SUMMARY

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

BUSINESS OVERVIEW

We are a Singapore-based service provider and we mainly provide manpower outsourcing and ancillary services to building and construction contractors in Singapore. To a lesser extent, we also provide dormitory services, IT services and construction ancillary services (which comprise warehousing services, cleaning services and building maintenance works) in Singapore. We commenced our business of providing manpower outsourcing services in Singapore since 2006.

We currently operate two dormitories, namely the Woodlands Dormitory and Sungei Kadut Dormitory, with a capacity of 1,500 and 479 persons, respectively. The Woodlands Dormitory is a licensed foreign employee dormitory licensed by the MOM which is permitted to house foreign workers employed by our Group as well as by third parties, while the Sungei Kadut Dormitory is a temporary ancillary workers' dormitory approved by the Urban Redevelopment Authority of Singapore to house our foreign employees.

The following table sets forth a breakdown of our revenue during the Track Record Period by business operations:

	FY2014		FY2015		FY2016		For the four months ended 30 April 2016 (Unaudited)		For the four months ended 30 April 2017	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
Manpower outsourcing and ancillary services	38,943	86.4	39,770	86.3	37,978	84.3	12,471	84.9	12,315	81.9
Dormitory services	4,297	9.5	4,706	10.2	5,464	12.1	1,763	12.0	1,772	11.8
IT services	810	1.8	622	1.3	892	2.0	230	1.6	319	2.1
Construction ancillary services	1,044	2.3	993	2.2	716	1.6	229	1.6	633	4.2
Total	45,095	100.0	46,091	100.0	45,051	100.0	14,693	100.0	15,039	100.0

Manpower outsourcing and ancillary services

We provide manpower outsourcing services by (i) recruiting, employing, training and remunerating foreign workers from Bangladesh and India as our employees in Singapore, and (ii) deploying them to perform various construction works of different construction trades at the work sites designated by our customers in Singapore. The main types of construction works performed by our deployed employees include scaffolding, welding, hacking, casting, painting, rebarring, lifting supervision, carpentry and plastering etc. As at the Latest Practicable Date, we employed 1,380 foreign employees for deployment. We recruit our foreign employees mainly through candidate referrals from Overseas Testing Centres based in Bangladesh and India.

If so requested by our customers, our Group also provides ancillary services to our customers for a fee during the deployment period, which include providing accommodation for the deployed employees at our self-operated dormitories or dormitories operated by third parties, and arranging transportation for the deployed employees to and from their respective work sites using our lorries.

Dormitory services

We provide dormitory services at our Woodlands Dormitory mainly to building and construction contractors in Singapore for foreign workers who are employed by them. Our dormitory services generally consist of the provision of dormitory bed spaces and the duration of each contract typically ranged from six months to one year. During the Track Record Period, approximately 57.2% to 84.9% of the dormitory bed spaces at the Woodlands Dormitory were occupied by foreign workers who are under the employment of third parties.

For each of FY2014, FY2015, FY2016 and the four months ended 30 April 2017, the average monthly occupancy rate of the Woodlands Dormitory was 98.3%, 98.2%, 99.2% and 99.4%, respectively, while for the Sungei Kadut Dormitory, the average monthly occupancy rate was 100% in each of FY2014, FY2015, FY2016 and the four months ended 30 April 2017.

IT services and construction ancillary services

Our IT services generally comprise the provision of support and maintenance services and software upgrades in relation to the ERP systems of our customers. We also provide a range of construction ancillary services to our customers, including warehousing services, cleaning services and building maintenance works.

Our customers

In respect of our manpower outsourcing services, dormitory services and construction ancillary services, our customers are mainly building and construction contractors in Singapore during the Track Record Period. Our Group provided IT services to two customers only (being (i) a group member of a Japanese conglomerate engaged in production of products ranging from petrochemicals & plastics, IT-related chemicals, energy and functional materials and health and crop science; and (ii) an education company engaged in the childcare and tuition business in the Southeast Asia regions with which our business relationship started during the four months ended 30 April 2017) during the Track Record Period and up to the Latest Practicable Date. For each of FY2014, FY2015, FY2016 and the four months ended 30 April 2017, we have a total number of 406, 466, 607 and 190 customers.

Our suppliers

Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue to carry on our business mainly include (i) catering service providers, (ii) dormitory service providers, (iii) training course providers, (iv) providers of construction manpower, and (v) suppliers of miscellaneous services including overseas manpower consultants and individual recruitment agents in Bangladesh.

Our major cost components

The major cost components of our Group's operations include foreign workers' wages and salaries, foreign workers levy and staff salaries, bonuses and allowances, which in aggregate accounted for approximately 63.5%, 65.3%, 73.2% and 70.4% of our cost of services for FY2014, FY2015, FY2016 and the four months ended 30 April 2017 respectively.

Our major licences and permits

Nichefield, one of our operating subsidiaries, has obtained the Dormitory Licence (as defined and further discussed in the paragraph headed "Business – Licences and permits") from the MOM in respect of the operation of the Woodlands Dormitory. The current term of the Dormitory Licence is from 5 September 2016 to 30 October 2018. KT&T Engineers, another of our operating subsidiaries, has obtained the grant of the Temporary Permission (as defined and further discussed in the paragraph headed "Business – Licences and permits") for using the Sungei Kadut Dormitory as a temporary ancillary workers' dormitory from 25 February 2017 to 25 February 2020.

In addition, we also possess certain registration under the Contractors Registration System maintained by the BCA, which enable us to carry out certain construction ancillary services. For details, please refer to the section headed "Regulatory overview – A. Laws and regulations in Singapore in relation to the provision of our manpower outsourcing and ancillary services and construction ancillary services – II. Licence regime for contractors in Singapore" in this document.

COMPETITIVE LANDSCAPE AND OUR COMPETITIVE STRENGTHS

According to the Ipsos Report, the demand for manpower outsourcing services in Singapore is affected by developments in the Singapore construction industry. Manpower outsourcing service providers (such as our Group) play a vital role in supporting the building and construction contractors in Singapore by not only providing sufficient workforce for such companies to meet any additional demand of workers but also reduces the overhead costs of maintaining fleet of full-time workers during downtime. Ipsos advised that as the revenue of the manpower outsourcing industry in Singapore and the financial information of some of the key industry players are not available, the market share of our Group and the ranking of the industry players cannot be reliably ascertained.

We believe that our competitive strengths include (i) established relationships with Overseas Testing Centres in Bangladesh; (ii) cost advantages from our self-operated dormitories and lorry fleet; (iii) being experienced and knowledgeable in managing foreign workers; (iv) being an established service provider of manpower outsourcing services; and (v) possession of a sizable pool of suitable and trained workers.

BUSINESS STRATEGIES

We intend to pursue the following key business strategies: (i) further expanding our manpower available for deployment in order to cope with our business development in light of the forecasted growth of the construction industry and manpower outsourcing industry in Singapore; (ii) acquiring an additional foreign worker dormitory in order to increase the scale of our dormitory operation in order to cope the forecasted increase in the demand for dormitory services in respect of foreign workers in Singapore and accommodate the housing needs of our additional manpower; and (iii) acquiring additional lorries in order to cope with the expected increase in transportation needs from a larger size of manpower. For further information, please refer to the paragraph headed "Business – Business strategies" in this document.

SALES AND MARKETING AND PRICING STRATEGY

During the Track Record Period, we secured new business opportunities mainly through (i) incoming enquiries from new and existing customers, (ii) referrals from existing customers, and (iii) active marketing and promotion carried out by our sales managers with potential customers. Our sales and marketing team is primarily responsible for the promotion of our business to building and construction contractors in Singapore. Our sales managers from time to time approach new potential customers by visiting building and construction work sites, and conducting marketing presentations at the offices of construction contractors. In order to identify potential customers, we regularly access certain online industry database for information regarding new major construction projects and the relevant responsible contractors.

Our pricing is generally determined based on certain markups over our estimated costs, after considering a range of factors such as salaries and recruitment costs of our foreign employees and operation staff, the overhead costs expected to be incurred and the prevailing market condition. For further information, please refer to the paragraph headed "Business – Pricing strategy" in this document.

RISK FACTORS

Potential investors are advised to carefully read the section headed "Risk factors" in this document before making any investment decision in the **[REDACTED]**. Some of the more particular risk factors include the following: (i) our business of providing manpower outsourcing service is dependent on our ability to source foreign employees and any difficulties in sourcing sufficient foreign labour could materially and adversely affect our operations and financial performance; (ii) we rely on Overseas Testing Centres in Bangladesh and India for referrals of foreign workers and any disruption in our working relationships with the Overseas Testing Centres may materially and adversely affect our operations and financial performance; (iii) our revenue is mainly derived from our manpower outsourcing and ancillary services for which our engagements with our customers are not recurrent in nature and there is no guarantee that our customers will provide us with new businesses; (iv) sub-standard performance by our deployed workers may adversely affect our service quality and reputation; (v) we recorded net operating cash outflow for the four months ended 30 April 2017; (vi) we are subject to credit risk in respect of our trade receivables; (vii) we face liquidity risk in relation to working capital requirements associated with our manpower outsourcing and ancillary services and possible failure by customers to make timely or full payments; and (viii) we experienced two loss making projects during the Track Record Period and we cannot assure that there will be no other loss making projects in the future.

FOREIGN EMPLOYEES

We recruited most of our foreign employees through candidate referrals from certain Overseas Testing Centres in Bangladesh and India. The availability of the foreign workers to the construction industry is regulated by the MOM through certain policy instruments, including but not limited to (i) the dependency ceilings based on the ratio of local to foreign workers; (ii) the quotas based on the man-year entitlements in respect of workers from NTS; and (iii) the requirement for a minimum percentage of higher-skilled workers.

As advised by our Singapore Legal Adviser, the maximum number of foreign workers that our Group can hire is subject to the ratio of one full-time local worker to seven foreign workers for the construction industry in Singapore set under the dependency ceilings. Based on the latest information available from the MOM database as at the Latest Practicable Date and our Manpower Services Companies' employment records, the Singapore Legal Advisers confirmed that our Manpower Services Companies had utilized 1,547 quota balance for foreign workers (including those who were under our employment and those who had obtained prior approvals from MOM but whose employment had yet to be formally commenced) and should be entitled to employ up to an additional 42 foreign workers after taking into consideration, *inter alia*, the number of local employees who are eligible for, and are under a dual employment arrangement (which is further discussed in the section headed "Regulatory overview" in this document). Therefore, our Group are in compliance with the dependency ceiling quota.

As advised by our Singapore Legal Adviser, our Group is required by the MOM to maintain a minimum percentage of at least 10% of higher-skilled workers. As at the Latest Practicable Date, approximately 17.4% of the foreign workers hired by our Group are higher-skilled workers. Based on our available quota balance as at the Latest Practicable Date, our Group is entitled to employ a maximum of 1,589 foreign workers, among which at least 159 of them shall be higher-skilled workers.

SUPPLIER CONCENTRATION

Our top five suppliers accounted for approximately 73.9%, 61.0%, 73.0% and 78.1% of our total purchases for each of FY2014, FY2015, FY2016 and the four months ended 30 April 2017 respectively. Despite such supplier concentration, our Directors consider that we are not overly reliant on any single supplier as discussed in the section headed "Business – Our suppliers – Supplier concentration".

LOSS MAKING PROJECTS DURING THE TRACK RECORD PERIOD

We experienced two loss making projects during the Track Record Period, namely the Myanmar Project and the School Dormitory Project, which had resulted in costs of S$1.0 million and S$3.5 million respectively incurred by us during the Track Record Period, without deriving any income from, or achieving our planned objective of, the projects eventually.

Myanmar Project

During the Track Record Period, we have engaged an overseas manpower consultant based in Myanmar (being Supplier C as referred to in the paragraph headed "Our Suppliers – Top suppliers" in this section) (i) to provide general advices (including those on the relevant requirements and procedures) in relation to sourcing foreign workers from Myanmar, and (ii) to undertake certain preliminary steps in relation to the set-up of training facilities in Myanmar for providing training for potential candidate workers (the Myanmar Project). After obtaining the advices, our Directors had decided not to proceed with the plan to recruit foreign workers from Myanmar due to the complexity in the relevant legal requirements and procedures in Myanmar and the Myanmar Project was ended in FY2015 and no further investment was made for the Myanmar Project.

School Dormitory Project

In June 2014, Kanon Global (as tenant), an indirect wholly-owned subsidiary of our Company, entered into a tenancy agreement with the Singapore Government (the "Tenancy Agreement") for renting a building situated on Short Street, Singapore (the "Building"). It was the then intention of our Directors to transform the Building into a school dormitory so as to further diversify our Group's businesses into the provision of dormitory services for students. However, the Tenancy Agreement was subsequently terminated on 31 December 2014 upon mutual agreement between Kanon Global and the Singapore Government as we came to a view that it was not in the interest of our Group to continue with the refurbishment of the Building, because certain facilities embedded in the Building were found to be insufficient during the refurbishment, and additional costs would be required to be incurred to install such facilities in order to obtain the approval from the relevant Singapore Government authorities in relation to the transformation of the Building into a school dormitory. Under the settlement letter mutually agreed between Kanon Global and the Singapore Government, no penalty and no further potential liability arose as a result of the termination of the Tenancy Agreement.

Our Directors consider that our withdrawal from the Myanmar Project and the School Dormitory Project does not have any material impact on our business operations as discussed in details in the section headed "Business – Loss making projects during the Track Record Period".

KEY OPERATIONAL AND FINANCIAL DATA

The following table sets out the number of hours of deployment billed by our Group for manpower outsourcing and ancillary services during the Track Record Period:

	FY2014	FY2015	FY2016	For the four months ended 30 April 2017
	'000 hours	*'000 hours*	*'000 hours*	*'000 hours*
Number of hours of deployment billed by our Group for manpower outsourcing and ancillary services	3,962	3,968	3,875	1,261

The number of hours of deployment billed by our Group for manpower outsourcing and ancillary services decreased by approximately 2.3% from 3,968,000 hours in FY2015 to 3,875,000 in FY2016. Our Directors believe that the aforesaid decrease was in line with the decrease in construction demand in the Singapore construction industry during the period. According to the Ipsos Report, the construction demand by value of contracts awarded decreased from approximately S$27.0 billion in 2015 to approximately S$26.1 billion in 2016 and is forecasted to increase to approximately S$30.0 billion in 2017. For further information on the construction industry and manpower outsourcing industry in Singapore, please refer to the section headed "Industry Overview".

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

	FY2014	FY2015	FY2016	For the four months ended 30 April 2016 (Unaudited)	For the four months ended 30 April 2017
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Results of operations					
Revenue	45,095	46,091	45,051	14,693	15,039
Gross profit	16,744	15,288	15,513	5,257	5,009
Profit before taxation	4,828	7,413	7,582	2,825	1,785
Profit for the year	4,158	6,324	6,620	2,506	1,455

	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 April 2017
	S$'000	*S$'000*	*S$'000*	*S$'000*
Financial position				
Non-current assets	4,230	2,794	3,435	3,488
Current assets	22,998	19,617	23,112	16,284
Non-current liabilities	552	64	20	17
Current liabilities	19,807	9,154	16,555	8,328
Net current assets	3,192	10,463	6,557	7,956
Total equity	6,869	13,193	9,973	11,427

	FY2014	FY2015	FY2016	For the four months ended 30 April 2016 (Unaudited)	For the four months ended 30 April 2017
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*
Net cash from (used in) operating activities	8,903	9,868	7,529	3,068	(1,007)
Net cash used in investing activities	(242)	(1,583)	(41)	(2,896)	(315)
Net cash used in financing activities	(3,512)	(12,000)	(3,432)	(135)	(7,657)
Net increase/(decrease) in cash and cash equivalents	5,149	(3,715)	4,056	36	(8,979)
Operating cash flow before movement in working capital	7,299	9,550	8,323	3,078	2,048
Bank balances and cash	15,383	11,668	15,724	11,704	6,745

We recorded net operating cash outflow of approximately S$1.0 million for the four months ended 30 April 2017. This was mainly because of the increase in our trade receivable of approximately S$2.3 million as at 30 April 2017 compared to 31 December 2016, mainly due to (i) the increase in unbilled revenue as certain manpower outsourcing services were rendered in late April 2017 and we have not yet issued the relevant invoices to our customers as at 30 April 2017; and (ii) the fluctuation of the amount settled by different customers to us as at the respective reporting dates due to different settlement practices of different customers as well as the different credit periods granted by us.

	FY2014 or as at 31 December 2014	FY2015 or as at 31 December 2015	FY2016 or as at 31 December 2016	For the four months ended 30 April 2017 or as at 30 April 2017
Key financial ratio				
Gross profit margin	37.1%	33.2%	34.4%	33.3%
Net profit margin	9.2%	13.7%	14.7%	9.7%
Return on equity	60.5%	47.9%	66.4%	12.7%
Return on total assets	15.3%	28.2%	24.9%	7.4%
Current ratio	1.2	2.1	1.4	2.0
Trade receivables turnover days	57.7 days	48.3 days	41.2 days	43.4 days
Trade payables turnover days	21.3 days	21.5 days	22.7 days	19.1 days
Gearing ratio(Note)	182.2%	4.6%	43.2%	0.8%

Note: Gearing ratio is calculated as total borrowings (including obligations under finance leases, bank borrowings and amount due to a Director) divided by the equity attributable to owners of our Company as at the respective reporting dates.

	FY2014		FY2015		FY2016		For the four months ended 30 April 2016 (Unaudited)		For the four months ended 30 April 2017	
	Gross profit S$'000	*Gross profit margin (%)*	*Gross profit S$'000*	*Gross profit margin (%)*	*Gross profit S$'000*	*Gross profit margin (%)*	*Gross profit S$'000*	*Gross profit margin (%)*	*Gross profit S$'000*	*Gross profit margin (%)*
Manpower outsourcing and ancillary services	14,445	37.1	13,149	33.1	12,228	32.2	4,364	35.0	3,737	30.3
Dormitory services	998	23.2	1,302	27.7	2,255	41.2	673	38.2	742	41.9
IT services	443	54.7	218	35.0	489	54.8	60	26.0	165	51.8
Construction ancillary services	858	82.2	619	62.4	541	75.6	160	70.1	365	57.6

Gross profit of our manpower outsourcing and ancillary services decreased from approximately S$14.4 million for FY2014 to approximately S$13.1 million for FY2015, representing a decrease of 9.0%, while gross profit margin decreased from approximately 37.1% for FY2014 to approximately 33.1% for FY2015. Despite the increase in revenue from manpower outsourcing and ancillary services, the decrease in our gross profit and our gross profit margin were primarily due to the increase in foreign workers levy, workers' living related costs and the non-recurring general consultancy fees for the India Project and the Myanmar Project incurred in FY2015. Gross profit of our manpower outsourcing and ancillary services decreased from approximately S$13.1 million for FY2015 to approximately S$12.2 million for FY2016, representing a decrease of 7.0%, while gross profit margin decreased from approximately 33.1% for FY2015 to 32.2% for FY2016. The decrease in our gross profit were primarily due to the decrease in revenue, while the decrease in gross profit margin was mainly because of the drop in average hourly rate charged by us per foreign worker and the increase in foreign workers levy. Gross profit of our manpower outsourcing and ancillary services decreased from approximately S$4.4 million for the four months ended 30 April 2016 to approximately S$3.7 million for the four months ended 30 April 2017, representing a decrease of 15.9%, while gross profit margin decreased from approximately 35.0% for the four months ended 30 April 2016 to 30.3% for the four months ended 30 April 2017. The decrease in our gross profit were primarily due to the decrease in revenue during the same periods, while the decrease in gross profit margin was mainly because (i) we have offered a lower range of charge-out rate for our workers to some of our customers having considered the general market condition in construction industry in Singapore during the four months ended 30 April 2017; and (ii) the increase in foreign workers levy.

Gross profit of our dormitory services increased from approximately S$1.0 million for FY2014 to approximately S$1.3 million for FY2015, representing an increase of 30.5%, while gross profit margin increased from approximately 23.2% for FY2014 to approximately 27.7% for FY2015. The increase was mainly due to the increase in number of beds rented to our customers and the increase in rates of rent charged to our customers. Gross profit of our dormitory services further increased from approximately S$1.3 million for FY2015 to approximately S$2.3 million for FY2016, representing an increase of 73.1%, while gross profit margin increased from 27.7% in FY2015 to 41.2% in FY2016. The increase in our gross profit and gross profit margin was mainly due to: (i) the increase in number of beds rented to our customers, and (ii) the lack of the depreciation of the Woodlands Dormitory in FY2016 which had already been fully depreciated by October 2015. Gross profit of our dormitory services increased from approximately S$673,000 for the four months ended 30 April 2016 to approximately S$742,000 for the four months ended 30 April 2017, while gross profit margin increased from 38.2% for the four months ended 30 April 2016 to 41.9% for the four months ended 30 April 2017. The increase in our gross profit and gross profit margin was mainly due to the decrease in our costs for operating the Woodlands Dormitory, in particular the dormitory's utilities expenses along with the decrease in the use of our cooking facilities by our foreign employees who opted to pay for catering service.

Our net profit margin increased from approximately 9.2% for FY2014 to approximately 13.7% for FY2015 mainly due to the increase in our revenue coupled with the decrease in our administrative expenses and the decrease in other expenses in relation to the School Dormitory Project. Our net profit margin further increased from 13.7% for FY2015 to 14.7% for FY2016, mainly due to the lack of non-recurring expenses such as the general consultancy fees for the India Project and the Myanmar Project and the expenses in relation to the School Dormitory Project, partially offset by the effect of the decrease in revenue and the recognition of the non-recurring **[REDACTED]** expenses of approximately S$**[REDACTED]** in FY2016.

For further details of the fluctuation of our gross profit and net profit, please refer to the paragraph headed "Financial information – 7. Period-to-period comparison of results of operation" in this document.

Despite the decrease in our revenue and our gross profit in respect of our manpower outsourcing and ancillary services for FY2016, our Directors are of the view that our business are sustainable as discussed in detail in the section headed "Financial information – 7. Period-to-period comparison of results of operations – 7.4 Sustainability of our business in view of the decrease in our revenue and gross profit of our manpower outsourcing and ancillary services business in FY2016" in this document.

Please refer to the section headed "Financial information" in this document for a further discussion and analysis of our financial information.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and the **[REDACTED]**, each of Mr. Kuah and Mighty One will control more than 30% of our issued share capital, irrespective of whether the **[REDACTED]** is exercised partially or fully, or at all. For the purpose of the Listing Rules, Mr. Kuah and Mighty One are our Controlling Shareholders. Mighty One is an investment holding company and has not commenced any substantive business activities as at the Latest Practicable Date.

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

LITIGATION

During the Track Record Period, we were involved in a number of concluded legal cases, including (i) seven common law claims filed by injured workers against us (as their employer), and (ii) 41 cases commenced by us against our customers in relation to recovery of payments and/or enforcement of related court orders. As at the Latest Practicable Date, we were involved in four ongoing claims, including (i) one claim commenced by us against our customer for payments involving S$0.2 million; and (ii) three common law claims filed by injured workers against us (as their employer). For further details, please refer to the section headed ‘‘Business – Litigation’’ in this document.

FATAL ACCIDENT DURING TRACK RECORD PERIOD

We recorded a fatal accident concerning one of our foreign employees during the Track Record Period. On 31 December 2015, a worker under the employment of KT&T Engineers (the ‘‘Deceased Worker’’) was fatally injured during his deployment to our customer. The aforesaid fatal accident was reported to the MOM in January 2016 and is currently being processed under the adjudication process of the Work Injury Compensation Act, although a personal injury claim may potentially be commenced under common law if the discretion to do so is so exercised by the relevant representative of the Deceased Worker.

Our Directors considered the aforesaid fatal incident did not have any negative indication on the adequacy and effectiveness of our safety management system, and will not potentially have any material financial and legal impact on our Group, and/or adversely impact the renewal of KT&T Engineer’s registration under the Contractors Registration System of BCA as discussed in the section headed ‘‘Business – Occupational health and work safety’’ in this document.

[REDACTED]

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

[REDACTED] EXPENSES

Our Directors estimate that the total amount of expenses in relation to the **[REDACTED]** is approximately HK$**[REDACTED]**, of which approximately HK$**[REDACTED]** is borne by our Group and approximately HK$**[REDACTED]** is borne by the Selling Shareholder. For the amount of approximately HK$**[REDACTED]** borne by our Group, approximately HK$**[REDACTED]** is directly attributable to the issue of the **[REDACTED]** and is expected to be accounted for as a deduction from equity upon **[REDACTED]**. The remaining amount of approximately HK$**[REDACTED]**, which cannot be so deducted, shall be charged to profit or loss. Of the approximately HK$**[REDACTED]** that shall be charged to profit or loss, nil, nil, approximately HK$**[REDACTED]** and HK$**[REDACTED]** has been charged for FY2014, FY2015, FY2016 and the four months ended 30 April 2017, respectively and approximately HK$**[REDACTED]** is to be charged to the profit or loss of our Group for FY2017. Expenses in relation to the **[REDACTED]** are non-recurring in nature. Our Group's financial performance and results of operations for FY2017 will be affected by the expenses in relation to the **[REDACTED]**.

FUTURE PLANS AND [REDACTED]

We will not receive any of the proceeds from the sale of the **[REDACTED]** by the Selling Shareholder in the **[REDACTED]**. The net **[REDACTED]** to be received by us from the **[REDACTED]** based on the **[REDACTED]** of HK$**[REDACTED]** per Share, after deducting related expenses of approximately HK$**[REDACTED]** in connection with the **[REDACTED]**, are estimated to be approximately HK$**[REDACTED]**. Our Directors presently intend that the net **[REDACTED]** will be applied as follows: (i) approximately HK$**[REDACTED]**, representing approximately **[REDACTED]** of the estimated net proceeds, for partly financing the acquisition of an additional foreign worker dormitory at an estimated consideration of HK$**[REDACTED]** (equivalent to approximately S$**[REDACTED]**); and (ii) approximately HK$**[REDACTED]**, representing approximately **[REDACTED]**% of the estimated net proceeds, for financing the acquisition of additional ten lorries.

DIVIDEND

During FY2016, an aggregate amount of dividends of S$10,440,000 was declared by our Group companies, of which S$7,440,000 was paid during FY2016 and S$3,000,000 was subsequently paid in February 2017 by cheque which was presented in April 2017. Other than the above, no dividend was paid or declared by us during the Track Record Period.

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

RECENT DEVELOPMENT

In respect of our manpower outsourcing and ancillary services business, our Group was awarded with a total number of 345 contracts from 1 May 2017 up to the Latest Practicable Date (which compares to a total of 754, 1,006 and 1,113 contracts awarded to us during each of FY2014, FY2015 and FY2016 respectively). Out of the 345 contracts, 164 were completed as of the Latest Practicable Date, while the remaining 181 were on-going (including contracts which were in progress or yet to commence) as at the Latest Practicable Date. In relation to our ongoing contracts as at the Latest Practicable Date, an estimated amount of revenue of S$7.6 million is expected to be recognised after the Latest Practicable Date and up to 31 December 2017. As our ongoing contracts do not contain any fixed or committed contract sums, our Directors estimated the total amount of revenue to be derived from such on-going contracts over the contract periods based on (i) the indicative number and type of workers available for deployment pursuant to the contracts; (ii) the duration of the contracts; and (iii) the expected revenue to be recognised by reference to the amount of job orders placed by the same customers or customers of similar scale and background in our past track record.

The Singapore Government has announced to bring forward S$700 million worth of public sector infrastructure projects to start in 2017 and through 2018, which encourage the growth of the construction industry and thus driving the need for additional manpower to support the growth and demand of these construction activities. In addition, according to the Ipsos Report, the MOM is expected to impose more stringent requirements to recruit and maintain foreign construction workers in Singapore. As such, Ipsos forecasts that there will be a higher incentive for building and construction contractors to engage the service of construction manpower outsourcing service providers and a lower proportion of foreign construction workers will be employed in-house by building and construction contractors in Singapore and a higher proportion of foreign construction workers will be employed by manpower outsourcing service providers due to the hassle of the potentially more stringent requirements and the higher costs of maintaining the foreign workers on a full-time basis and handling all the potential additional legal and administrative matters related thereto. Based on the aforesaid, our Directors consider that the demand for manpower outsourcing service and dormitory services is expected to increase.

In relation to our self-operated dormitories, the Temporary Permission (as defined and further discussed in the paragraph headed "Business – Licences and permits" in this document) in respect of the Sungei Kadut Dormitory had expired on 25 February 2017 and was successfully renewed for another term of three years up to 25 February 2020.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in collecting trade receivables from customers. Up to [3 July 2017], [79.9]% of our trade receivables, presented based on the invoice date, as at 30 April 2017 had been settled. For further details, please refer to the paragraph headed "Financial information – 10. Discussion on items from the combined statement of financial position" in this document.

Our Directors confirm that, save for the expenses in connection with the **[REDACTED]**, up to the date of this document, there had been no material adverse change in our financial or trading position or prospects since 30 April 2017, and there had been no events since 30 April 2017 which would materially affect the information shown in our combined financial information included in the accountants' report set out in Appendix I to this document.

REASONS FOR [REDACTED]

Our Directors believe that the **[REDACTED]** will benefit our Group as it will (i) allow our Group to gain access to equity capital market funding and (ii) increase the profile of our Group and enable our Group to be considered more favourably by our customers, suppliers and bankers, given that a **[REDACTED]** company is subject to ongoing regulatory compliance for announcements, financial disclosure and corporate governance. In addition, we intend to implement our business strategies and future plans as detailed in the sections headed "Business – Business strategies" and "Future plans and **[REDACTED]**" in this document, which require funding and are intended to be financed by the proceeds from the **[REDACTED]**.

Our Directors had considered and evaluated different **[REDACTED]** venues including Hong Kong and Singapore and have concluded that Hong Kong is the suitable venue to pursue a **[REDACTED]** after taking into account the market liquidity in Hong Kong and Singapore. For further details, please refer to the paragraph headed "History and development – Reasons for **[REDACTED]**" in this document.