Project Sengkang General Hospital 2	Public	3,168	8,045	71.3%
4	Project Micron	Private	4,096	3,039	100.0%
5	Project Orchard Station	Public	529	6,815	19.8%
6	Project Amkor	Private	3,233	150	100.0%
7	Project Sengkang General Hospital 1	Public	2,233	—	100.0%
8	Project Jalan Pemimpin	Private	1,804	—	100.0%
9	Project Jalan Buroh	Public	540	—	100.0%
10	Project Jurong Island	Private	759	—	100.0%
11	Project New State Courts	Public	—	2,143	9.3%
12	Project Paya Lebar Central	Private	—	156	8.2%

No.	Name of project	Project sector	Revenue recognised for the year ended 31 December 2015	2016	Percentage of completion as at 31 December 2016
			S$'000	*S$'000*	*%*
13	Outram Community Hospital	Public	—	4,671	20.1%
14	SICC	Private	—	1,394	77.4%
	Others*(Note)*	Public/ Private	280	858	100.0%
			29,942	30,068	

Note: From time to time, our Group also undertakes projects in which we have short-term arrangement of supplying labour workforce for reinforced concrete works to our customers, who are subcontractors of these projects. For this type of projects, our Group does not undergo the tendering process and the contract amount is relatively small. For the two years ended 31 December 2016, we had participated in five and seven projects with the respective contracts in relation to short-term arrangements of supplying labour workforce, which were on a unit rate basis, respectively. The revenue generated from each of these projects ranged from approximately S$1,440 to approximately S$300,000 and the total revenue we generated from this type of projects was approximately S$0.3 million and S$0.9 million for the two years ended 31 December 2016, respectively, representing approximately 1.0% and 3.0% of our total revenue for the corresponding periods.

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 consumbles	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
	24,122	100.0	24,286	100.0

Costs of construction materials and consumables

Cost of construction materials and consumables mainly represent direct costs for the purchases of construction materials, such as timber, plywood, steel and aluminium and formwork-related components, which are directly attributed to our construction project works.

Direct labour

Direct labour represents salaries and benefits to our staff who are directly involved in the provision of our construction works.

Subcontracting charges

Subcontracting charges represent fees paid to our subcontractors, who mainly perform steel reinforcement works and formwork erection works for us.

Accommodation expenses

Accommodation expenses represent costs for leasing dormitories for our foreign workers, who are directly involved in the provision of our construction project works.

Other direct costs

Other direct costs include less significant and/or miscellaneous direct costs for carrying out the formwork erection works undertaken by us, which mainly include conservancy charges for our foreign workers, rental of equipment, utility expenses and depreciation of our site equipment.

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	*Gross profit margin*	*Gross profit*	*Gross profit margin*
	S$'000	*%*	*S$'000*	*%*
General building projects	5,225	18.1	4,185	19.1
Civil engineering projects	595	55.7	1,597	19.5
	5,820	19.4	5,782	19.2

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

During the Track Record Period, our gross profit margin varied from project to project. Our gross profit and gross profit margin are dependent on various factors, including (i) the nature and complexity of projects that were undertaken by our Group; (ii) the progress of such projects during the relevant financial year; and (iii) our cost control and management, including execution of works efficiently. Our Directors consider that higher margin is expected to result from the optimised design of customised formwork proposals as the correct choice and mix of timber and system formworks can achieve cost savings in labour costs and/or material costs. As such, our gross profit margin achieved in a financial year is not an accurate indicator of the gross profit margin that may be achieved in the subsequent financial year.

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. Meanwhile, our gross profit margin remained relatively stable at approximately 19.4% and 19.2% for the two years ended 31 December 2016, respectively.

General building

Our gross profit margin for the general building projects increased from approximately 18.1% for the year ended 31 December 2015 to approximately 19.1% for the year ended 31 December 2016. The increase in gross profit margin for our general building projects was mainly attributable to the higher gross profit margin achieved by Project Sengkang General Hospital 2. The effect was partially offset by the negative gross profit margins recorded by Project Tanjong Pangar Hotel and Project Amkor. The higher gross profit margin for Project Sengkang General Hospital 2 was attributable to the variation orders of such project completed during the year with significant revenue certified for the variation orders for which we managed costs well. Negative gross profit margins recorded by Project Tanjong Pangar Hotel and Project Amkor were due to the fact that the budget cost was revised upward to take into account the costs to be incurred for variation orders to be undertaken in the year ended 31 December 2016.

Civil engineering

Our gross profit margin for the civil engineering projects decreased from approximately 55.7% for the year ended 31 December 2015 to approximately 19.5% for the year ended 31 December 2016. The decrease in gross profit margin for our civil engineering projects was mainly attributable to the significantly higher gross profit margin achieved by Project Jalan Buroh for the year ended 31 December 2015. The high gross profit margin Project Jalan Buroh was due to the variation orders for works which were performed in the preceding year and such variation orders were only confirmed by our customer during the year ended 31 December 2015.

Public sector and private sector

During the track Record Period, gross profit margin for the public sector projects was generally higher than private sector projects. The higher gross profit margin in public sector projects is normally expected since a number of our public sector projects, such as Project Jalan Buroh and Project Sengkang General Hospital 2, were with a higher profit margin for the two years ended 31 December 2016, respectively, as discussed above.

Other (expenses)/income, net

Our net other expenses and income primarily consisted of (i) government grants; (ii) rental income; (iii) bad debt provision; and (iv) net gain on disposal of property, plant and equipment. During the Track Record Period, we received government grants of approximately S$0.1 million and S$0.1 million for the two years ended 31 December 2016, respectively, from the Singapore government which were mainly subsidised us for (i) hiring Singaporean workers aged 55 or above; and (ii) Singaporean employees earning a gross monthly wage of $4,000 and below under the special employment credit scheme. There were no conditions or contingencies relating to those government grants. Our rental income was derived from leasing of our industrial building unit to a third party under operating lease. Our bad debt provision represented provision for impairment of trade and retention sum receivables related to trade and retention sum receivables which we considered to be impaired based on the low likelihood of collectability, which amounted to approximately S$0.5 million for the year ended 31 December 2015. Our net gain on disposals of property, plant and equipment represented the gain on disposal of our furniture and fixtures and motor vehicles during the two years ended 31 December 2016, respectively. The following table sets forth the breakdown of our other income and gains during the Track Record Period:

	For the year ended 31 December	
	2015	**2016**
	S$'000	*S$'000*
Government grants	87	82
Rental income	3	28
Net gain on disposal of property, plant and equipment	93	37
Written off of property, plant and equipment	(3)	—
Bad debt provision	(525)	—
Sundry income	5	16
	(340)	163

Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the Track Record Period:

	For the year ended 31 December	
	2015	**2016**
	S$'000	*S$'000*
Staff costs	785	795
Directors' remuneration	887	1,101
Rent, rate and management fees	14	11
Depreciation of property, plant and equipment	206	169
Legal and professional expenses	67	48
Travelling expenses	91	69
Entertainment expenses	80	72
Motor vehicle expenses	114	136
Office expenses	49	39
Telephone expenses	46	35
Other miscellaneous expenses	241	151
Total	2,580	2,626

Administrative expenses comprised mainly staff costs and directors' remuneration. Others mainly included depreciation of property, plant and equipment, legal and professional expenses, travelling expenses, entertainment expenses, motor vehicle expenses, office expenses, telephone expenses and other miscellaneous expenses. Administrative expenses amounted to approximately S$2.6 million and S$2.6 million for the two years ended 31 December 2016, respectively.

Staff costs related to staff salaries and bonus, CPF contributions and other benefits. Our staff costs amounted to approximately S$0.8 million and S$0.8. million for the two years ended 31 December 2016, respectively. Remuneration for our Directors amounted to approximately S$0.9 million and S$1.1 million for the two years ended 31 December 2016, respectively.

Depreciation of our property, plant and equipment amounted to approximately S$0.2 million and S$0.2 million for the two years ended 31 December 2016, respectively. Legal and professional expenses mainly related to audit fee, tax agent fee and consultancy fee.

Other miscellaneous expenses included repair and maintenance expenses, stamp duties, printing and stationery expenses and sundry expenses. Other miscellaneous expenses amounted to approximately S$0.2 million and S$0.2 million for the two years ended 31 December 2016, respectively. Our administrative expenses amounted to approximately 8.6% and 8.7% of our total revenue for the two years ended 31 December 2016, respectively.

Finance costs

Our finance costs represent interest expenses on bank borrowings and obligation under finance lease. For the two years ended 31 December 2016, our finance costs amounted to S$23,000 and S$37,000, respectively.

	For the year ended 31 December	
	2015	**2016**
Interest on:	*S$'000*	*S$'000*
bank borrowings wholly repayable on demand	16	25
obligation under finance lease wholly repayable within five years	7	12
	23	37

As at 31 December 2016, our bank borrowings amounted to approximately S$0.8 million and our obligation under finance lease of approximately S$0.4 million represented lease for our motor vehicles and a hydraulic crawler crane.

Income tax expense

Since our operation is based in Singapore, our Group is liable to pay corporate income tax in accordance with the tax regulations of Singapore. Income tax expenses of our Group amounted to approximately S$0.4 million and S$0.3 million for the two years ended 31 December 2016, respectively.

The statutory corporate tax rate in Singapore was 17% throughout the Track Record Period, while our corresponding effective tax rates were approximately 13.0% and 9.4% for the two years ended 31 December 2016, respectively. Our effective tax rate was lower than the statutory tax rate for the two years ended 31 December 2016, which was mainly due to, amongst others, non-taxable income, tax incentives and rebates relating to the Productivity and Innovation Credit Scheme ("**PIC Scheme**"), under which we had additional tax deductions and temporary differences. The PIC Scheme allows, amongst others, companies with active business operations in Singapore to claim (i) tax deductions and/ or allowances; and/or (ii) cash payouts; and/or (iii) cash bonuses (on a dollar for dollar matching basis) in addition to (i) and/or (ii) above, in respect of certain qualifying activities undertaken by such companies, including the acquisition or leasing of certain qualifying equipment and certain types of training of employees, subject to prescribed expenditure caps. Our Directors have confirmed that all relevant taxes had been paid when due and there are no disputes or unresolved tax issues with the relevant tax authorities.

JOINT OPERATION

Our Group has been participating in various construction projects in Singapore with extensive experience in steel reinforcement works. In 2013, our Group was invited to participate in a sizeable and landmark development project, namely, Project Tanjong Pagar Mixed Development, which comprises residential, a five-star hotel, office and retail outlets and, upon completion, it was the tallest building in Singapore. Since our Group was required to perform substantial formwork, if the tender awarded, which we had not been actively engaged in, we had set up an unincorporated joint arrangement (the "**Joint Operation**") with Joint Operator, an independent third party general contractor, for the share of the Shared Works. Under the Joint Operation, each of our Group and Joint Operator agreed to contribute S$0.3 million as initial working capital to start up the Shared Works and relevant ongoing costs would be shared equally. There is the subsequent contribution of initial working capital of S$0.3 million, from our Group and Joint Operator, respectively. The Joint Operation has been effective upon its setup and shall last until the final account under the Joint Operation is issued (i.e. subject to the finalisation of work done with the main contractor). During our construction phase of Project Tanjong Pagar Mixed Development, all financial benefits from the Shared Works would be accounted for in equal proportion.

Pursuant to the Joint Operation, both parties have agreed to engage a Customer D/Supplier C/ Subcontractor A, an independent third party construction company, also being one of our customers during the Track Record Period, to perform the Shared Works whilst Joint Operator would be responsible for the supervision and procurement of the performance of Supplier C/Subcontractor A. In addition, certain managerial staff, including a project director, an assistant project manager and an administrative personnel, shall also be appointed by us and Supplier C/Subcontractor A for the Shared Works with relevant staff costs to be shared equally under the Joint Operation.

It is also agreed under the Joint Operation that, among others, (i) we, as a subcontractor to Project Tanjong Pagar Mixed Development, shall distribute the payments relating to the Shared Works received from the main contractor to Joint Operator in accordance with the agreed proportion; (ii) all related costs or expenses for the Shared Works borne by us shall be shared equally under the Joint Operation based on the final re-measurement; and (iii) any expenses, backcharges by the main contractor and any other related expenses such as imposition of liquidated damages, unexpected damages, and all the obligations taken by us, shall be shared equally under the Joint Operation.

The reasons for setting up the Joint Operation are mainly that (i) Project Tanjong Pagar Mixed Development is a sizeable and landmark development project in Singapore, which was expected to demand extra supervision to meet the main contractor's requirement in terms of time and quality; (ii) to obtain additional fund to finance our initial working capital to start up the Shared Works as purchases of construction work materials and relevant consumables are usually required for the formwork; and (iii) certain risk in relation to our project cost budgeting and performance under Project Tanjong Pagar Mixed Development (i.e. profit or loss from the Shared Works) could also be shared with Joint Operator, given that we did not have extensive prior experience in participating in sizeable and lengthy formwork projects.

In view of the fact that the initial working capital and the subsequent working capital for the Shared Works were jointly contributed by us and Joint Operator to our designated bank account and subsequent receipts from the main contractor for the provision of our works and payments of expense to our suppliers including Supplier C/Subcontractor A for their supervision and performance of the Shared Works were generally made via our principal bank accounts, the amount due to Joint Operator is recorded, which takes into account (i) the initial and subsequent capital contributions by Joint Operator; (ii) the shared profit from its performance of the Shared Works after netting off the shared costs and expenses based on the allocation and calculation agreed by both parties with reference to the project specification and progress; and (iii) the repayment of partial capital contribution to Joint Operator.

During the two years ended 31 December 2016, revenue recognised for the formwork part of Project Tanjong Pagar Mixed Development amounted to approximately S$5.6 million and S$0.6 million respectively. Since our Group and Joint Operator equally shared the benefit from and costs incurred for the formwork part of the project, (i) approximately S$2.8 million and S$0.3 million (being half of the formwork revenue above and represent approximately 9.4% and 1.0% of our total revenue for the two years ended 31 December 2016 respectively); and (ii) approximately S$2.5 million and S$0.3 million (being half of the formwork costs) were attributable to us and Joint Operator during the two years ended 31 December 2016 respectively. Thus, we shared a gross profit of approximately S$0.3 million and a gross loss of S$49,000 for the two years ended 31 December 2016 from the formwork part of Project Tanjong Pagar Mixed Development. Taking into account the repayment of capital to Joint Operator during the Track Record Period, the amount due to Joint Operator amounted to approximately S$0.7 million and S$0.6 million as at 31 December 2015 and 2016, respectively. Since Project Tanjong Pagar Mixed Development was completed in June 2016 pending the issue of final accounts by the main contractor, the amount due to Joint Operator is expected to be settled by that time and the Joint Operation will cease accordingly.

RESULTS OF OPERATIONS OF OUR GROUP

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Our revenue increased by approximately S$0.2 million, or approximately 0.4%, from approximately S$29.9 million for the year ended 31 December 2015 to approximately S$30.1 million for the year ended 31 December 2016. The increase in our revenue for the year ended 31 December 2016 was mainly attributable to (i) the increase in revenue of approximately S$4.8 million and S$6.3 million recognised for Project Sengkang General Hospital 2 and Project Orchard Station, respectively, 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 with a revenue of approximately S$4.7 million being recognised during the year ended 31 December 2016. The effect was partially offset by (i) the decrease in revenue of approximately S$7.5 million, S$3.1 million and S$3.0 million recognised for Project Tanjong Pagar Mixed Development, Project Amkor and Project Tanjong Pagar, respectively, 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, while approximately S$2.3 million of revenue was recognised for the year ended 31 December 2015.

Direct costs

Our direct costs increased by approximately S$0.2 million, or approximately 0.7%, from approximately S$24.1 million for the year ended 31 December 2015 to approximately S$24.3 million for the year ended 31 December 2016. Such increase was mainly attributable to (i) the commencement of Project Outram Hospital Community and Project New State Courts; and (ii) greater portions of works being performed for Project Sengkang General Hospital 2 and Project Orchard Station during the year ended 31 December 2016 and thus we incurred a higher level of related expenses for the performance of our services.

Gross profit and gross profit margin

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.

Other (expenses)/income, net

For the year ended 31 December 2015, we recorded net other expenses of approximately S$0.3 million, which mainly comprised a bad debt provision of approximately S$0.5 million. Such bad debt provision was recognised as other expenses and it was partially offset by (i) government grants of approximately S$0.1 million recognised for the year ended 31 December 2015; and (ii) a net gain on disposal of property, plant and equipment of approximately S$0.1 million. For the year ended 31

December 2016, we recorded net other income of approximately S$0.2 million, which was mainly due to (i) no bad debt provision being recognised during the year; and (ii) an increase in our rental income from leasing our industrial property since May 2016.

Administrative expenses

Our administrative expenses remained relatively stable at approximately S$2.6 million and S$2.6 million for the two years ended 31 December 2016, respectively.

Finance costs

Our finance costs increased by approximately S$14,000, or approximately 60.9%, from approximately S$23,000 for the year ended 31 December 2015 to approximately S$37,000 for the year ended 31 December 2016. Such increase in finance costs was mainly due to an increase in interest charged on our mortgage loan as the interest rate went up during the year.

Income tax expense

Our income tax expense decreased by approximately S$0.1 million, or 25.0%, from approximately S$0.4 million for the year ended 31 December 2015 to approximately S$0.3 million for the year ended 31 December 2016. The decrease in income tax expense was mainly due to the under provision of income tax expense in respect of prior years, which amounted to approximately $0.1 million. Our effective tax rate was approximately 13.0% and 9.4% for the two years ended 31 December 2016, respectively, which was below the statutory tax rate of 17% in Singapore, which was mainly due to the tax incentives of approximately S$0.2 million and S$0.2 million for the two years ended 31 December 2016, respectively, which our Group enjoyed from the Singapore government.

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) a net other income being recongnised for the year ended 31 December 2016, whereas net other expenses were recongnised for the year ended 31 December 2015; and (ii) a decrease in income tax expense for the year as discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Financial resources

Our primary use of cash is to fund our operations. We have historically funded our liquidity and capital requirements primarily through a combination of capital contributions from our Controlling Shareholders, bank borrowings and internally generated funds from our operating activities. We had net cash generated from operating activities of approximately S$2.9 million and S$7.9 million for the two years ended 31 December 2016, respectively. As at 31 December 2015 and 2016 and 28 February 2017, we had bank balances and cash of approximately S$4.3 million, S$7.0 million and S$5.5 million, respectively. Substantially all of our Group's cash and cash equivalents are held in Singapore dollars.

We expect to finance our working capital requirements and the planned capital expenditures for the 12 months following the date of this document with the following sources of funding:

(i) net cash inflows to be generated from our operating activities;

(ii) the cash and cash equivalents available, which were S$5.5 million as at 28 February 2017; and

(iii) [REDACTED] to be received by our Group from the [REDACTED].

Based on the above, our Directors believe that we will have sufficient funds for our present working capital requirements for at least the next 12 months from the date of this document.

For more information on our expected capital expenditure requirements, please refer to the paragraph headed "Capital expenditures" in this section.

Cash flows of our Group

The following table sets forth the selected cash flow data from our combined statements of cash flows for the Track Record Period:

	For the year ended 31 December	
	2015	**2016**
	S$'000	*S$'000*
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 beginning of the year	2,960	4,252
Cash and cash equivalents at end of the year	4,252	7,015

Net cash generated from operating activities

Our cash inflow from operating activities is principally derived from providing reinforced concrete works. Our working capital requirements typically arise from purchases of materials and settlements of our staff costs and subcontracting fees. During the Track Record Period, our net cash flows from operating activities represented profit before tax for the year adjusted for income tax paid, income tax refund, finance costs, non-cash items such as depreciation of property, plant and equipment and loss on disposal of property, plant and equipment and changes in working capital.

For the year ended 31 December 2016, we had net cash generated from operating activities of approximately S$7.9 million, which was a combined effect of operating cash inflows before movements in working capital of approximately S$3.6 million, net increase in working capital changes of approximately S$4.8 million and income tax paid of approximately S$0.5 million. Net increase in working capital changes primarily was reflected by (i) a decrease in trade and retention sum receivables of approximately S$6.1 million mainly attributable to the completion of several projects; and (ii) an increase in other payables and accruals of approximately S$2.7 million, mainly arising from increases in accrued salaries and accrued materials costs. The effect was partially offset by (i) an increase in amounts due from customers for contract works of approximately S$3.7 million; and (ii) a decrease in amounts due to customers for contract works of approximately S$0.7 million.

For the year ended 31 December 2015, we had net cash generated from operating activities of approximately S$2.9 million, which was a combined effect of operating cash inflows before movement in working capital changes of approximately S$3.6 million and net decrease in working capital changes of approximately S$0.7 million. Net decrease in working capital changes was primarily reflected by an increase in trade and retention sum receivables of approximately S$7.0 million, which was mainly attributable to the increases in progress billings in Project Micron and Project Tanjong Pagar Mixed Development, resulting from the greater amounts of works performed during the year ended 31 December 2015. The effect was partially offset by (i) an increase in amounts due to customers for contract works of approximately S$5.1 million; and (ii) a decrease in amounts due from customers for contract works of approximately S$2.6 million.

Net cash used in investing activities

Our cash used in investing activities mainly consists of the purchases of property, plant and equipment.

For the year ended 31 December 2016, we had net cash used in investing activities of approximately S$96,000, which was primarily attributable to the purchases of property, plant and equipment of approximately S$144,000, which mainly included a forklift and a lorry. The effect was partially offset by the proceeds on disposal of property, plant and equipment of approximately S$48,000, which was mainly attributable to the disposal of a motor vehicle.

For the year ended 31 December 2015, we had net cash used in investing activities of approximately S$0.3 million, which was primarily due to the purchases of property, plant and equipment, which related to the purchase of a hydraulic crawler crane.

Net cash used in financing activities

Our cash inflows from financing activities mainly consist of proceeds from new finance leases and proceeds from issuance of share capital of our Company. Our cash used in financing activities mainly consist of repayments of borrowings and dividend paid.

For the year ended 31 December 2016, we had net cash used in financing activities of approximately S$5.0 million, which was primarily consisted of (i) advances to directors of approximately S$2.2 million; and (ii) dividend paid in the amount of approximately S$2.5 million.

For the year ended 31 December 2015, we had net cash used in financing activities of approximately S$1.4 million, which was primarily consisted of dividend paid in the amount of approximately S$1.0 million.

WORKING CAPITAL

The following table below sets forth the breakdown of our current assets, current liabilities and net current assets as at 31 December 2015, 31 December 2016 and 28 February 2017.

	As at 31 December		As at 28 February
	2015	**2016**	**2017**
	S$'000	*S$'000*	*S$'000*
			(Unaudited)
Current assets			
Trade and retention sum receivables	10,156	2,684	7,026
Amounts due from customers for contract works	710	4,426	3,850
Prepayments, deposits and other receivables	836	883	1,128
Amounts due from directors	2,294	4,491	4,533
Amount due from related companies	130	93	—
Cash and cash equivalents	4,252	7,015	5,539
	18,378	19,592	22,076
Current liabilities			
Trade and retention sum payables	1,194	1,499	1,310
Amounts due to customers for contract works	5,972	5,282	8,658
Other payables and accruals	3,772	6,513	6,576
Amount due to a director	966	954	954
Amounts due to related companies	604	706	—
Bank borrowings	860	771	751
Obligation under finance lease	197	188	157
Tax payables	632	414	314
	14,197	16,327	18,914
Net current assets	4,181	3,265	3,344

We record net current assets of approximately S$4.2 million, S$3.3 million and S$3.3 million as at 31 December 2015, 31 December 2016 and 28 February 2017, respectively.

Net current assets decreased from approximately S$4.2 million as at 31 December 2015 to approximately S$3.3 million as at 31 December 2016. The decrease in net current assets of approximately S$0.9 million was mainly due to (i) a decrease in trade and retention sum receivables of approximately S$7.5 million; and (ii) an increase in other payables and accruals of approximately S$2.7 million. The effect was partially offset by (i) an increase in amounts due from customers for contract works of approximately S$3.7 million; (ii) an increase in amounts due from directors of approximately S$2.2 million; (iii) an increase in cash and cash equivalents of approximately S$2.7 million; and (iv) a decrease in amounts due to customers for contract works of approximately S$0.7 million.

Net current assets remained stable at approximately S$3.3 million as at 31 December 2016 and as at 28 February 2017.

Please refer to the paragraph headed "Discussion of selected statements of financial position items" in this section for a discussion of various current assets and current liabilities items.

DISCUSSION OF SELECTED STATEMENTS OF FINANCIAL POSITION ITEMS

Investment property

During the Track record Period, our investment property represented an industrial building unit held by our Group leased out to an Independent Third Party for generating rental income. Our investment property remained approximately at S$0.3 million and S$0.3 million as at 31 December 2015 and 2016, respectively.

The fair value of our investment property was amounted to approximately S$0.6 million and S$0.6 million as at 31 December 2015 and 2016, respectively, and the fair value of our investment property has carried out by an independent property valuer.

Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly comprised a property, leasehold improvements, furniture and fixtures, machinery and equipment, and motor vehicles. Our property represented our office premises. As at 31 December 2015 and 2016, the carrying amounts of our property, plant and equipment amounted to approximately S$2.4 million and S$2.3 million, respectively.

Our property, plant and equipment decreased slightly by approximately S$0.1 million, or approximately 4.2%, from approximately S$2.4 million as at 31 December 2015 to approximately S$2.3 million as at 31 December 2016, which was primarily due to the depreciation charge for the year, amounting to approximately S$0.3 million, which was partially offset by the additions of machinery and equipment and motor vehicles for our operations, which amounted to approximately S$0.2 million.

Trade and retention sum receivables

Our trade and retention sum receivables (net of provision of impairment) as at 31 December 2015 and 2016 were approximately S$12.9 million and S$6.8 million, respectively. The following tables sets forth a breakdown of our trade and retention sum receivables as at the dates indicated:

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
Trade receivables	9,693	1,792
Retention sum receivables	3,765	5,572
	13,458	7,364
Less: Provision for bad debts	(525)	(525)
	12,933	6,839

During the Track Record Period, our trade receivables primarily represented amounts receivable from our customers for our provision of our services. Our Group's business is project-based, of which our trade receivables are subject to the progress and number of the projects as at the reporting date. We generally granted up to a 35 days credit term to customers upon issuance of invoices. Trade receivables decreased by approximately S$7.9 million, or approximately 81.4% from approximately S$9.7 million as at 31 December 2015 to approximately S$1.8 million as at 31 December 2016, which was mainly attributable to the decrease in progress billings in connection with Project Micron and Project Tanjong Pagar Mixed Development during the year, which were completed in November 2016 and June 2016, respectively and all of the trade receivables in connection with such project was settled as at 31 December 2016.

Our retention sum receivables mainly represented the retention monies required by our customers to secure our Group's due performance of the contracts. The sum generally provided in a contract is to be retained by our customer at each interim payment. Typically, the amount to be held up is 5% or 10% of each of the certified amounts and up to a maximum limit of 5% or 10% of the total contract sum. Half of the retention monies is to be released upon agreement of the final accounts. The remaining half of the retention monies is usually to be released (i) upon completion of our part of our works; (ii) upon completion of the works under the main contract; (iii) upon expiration of the defects liability period as stipulated in the contract with our customer; or (iv) upon expiration of the defects liability period as stipulated in the main contract. Generally, the defects liability period lasts for up to 18 months from the date of completion for our projects as subcontractors. As for projects we act as a main contractor, the defects liability period lasts for 12 months from the date of completion. The terms and conditions in relation to the release of retention monies also vary from contract to contract, which may be subject to, practical completion, the expiry of the defects liability period or a pre-agreed time period. The retention sum receivables are non-interest-bearing and on terms based on respective contract's retention period. In line with the progress of our projects, the balance of our retention sum receivables increased from approximately S$3.8 million as at 31 December 2015 to approximately S$5.6 million as at 31 December 2016, which was mainly due to the increasing amount of works completed that is pending the release of retention monies.

The following table sets forth the ageing analysis of our trade and retention sum receivables (net of provision for impairment) based on the invoice date as at the dates indicated:

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
0 to 30 days	6,592	1,794
31 to 90 days	3,448	308
91 to 180 days	499	438
181 to 365 days	264	920
Over 1 year but less than 2 years	1,830	1,430
Over 2 years	300	1,949
	12,933	6,839

To a certain extent, our trade and retention sum receivables were concentrated to our largest and the five largest debtors as illustrated in the table below for the respective dates indicated:

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
Largest debtor	4,789	2,722
Five largest debtors	12,679	6,654

We seek to maintain strict control over our outstanding receivables and have a credit control policy to minimise credit risk. In addition, all receivables balances are monitored on an ongoing basis and overdue balances are followed up by our finance department and quantity surveyors.

In determining the recoverability of trade receivables, our Group considers any change in the credit quality of our trade receivables from the date credit was initially granted up to the end of the reporting period.

Our Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgment and estimates. Provisions are applied to the receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. Our management closely reviews the trade receivables balance and any overdue balances on an ongoing basis and assessments are made by the management on the collectability of overdue balances.

The following table sets forth the aging analysis of trade and retention sum receivables (net of provision for impairment) that are not impaired as at the dates indicated:

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
Neither past due nor impaired	8,694	5,627
1 to 30 days	2	61
31 to 90 days	185	—
91 to 180 days	3,751	164
181 to 365 days	—	21
Over 1 year but less than 2 years	210	754
Over 2 years	91	212
	12,933	6,839

As at 31 December 2015 and 2016, approximately S$4.2 million and S$1.2 million, respectively, representing approximately 32.6% and 17.7% of our trade and retention sum receivables (net of provision for impairment), respectively, were past due but not impaired. Based on our experience, our Directors are of the view that no impairment allowance is necessary in respect of these overdue balances as there has not been significant change in the credit quality of our customers and the balances are considered fully recoverable.

Our Group considered no further provision is needed on the following basis: (i) most of our customers have demonstrated good historical repayment record; and (ii) we have put strong effort in chasing payments for overdue balance and frequently assessed repayment schedule of customers by having communications with them and we were not aware of circumstances which might cause impairment to these trade receivables, and therefore we considered and concluded that the trade receivables were recoverable and not impaired.

Trade receivables and retention receivables turnover days

The following table sets forth our trade receivables turnover days for the periods indicated:

	As at 31 December	
	2015	**2016**
Trade receivables turnover days *(Note 1)*	77	66
Retention receivables turnover days *(Note 2)*	827	1,083

Notes:

1. Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by revenue for the year, then multiplied by the number of days of the year.

2. Retention receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables divided by 5% of the revenue for the year being the general limit of the retention monies, then multiplied by the number of days of the year.

Our trade receivables turnover days during the Track Record Period were more than our credit term of 35 days as some of our customers do not make payment within the payment term of our invoices. For the year ended 31 December 2015, our trade receivables turnover days were more than 35 days mainly because invoices in the aggregate amount of approximately S$3.2 million and S$3.0 million were issued to Customer A/Subcontractor D and Customer B/Supplier A/Subcontractor G in relation to the work mainly performed for the year ended 31 December 2015 for Project Tanjong Pagar Mixed Development and Project Micron, respectively, close to the end of the year ended 31 December 2015, which led to a larger closing balance of our trade receivables. For the year ended 31 December 2016, our trade receivables turnover days were more than 35 days as there were delays in payments from a number of our top customers. As our business operates on a non-recurring and project-by-project basis, the progress of our reinforced concrete works projects at a given time would affect our trade receivables balances as at the respective year end date and thus the trade receivables turnover days during the Track Record Period.

As at Latest Practicable Date, approximately S$1.5 million, or 83.3% of our trade receivables outstanding as at 31 December 2016 had been subsequently settled.

Our retention receivables turnover days were approximately 827 days and 1,083 days for the two years ended 31 December 2016, respectively. The increase in retention receivables turnover days for the year ended 31 December 2016 was mainly due to the significant increase in retention sum receivables as at 31 December 2016, which far more offset the impact of the increase in revenue in the same year. Unlike trade receivables, which are normally settled according to the credit period we grant to our customers, retention receivables are settled in a less systematic manner and usually released some time after completion of a project.

As at the Latest Practicable Date, none of our retention receivables outstanding as at 31 December 2016 had been subsequently settled, which was due to the defect liability periods as stipulated in our contracts with our customers or in the main contract of the relevant projects were not expired.

Prepayment, deposits and other receivables

Our prepayment, deposits and other receivables comprised prepaid expenses for our operations and materials, rental and utility deposits, and advance to our staff.

Our prepayment, deposits and other receivables increased by approximately S$0.1 million, or approximately 12.5%, from approximately S$0.8 million as at 31 December 2015 to approximately S$0.9 million as at 31 December 2016, which was primarily due to an increase in other receivables of approximately S$0.3 million mainly resulting from an amount due to Ms. Wu, who is a former shareholder and director of ICPL and resigned on 9 December 2016. The effect was partially offset by a decrease in prepayment of approximately S$0.2 million, which was mainly due to less deposits being made for the accommodation for our foreign workers, which was in line with the decrease in our accommodation expenses for the year ended 31 December 2016.

Amount due from/to customers for contract works

Construction work-in-progress is valued at cost incurred plus an appropriate proportion of profits after deducting progress payments and allowances for foreseeable losses. When progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers. When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amounts due from contract customers.

The following table sets out the amounts due from/(to) customers for contract work as at the end of each year as indicated.

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
Contract cost incurred plus recognised profit less recognised loss	43,769	38,081
Less: Progress billings	(49,031)	(38,937)
	(5,262)	(856)

Analyses for reporting purposes as:

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
Amount due from customers for contract works	710	4,426
Amount due to customers for contract works	(5,972)	(5,282)
Balance at end of the year	(5,262)	(856)

All amounts due from/(to) customers for contract works are expected to be recovered/settled within one year.

Amounts due from directors and related companies

The following table sets forth an analysis of the amounts due from directors and a related company as at the end of each year as indicated.

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
Amount due from directors (non-trade nature)	2,294	4,491
Amount due from related companies (trade nature)	130	93

Our amounts due from directors mainly represented advances to related companies, which amounted to S$2.3 million and S$4.5 million as at 31 December 2015 and 2016, respectively. Such amounts are interest-free, unsecured and repayable on demand. All of these amounts due from directors will be fully settled by way of setting off the proposed special dividend prior to the [REDACTED].

Our amount due from related companies amounted to approximately S$130,000 and $93,000 as at 31 December 2015 and 2016, respectively, which was mainly due to the sales of written-off machine to our related company during the year ended 31 December 2015.

Trade and retention sum payables

Our trade and retention sum payables were mainly incurred for the purchase of materials from our suppliers and subcontracting charges. Our Group's trade and retention sum payables are non-interest bearing and the credit terms of our trade payables granted by our subcontractors and suppliers are generally 30 days after the issuance of invoices. Our retention sum payables are generally settled within one year and subject to practical completion, the expiry of the defects liability period or a pre-agreed time period. The table below sets out an ageing analysis of our trade payables and our trade payables turnover days as at the end of each year as indicated.

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
Trade payables	1,056	1,335
Retention sum payables	138	164
	1,194	1,499
Trade and retention sum payable turnover days *(Note 1)*	21	18

Note:

1. Trade and retention sum payables turnover days is calculated based on the average of the beginning and ending balance of trade and retention sum payables divided by direct cost for the year, then multiplied by the number of days of the year.

The following table sets forth the ageing analysis of our trade and retention sum payables as at the dates indicated:

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
0 to 30 days	420	694
31 to 90 days	345	445
91 to 180 days	47	44
Over 180 days	382	316
	1,194	1,499

Our trade and retention sum payables increased by approximately S$0.3 million, or approximately 25.0%, from approximately S$1.2 million as at 31 December 2015 to approximately S$1.5 million as at 31 December 2016, which was mainly due to larger claims incurred as at year end as a result of higher percentage of completion for general construction works.

As at the Latest Practicable Date, approximately S$1.0 million or 66.7% of our trade and retention sum payables outstanding as at 31 December 2016 had been subsequently settled.

For the two years ended 31 December 2015 and 2016, our trade and retention sum payables turnover days were approximately 21 days and 18 days, respectively. Our trade and retention sum payables turnover days were generally in line with the credit terms granted by our subcontractors or suppliers.

Other payables and accruals

Our other payables and accruals mainly consisted of the (i) accrued costs for our materials used for our formwork projects; (ii) accrued expenses in relation to salaries and wages of our staff; and (iii) amounts due to Joint Operator. Our other payables and accruals increased by approximately S$2.7 millions, or, approximately 71.1%, from approximately S$3.8 million as at 31 December 2015 to approximately S$6.5 million, which mainly resulted from the (i) increase in accrued salaries for our labour, representing increasing labour in contract works; and (ii) increase in accrued cost of construction materials and consumables and subcontracting charges, which was in line with the growing trend of the size of our contract sum.

Our amount due to Joint Operator was approximately S$0.7 million and S$0.6 million as at 31 December 2015 and 2016, respectively. Since Project Tanjong Pagar Mixed Development was completed in June 2016, pending for the issue of final accounts by the main contractor, the amount due to Joint Operator is expected to be settled by that time and the Joint Operation will cease accordingly.

Amounts due to a director and related companies

Our amount due to a director amounted to approximately S$1.0 million and S$1.0 million as at 31 December 2015 and 2016, respectively.

Our amount due to a director was non-trade in nature, unsecured, interest-free and has no fixed terms of repayment. All of these amounts due to a director and will be fully settled prior to the [REDACTED].

Our amount due to related companies amounted to approximately S$0.6 million and S$0.7 million as at 31 December 2015 and 2016, respectively, which primarily related to our subcontracting fees incurred. Such amounts are interest-free, unsecured and repayable on demand.

INDEBTEDNESS

Bank borrowings

The following table sets out our bank borrowings as at the dates indicated.

	As at 31 December		As at 28 February
	2015	**2016**	**2017**
	S$'000	*S$'000*	*S$'000*
Secured mortgage loan	860	771	751

As at 31 December 2015 and 2016 and 28 February 2017, our bank borrowings consisted of mortgage loans for financing mortgage payments for our property held for occupation, which is our office premises. All of our bank borrowings were denominated in Singapore dollar and the effective interest rates as at 31 December 2015 and 2016 and 28 February 2017 were approximately 3.05%, 3.42% and 3.48% per annum, respectively. Such mortgage loan was secured by (i) the pledge of the investment property of our Group; (ii) the pledge of certain of our Group's property, plant and equipment; and (iii) the personal guarantee executed by Mr. Goh, which shall be released upon [REDACTED] and replaced by corporate guarantees granted by our Company. As at 28 February 2017, our mortgage loan of approximately S$0.8 million which is currently scheduled to be repaid within one year and we expect to repay such amount in accordance with the repayment schedule.

Obligation under finance lease

The following table below sets out our obligations under a finance lease as at the dates indicated.

	As at 31 December		As at 28 February
	2015	**2016**	**2017**
	S$'000	*S$'000*	*S$'000*
Current portion	197	188	188
Non-current portion	306	183	149
Total	503	371	337

Our obligation under finance lease as at 31 December 2015 and 2016 and 28 February 2017 comprised primarily of finance leases for the purchases of certain motor vehicles and heavy machinery used for our operations. The finance lease is secured by the relevant motor vehicles and heavy machinery and guaranteed by Mr. Goh, which shall be released upon [REDACTED] and replaced by corporate guarantees granted by our Company. Our finance lease liabilities were denominated in Singapore dollars and the effective annual interest rates as at 31 December 2015 and 2016 and 28 February 2017 were ranging from approximately 3.65% to 6.00%, 3.65% to 4.84% per annum, respectively.

As at 28 February 2017, being the latest practicable date for determining our indebtedness, our Group's total indebtedness amounted to S$2.1 million, which consisted of (i) secured and guaranteed bank borrowings in the amount of approximately S$0.8 million; (ii) secured and guaranteed obligation under finance lease in the amount of approximately S$0.3 million; and (iii) unsecured and unguaranteed amount due to a director in the amount of approximately S$1.0 million. The effective interest rates of bank borrowings and obligation under finance lease were approximately 3.48% and ranging from 3.65% to 4.84% per annum, respectively. We had an unutilised banking facility of S$1.4 million which was an unutilised term loan granted by a bank for the purpose of general working capital of the Group. There are no material covenants relating to these outstanding indebtedness. Our Directors have confirmed that there had been no material change in our indebtedness since 31 December 2016 up to the Latest Practicable Date.

Save as disclosed above and apart from intra-group liabilities, as at 28 February 2017, we did not have any other borrowings, mortgages, charges, debentures or debt securities, issued or outstanding, or authorised or otherwise created but unissued, or other similar indebtedness, finance lease commitment, liabilities under acceptances, acceptance credits, hire purchase commitments, material contingent liabilities or guarantees. In addition, we currently do not have any external debt financing plan.

CAPITAL EXPENDITURES

Our Group's capital expenditures principally consisted of additions of machinery and equipment and motor vehicles for our operations. During the Track Record Period, our Group incurred capital expenditures of approximately S$0.8 million and S$0.2 million for the two years ended 31 December 2016, respectively, which were primarily resulted from purchases of a hydraulic crawler crane and motor vehicles. Since 31 December 2016 and up to the Latest Practicable Date, we did not have any material capital expenditures.

For the year ending 31 December 2017, we estimate that no capital expenditures are expected to be incurred. For the year ending 31 March 2018, we estimate to incur a projected total capital expenditures of approximately S$12.6 million, including (i) approximately S$11.3 million will be incurred for an acquisition of a property ("**New Property**") for our cut and bend factory and our dormitory to accommodate our foreign workers; (ii) approximately S$0.6 million will be incurred for the renovation of the New Property; and (iii) approximately S$0.7 million will be incurred for purchasing one single production line of cut and bend system.

We intend to finance the above costs in the following manner: (i) approximately S$6.1 million, representing approximately 55.0% of the property value in the amount of approximately S$11.0 million, stamp duty in the amount of approximately S$0.3 million, and (ii) approximately S$4.9 million, representing approximately 45.0% of the property value, will be funded by bank borrowings. The initial capital expenditure of approximately S$0.6 million for renovating the New Property and one single production line of cut and bend system in the amount of approximately S$0.7 million, will also be funded by the [REDACTED].

As such, the capital expenditure requirement for our Group's implementation plans is expected to amount to approximately S$12.6 million, of which approximately S$7.7 million, or 61.1% of the total capital expenditure requirement, is expected to be financed by 95.1% of the [REDACTED] from the [REDACTED] and the remaining balance of S$4.9 million is expected to be financed by bank borrowing.

To our Director's best estimation, additional depreciation for the two years ending 31 December 2018 is expected to be nil and approximately S$0.1 million, respectively.

Our expansion plans in Singapore for the two years ending 31 December 2018 and the related projected capital expenditures are summarised as follows:

	From the Latest Practicable Date to 31 December	For the six months ended		
		30 June	31 December	
Plans	**2017**	**2018**	**2018**	**Total**
	S$'000	*S$'000*	*S$'000*	*S$'000*
Acquiring property for our dormitory and cut and bend factory	—	11,300	—	11,300
Renovating the new dormitory and cut and bend factory	—	—	600	600
Purchasing one single production line of cut and bend system	—	—	700	700
Total	—	11,300	1,300	12,600

Our Group's projected capital expenditures are subject to revision based on any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and [REDACTED]" of this document for further information. We did not have any capital commitment as at 31 December 2016.

We expect to fund our contractual commitments and capital expenditures principally through the [REDACTED] we receive from the [REDACTED] and our internal resources. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months from the date of this document.

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating lease commitments

As lessor

As at 31 December 2015 and 2016, our Group had leased our industrial building unit which was classified as investment property under operating lease arrangements, with leases negotiated for term ranging from one to two years. We had total future minimum lease receivables under non-cancellable operating lease arrangements, which fall due as follows:

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
Within one year	32	34
In the second to fifth year, inclusive	27	46
	59	80

As lessee

As at 31 December 2015 and 2016, our Group had commitments for future minimum lease payments in respect of our dormitories and site equipment under non-cancellable operating lease arrangements, with leases negotiated for an initial period of six months to 2.5 years. We had total future minimum lease payables under non-cancellable operating lease arrangements which fall due as follows:

	As at 31 December	
	2015	**2016**
	S$'000	*S$'000*
Within one year	1,047	1,212
In the second to fifth year, inclusive	—	—
	1,047	1,212

CONTINGENT LIABILITIES

As at the Latest Practicable Date, other than disclosed in the section headed "Business — Legal proceedings" of this document, we were not involved in any legal proceedings pending or, to our knowledge, threatened against our Group which could have a material adverse effect on our business or operations. The Directors confirm that as at the Latest Practicable Date, we did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in note 34 to the Accountants' Report in Appendix I to this document, our Directors confirm that each transaction set forth therein were conducted in accordance with to terms as agreed between us and the respective related parties, were conducted on an arm's length basis and did not distort our results of operations for the Track Record Period or make our historical results not reflective of our future performance.

SUMMARY OF KEY FINANCIAL RATIOS

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.

Return on equity

Our return on equity increased from approximately 26.8% for the year ended 31 December 2015 to approximately 30.4% for the year ended 31 December 2016. The increase was mainly due to an increase in our profit for the year, which was mainly attributable to (i) a net other income being recongnised for the year ended 31 December 2016, whereas net other expenses was recognised for the year ended 31 December 2015; and (ii) a decrease in income tax expense for the year ended 31 December 2016.

Return on total assets

Our return on total assets increased from approximately 10.5% for the year ended 31 December 2015 to approximately 11.3% for the year ended 31 December 2016. The increase was mainly due to an increase in our profit for the year, which was mainly attributable to (i) a net other income being recongnised for the year ended 31 December 2016, whereas net other expenses were recongnised for the year ended 31 December 2015; and (ii) a decrease in income tax expense for the year ended 31 December 2016.

Current ratio

Our current ratio decreased from approximately from 1.3 times as at 31 December 2015 to approximately 1.2 times as at 31 December 2016. The decrease was mainly attributable to (i) a decrease in trade and retention sum receivables; and (ii) an increase in other payables and accruals. The effect was partially offset by (i) an increase in amounts due from customers for contract works; (ii) an increase in amounts due from directors; (iii) an increase in cash and cash equivalents; and (iv) a decrease in amounts due to customers for contract work.

Gearing ratio

Our gearing ratio decreased from approximately 25.0% as at 31 December 2015 to approximately 21.4% as at 31 December 2016. The decrease was mainly attributable to the decrease in bank borrowings and obligation under finance lease resulting from the repayments during the year ended 31 December 2016.

Interest coverage ratio

Our interest coverage ratio decreased from approximately 126.1 times for the year ended 31 December 2015 to approximately 89.7 times for the year ended 31 December 2016. The decrease was primarily due to an increase in finance costs, mainly resulting from an increase in interest charged on our mortgage loan as the interest rate went up during the year.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and up to the Latest Practicable Date, save as disclosed herein, we had no other material off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are, in the ordinary course of our business, exposed to a variety of financial risks, include credit risk and liquidity risk. We monitor and manage such financial risks through internal risks reports which analyse exposure by degree and magnitude of risk. Please also see note 36 to the Accountants' Report in Appendix I to this document for further details regarding our financial risks.

Credit risk

At the end of each of the Track Record Period, our maximum exposure to credit risk which will cause a financial loss to us due to default an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

In order to minimise the credit risk, we monitored on an ongoing basis and follow-up action is taken to recover overdue debts. In addition, we review the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, we consider that our credit risk is significantly reduced.

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when we have significant exposure to the risks relating to individual customers. As at 31 December 2015 and 2016, the amount of trade receivables from the five largest debtors represented approximately 94.0% and 97.9% of the total trade and retention sum receivables, respectively, while approximately 37.0% and 39.8% of the total trade and retention sum receivables was due from the largest single debtor, respectively.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with good reputation. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, we do not have any other significant concentration of credit risk.

Liquidity risk

Our liquidity risk is primarily attributable to the risk that we may not be able to meet our financial obligations as they fall due. To ensure that we will always have sufficient liquidity to meet our liabilities when they fall due, our policy is to monitor current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our short and long term liquidity requirements. In particular, our Group monitors and maintains a level of cash and cash equivalents assessed as adequate by the management to finance our Group's operations and mitigate the effects of fluctuations in cash flows. Our Group relies on internally generated funding and borrowings as significant sources of liquidity.

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.

[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.

EFFECT ON OUR FINANCIAL PERFORMANCE DUE TO [REDACTED]

Our net profit for the year ending 31 December 2017 will have a considerable reduction due to the incurrence of [REDACTED] in 2017. Our financial performance for the year ending 31 December 2017 will be affected by such expenses as compared with our financial performance for the year ended 31 December 2016.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Please refer to note 38 to the Accountants' Report set forth in Appendix I to this document for events of our Group which took place subsequent to 31 December 2016.

DISTRIBUTABLE RESERVE

As at 31 December 2016, our Company did not have reserve available for distribution to its Shareholders.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of our unaudited pro forma adjusted consolidated net tangible assets and is based on the audited consolidated net assets attributable to owners of our Company as at 31 December 2016 as shown in the Accountants' Report, the text of which is set out in Appendix I to this document, and adjusted as described below.

	Audited combined net tangible assets of our Group as at 31 December 2016	Estimated [REDACTED] from the proposed [REDACTED]	Unaudited pro forma adjusted combined net tangible assets of our Group	Unaudited pro forma adjusted combined net tangible assets per Shares	Unaudited pro forma adjusted combined net tangible assets per Shares
	S$'000	*S$'000*	*S$'000*	*S$*	*HK$*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Based on [REDACTED] of [REDACTED] per Share	9,797	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on [REDACTED] of [REDACTED] per Share	9,797	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The audited combined net tangible assets of our Group attributable to owners of our Company is extracted from the Accountants' Report set out in Appendix I to this document.

(2) The estimated [REDACTED] from the issue of the new Shares pursuant to the proposed [REDACTED] are based on [REDACTED] new Shares at the [REDACTED] of lower limit and upper limit of [REDACTED] and [REDACTED] per New Share, respectively, after deduction of the [REDACTED] commissions and fees and other related expenses, other than those expenses which had been recognised in profit or loss on or prior to 31 December 2016.

(3) The unaudited pro forma adjusted combined net tangible assets of our Group does not take into account the effect of any trading result and other transactions of our Group entered into subsequent to 31 December 2016.

(4) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on [REDACTED] Shares in issue immediately following the completion of the [REDACTED] and does not take into account of any Shares which may be issued upon the exercise of the [REDACTED] or any options that may be granted under the Share Option Scheme or any shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of shares.

DISCLOSURE UNDER RULES 17.15 TO 17.21 OF THE GEM LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, save as disclosed in this section, they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

REASONS FOR THE [REDACTED]

Please refer to the section headed ''Future Plans and [REDACTED] — Reasons for [REDACTED]'' of this document for details.

NO MATERIAL ADVERSE CHANGE

The impact of the [REDACTED] on our profit and loss accounts have posted a material adverse change in the financial or trading position or prospect of our Group since 31 December 2016 (being the date the latest audited consolidated financial statements were made up). [REDACTED] should be aware of the impact of the [REDACTED] on the financial performance of our Group for the year ending 31 December 2017.

Save as disclosed above, our Directors confirmed that, up to the date of this document, there had been no material adverse change in the financial or trading positions or prospects of our Group since 31 December 2016 (being the date of which our Group's latest audited financial statements were made up as set out in the Accountants' Report in Appendix I to this document) and there had been no event since 31 December 2016 which would materially affect the information shown in the Accountants' Report in Appendix I to this document.