
APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-64 received from the Company’s reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purposes of inclusion in this Document.

Deloitte.

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**ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION
TO THE DIRECTORS OF KAKIKO GROUP LIMITED AND DAKIN CAPITAL LIMITED**

Introduction

We report on the historical financial information of KAKIKO Group Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages I-4 to I-64 which comprises the combined statements of financial position as at 31 December 2014, 2015, 2016 and 30 April 2017, the statement of financial position of the Company as at 30 April 2017, and 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 for each of the three years ended 31 December 2016 and the four months ended 30 April 2017 (the “Track Record Period”) and a summary of significant accounting policies and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-64 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “[REDACTED]”) in connection with the [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public

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Accountants (“HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessment, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s financial position as at 31 December 2014, 2015, 2016 and 30 April 2017, of the Company’s financial position as at 30 April 2017 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statement of profit or loss and other comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the four months ended 30 April 2016 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit

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conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

The Historical Financial Information is stated after making such adjustments to the Underlying Financial Statements as defined on page I-4 as were considered necessary.

Dividends

We refer to Note 14 to the Historical Financial Information which contains information about dividends paid by the Company’s subsidiaries and states that no dividend have been paid by the Company in respect of the Track Record Period.

No historical financial statements for the Company

No financial statements have been prepared for the Company since its date of incorporation.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

4 October 2017

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A. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of the accountants’ report.

The Historical Financial Information in this report was prepared based on the consolidated financial statements of Real Value Global Limited (“Real Value”) and its subsidiaries for the Track Record Period (the “Subsidiaries Financial Statements”) and management accounts of the Company from 14 February 2017 to 30 April 2017 (collectively referred to as “Underlying Financial Statements”), in accordance with the accounting policies which conform with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”). The Subsidiaries Financial Statements were audited by Deloitte & Touche LLP Singapore, a firm of Public Accountants and Chartered Accountants registered in Singapore, in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

The Historical Financial Information is presented in Singapore dollars (“S\$”).

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | | For the year ended 31 December | | | For the four months ended 30 April | |
|---|------|--------------------------------|------------------|------------------|------------------------------------|------------------|
| | NOTE | 2014 | 2015 | 2016 | 2016 | 2017 |
| | | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | | (unaudited) | |
| Revenue | 6 | 45,095,230 | 46,091,354 | 45,050,836 | 14,692,755 | 15,038,871 |
| Cost of services | | (28,350,961) | (30,803,312) | (29,538,360) | (9,435,295) | (10,030,111) |
| Gross profit | | 16,744,269 | 15,288,042 | 15,512,476 | 5,257,460 | 5,008,760 |
| Other income and gains | 7 | 431,480 | 523,240 | 823,711 | 473,549 | 312,142 |
| Selling expenses | | (283,515) | (50,422) | (52,055) | (15,618) | (8,887) |
| Administrative expenses | | (8,419,926) | (7,550,605) | (7,894,256) | (2,825,321) | (2,325,718) |
| Other losses | 8 | (554,070) | (383,139) | (141,112) | (59,206) | (17,856) |
| Other expenses | 9 | (3,036,390) | (381,911) | (649,996) | – | (1,182,028) |
| Finance costs | 10 | (54,110) | (31,856) | (17,227) | (5,944) | (1,405) |
| Profit before taxation | 11 | 4,827,738 | 7,413,349 | 7,581,541 | 2,824,920 | 1,785,008 |
| Income tax expense | 12 | (669,753) | (1,089,350) | (961,752) | (319,234) | (330,216) |
| Profit and other comprehensive income for the year/period | | <u>4,157,985</u> | <u>6,323,999</u> | <u>6,619,789</u> | <u>2,505,686</u> | <u>1,454,792</u> |

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STATEMENTS OF FINANCIAL POSITION

| | | The Group | | | The Company |
|---|------|-------------------|-------------------|-------------------|--------------------|
| | | As at 31 December | | | As at |
| | NOTE | 2014 | 2015 | 2016 | 30 April |
| | | S\$ | S\$ | S\$ | 2017 |
| | | | | | S\$ |
| Non-current assets | | | | | |
| Property, plant and equipment | 16 | 3,188,039 | 2,793,920 | 3,435,026 | 3,487,672 |
| Investment property | 17 | 1,041,498 | – | – | – |
| | | <u>4,229,537</u> | <u>2,793,920</u> | <u>3,435,026</u> | <u>3,487,672</u> |
| Current assets | | | | | |
| Trade receivables | 18 | 6,926,027 | 5,417,632 | 5,039,960 | 7,326,721 |
| Other receivables, deposits and prepayments | 19 | 404,307 | 909,882 | 1,984,723 | 2,142,442 |
| Amounts due from related parties | 20a | 160,043 | 250,615 | 294,115 | – |
| Amount due from a director | 20b | – | 1,245,391 | – | – |
| Held for trading investments | 21 | 70,000 | 70,000 | 70,000 | 70,000 |
| Pledged bank deposits | 22 | 55,038 | 55,075 | – | – |
| Bank balances and cash | 22 | 15,382,982 | 11,668,044 | 15,723,675 | 6,745,025 |
| | | <u>22,998,397</u> | <u>19,616,639</u> | <u>23,112,473</u> | <u>16,284,188</u> |
| | | | | | 541,536 |
| Current liabilities | | | | | |
| Amount due to related parties | 20c | 412,500 | 412,500 | 412,500 | – |
| Amount due to KT&T Engineers* | 20e | – | – | – | 1,723,564 |
| Amount due to a director | 20d | 10,083,575 | – | 4,205,218 | 72,171 |
| Trade and other payables | 23 | 6,805,927 | 6,663,963 | 6,813,751 | 6,758,975 |
| Obligations under finance leases | 24 | – | 39,145 | 36,618 | 7,221 |
| Income tax payable | | 624,302 | 1,529,433 | 2,043,648 | 1,489,673 |
| Dividends payable | | – | – | 3,000,000 | – |
| Borrowings | 25 | 1,880,454 | 509,027 | 43,439 | – |
| | | <u>19,806,758</u> | <u>9,154,068</u> | <u>16,555,174</u> | <u>8,328,040</u> |
| | | | | | 1,723,564 |
| Net current assets/(liabilities) | | <u>3,191,639</u> | <u>10,462,571</u> | <u>6,557,299</u> | <u>7,956,148</u> |
| | | | | | <u>(1,182,028)</u> |
| Non-current liabilities | | | | | |
| Obligations under finance leases | 24 | – | 20,343 | 19,813 | 16,516 |
| Borrowings | 25 | 552,466 | 43,439 | – | – |
| | | <u>552,466</u> | <u>63,782</u> | <u>19,813</u> | <u>16,516</u> |
| | | | | | – |
| Net assets/(liabilities) | | <u>6,868,710</u> | <u>13,192,709</u> | <u>9,972,512</u> | <u>11,427,304</u> |
| | | | | | <u>(1,182,028)</u> |
| Capital and reserves | | | | | |
| Share capital | 26 | 750,000 | 750,000 | 14 | 14 |
| Reserves | | <u>6,118,710</u> | <u>12,442,709</u> | <u>9,972,498</u> | <u>11,427,290</u> |
| | | | | | <u>(1,182,028)</u> |
| Equity attributable to owners of the Company | | <u>6,868,710</u> | <u>13,192,709</u> | <u>9,972,512</u> | <u>11,427,304</u> |
| | | | | | <u>(1,182,028)</u> |

* The references of group companies are defined in Note 32.

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COMBINED STATEMENTS OF CHANGES IN EQUITY

| | Share capital S\$ | Merger reserves S\$ | Accumulated profits S\$ | Total S\$ |
|--|-------------------------|---------------------------|-------------------------------|-------------------|
| At 1 January 2014 | 750,000 | – | 1,960,725 | 2,710,725 |
| Profit and other comprehensive income for the year | <u>–</u> | <u>–</u> | <u>4,157,985</u> | <u>4,157,985</u> |
| At 31 December 2014 | 750,000 | – | 6,118,710 | 6,868,710 |
| Profit and other comprehensive income for the year | <u>–</u> | <u>–</u> | <u>6,323,999</u> | <u>6,323,999</u> |
| At 31 December 2015 | 750,000 | – | 12,442,709 | 13,192,709 |
| Profit and other comprehensive income for the year | – | – | 6,619,789 | 6,619,789 |
| Restructuring (<i>Note a</i>) | 600,000 | – | – | 600,000 |
| Dividends (<i>Note 14</i>) | – | – | (10,440,000) | (10,440,000) |
| Issue of share capital by Real Value (<i>Note 26</i>) | 14 | – | – | 14 |
| Reorganisation (<i>Note b</i>) | <u>(1,350,000)</u> | <u>1,350,000</u> | <u>–</u> | <u>–</u> |
| At 31 December 2016 | 14 | 1,350,000 | 8,622,498 | 9,972,512 |
| Profit and other comprehensive income for the period | – | – | 1,454,792 | 1,454,792 |
| Issue of share capital by the Company (<i>Note 26</i>) | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| At 30 April 2017 | <u>14</u> | <u>1,350,000</u> | <u>10,077,290</u> | <u>11,427,304</u> |
| <i>For the four months ended 30 April 2016 (unaudited)</i> | | | | |
| At 31 December 2015 | 750,000 | – | 12,442,709 | 13,192,709 |
| Profit and other comprehensive income for the period | <u>–</u> | <u>–</u> | <u>2,505,686</u> | <u>2,505,686</u> |
| At 30 April 2016 (unaudited) | <u>750,000</u> | <u>–</u> | <u>14,948,395</u> | <u>15,698,395</u> |

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Notes:

- (a) On 18 July 2016, Mr. Kuah acquired the entire equity interest in (i) Tenshi* from Tenshi’s immediate holding company, KT&T Engineers and (ii) Keito Engineering* and KT&T Resources* from the two companies’ immediate holding company Accenovate Engineering* for cash consideration of S\$50,000, S\$500,000 and S\$50,000 respectively, being the share capital of respective companies. The consideration have been settled by way of off-setting the amounts owing to Mr. Kuah by KT&T Engineers and Accenovate of S\$600,000.
- (b) The amount arose from the acquisition of entire equity interest in the Operating Subsidiaries (defined in Note 2) by Real Value from the Controlling Shareholder in 2016.

Details of the reorganisation are set out in the Note 2 to the Historical Financial Information.

* *The references of group companies are defined in Note 32*

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COMBINED STATEMENTS OF CASH FLOWS

| | For the year ended 31 December | | | For the four months ended 30 April | |
|--|--------------------------------|--------------------|------------------|---------------------------------------|--------------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Operating activities | | | | | |
| Profit before taxation | 4,827,738 | 7,413,349 | 7,581,541 | 2,824,920 | 1,785,008 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | 681,641 | 691,564 | 641,711 | 187,732 | 249,744 |
| Depreciation of investment property | 1,249,797 | 1,041,498 | – | – | – |
| Finance costs | 54,110 | 31,856 | 17,227 | 5,944 | 1,405 |
| Dividend income | (1,500) | (1,600) | (1,600) | – | – |
| Loss on disposal of property, plant and equipment, net | – | 15,061 | 71,062 | 59,206 | 12,200 |
| Allowance for doubtful debts, net | 486,994 | 358,754 | 13,123 | – | – |
| Operating cash flow before movement in working capital | 7,298,780 | 9,550,482 | 8,323,064 | 3,077,802 | 2,048,357 |
| <i>Movements in working capital:</i> | | | | | |
| (Increase) decrease in trade receivables | (92,062) | 1,149,641 | 364,549 | (230,347) | (2,286,761) |
| Decrease (increase) in other receivables, deposits and prepayments | 70,406 | (505,575) | (860,949) | (137,298) | 169,925 |
| Increase (decrease) in trade and other payables | 1,891,822 | (141,964) | 149,788 | 452,431 | (54,776) |
| Cash generated from (used in) operations | 9,168,946 | 10,052,584 | 7,976,452 | 3,162,588 | (123,255) |
| Income taxes paid | (265,415) | (184,219) | (447,537) | (94,768) | (884,191) |
| Net cash from (used in) operating activities | 8,903,531 | 9,868,365 | 7,528,915 | 3,067,820 | (1,007,446) |
| Investing activities | | | | | |
| Advances to related parties | (150,891) | (90,572) | (43,500) | (3,500) | – |
| Advance to a director | – | (1,245,391) | (2,423,159) | (2,423,159) | – |
| Repayment from a director | – | – | 3,668,550 | – | – |
| Purchase of property, plant and equipment | (92,892) | (249,402) | (1,253,613) | (476,405) | (317,790) |
| Proceeds from disposal of property, plant and equipment | – | – | 9,001 | 6,600 | 3,200 |
| Dividends received from held for trading investments | 1,500 | 1,600 | 1,600 | – | – |
| Net cash used in investing activities | (242,283) | (1,583,765) | (41,121) | (2,896,464) | (314,590) |

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| | For the year ended 31 December | | | For the four months ended 30 April | |
|--|--------------------------------|--------------------------|--------------------------|---------------------------------------|-------------------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Financing activities | | | | | |
| Placement of pledged deposits | (40,038) | (37) | – | – | – |
| Release of pledged deposits | – | – | 55,075 | 55,075 | – |
| [REDACTED] expenses paid | – | – | [REDACTED] | – | [REDACTED] |
| Interest paid | (54,110) | (31,856) | (17,227) | (5,944) | (1,405) |
| Dividends paid | – | – | (7,440,000) | – | (3,000,000) |
| Repayment of advance from a director | (7,509,512) | (11,824,838) | (9,526,243) | – | (4,251,432) |
| Advance from a director | 4,915,508 | 1,741,263 | 14,331,475 | – | – |
| New borrowings raised | 1,200,000 | – | – | – | – |
| Repayment of borrowings | (1,955,127) | (1,880,454) | (509,027) | (167,615) | (43,439) |
| Repayment of finance lease payables | <u>(68,505)</u> | <u>(3,616)</u> | <u>(112,324)</u> | <u>(16,517)</u> | <u>(32,694)</u> |
| Net cash used in financing activities | <u>(3,511,784)</u> | <u>(11,999,538)</u> | <u>[REDACTED]</u> | <u>(135,001)</u> | <u>[REDACTED]</u> |
| Net increase (decrease) in cash and cash equivalents | 5,149,464 | (3,714,938) | 4,055,631 | 36,355 | (8,978,650) |
| Cash and cash equivalents at beginning of the year/period | <u>10,233,518</u> | <u>15,382,982</u> | <u>11,668,044</u> | <u>11,668,044</u> | <u>15,723,675</u> |
| Cash and cash equivalents at end of the year/period | <u><u>15,382,982</u></u> | <u><u>11,668,044</u></u> | <u><u>15,723,675</u></u> | <u><u>11,704,399</u></u> | <u><u>6,745,025</u></u> |

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 14 February 2017. The registered office of the Company is at P. O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands. The principal place of business is at 750 Chai Chee Road, #03-10/14 VIVA Business Park, Singapore.

The Company is an investment holding company and the principal activities of its operating subsidiaries are provision of manpower services to construction contractors, provision of dormitories services, provision of IT services, and provision of construction ancillary services for the building and construction industry.

The functional currency of the Company is Singapore dollars (“S\$”), which is also the presentation currency of the Company and its principal subsidiaries as set out in Note 32.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRSs and the conventions applicable for group reorganisation (the “Reorganisation”) (details are set out below).

Prior to the Reorganisation, the operating subsidiaries of the Group including those group companies incorporated in Singapore set out in Note 32, were wholly owned and controlled by Mr. Kuah Ann Thia (“Mr. Kuah”) (referred to the “Controlling Shareholder”) except for one company which 50% equity interest was held by Mr. Kuah’s spouse, Akiko Koshiishi, on trust for Mr. Kuah. In preparing for the [REDACTED] of the shares of the Company on the Main Board of the Stock Exchange, the companies comprising the Group underwent a group reorganisation as described below:

- (i) On 28 December 2016, Mr. Kuah acquired 50% equity interest in Nichefield held by his nominee at a nominal cash consideration of S\$1.
- (ii) On 24 November 2016, Real Value was incorporated in the BVI and 1 fully paid ordinary share of Real Value was allotted and issued to Mighty One Investments Limited (“Mighty One”, a company controlled by Mr. Kuah, not forming part of group companies).

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- (iii) Harbour Gold*, Leading Elite*, Priceless Developments* and Promising Elite* (collectively referred to as “Immediate Holding Companies”) were incorporated on 28 November 2016, 28 November 2016, 13 October 2016 and 21 September 2016, respectively and 1 nil paid share capital of each companies was allotted to Real Value in 2016.
- (iv) On 28 December 2016, the entire equity interest in Nichefield, Tenshi, KT&T Engineers, Keito Engineering, KT&T Resources, Accenovate Engineering, Kanon Global*, Accenovate Consulting* and KT&T Global* (collectively referred to as “Operating Subsidiaries”) were restructured by transferring from Mr. Kuah to the Immediate Holding Companies at consideration settled by way of issue and allotment of 9 shares in Real Value as fully paid to Mighty One at the direction of Mr. Kuah. Details of which are set out in the paragraph headed “A. Further information about our Company – 4. Corporate Reorganisation” in Appendix IV to the document.
- (v) On 14 February 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of Hong Kong Dollars (“HK\$”) 380,000 divided into 38,000,000 shares with a par value of HK\$0.01 each, of which one share was allotted and issued in nil paid form to the initial subscriber, an independent third party and the said share was transferred to Mighty One on the same date for nil consideration.
- (vi) On 21 August 2017, Mighty One, the Company and Mr. Kuah entered into a sale and purchase agreement pursuant to which the Company acquired 10 shares in Real Value from Mighty One, representing its entire issued share capital and in consideration thereof, settled by issuing and allotment of 999 shares of the Company to Mighty One, all credited as fully-paid.

* *The references of group companies are defined in Note 32*

As part of the Reorganisation, investment holding companies, including Real Value, the Immediate Holding Companies and the Company, were incorporated and interspersed between the Operating Subsidiaries and the Controlling Shareholder. Since then, the Company became the holding company of the Group on 21 August 2017.

The Group, comprising the Company, Real Value, the Immediate Holding Companies and the Operating Subsidiaries resulting from the Reorganisation has always been under the common control of the Controlling Shareholder throughout the Track Record Period or from the respective date of incorporation to 30 April 2017, where there is a shorter period, since its date of incorporation, regardless of the actual dates when they formally and legally became subsidiaries of the Company. Therefore, the Group is regarded as a continuing entity and merge accounting has been applied for the preparation of the Historical Financial Statements.

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The Historical Financial Information has been prepared under the principles of common control combination as if the Company had been the holding company of the Group throughout the Track Record Period and as at each reporting date taking into account the respective date of incorporation of the group entities. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective date of incorporation, where there is a shorter period. The combined statements of financial position of the Group as at 31 December 2014, 2015, 2016 and 30 April 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure has been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF IFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied IFRSs that are effective for the financial year beginning on 1 January 2017 throughout the Track Record Period.

At the date of issuance of this report, the Group has not applied the following new and amendments to IFRSs and International Accounting Standards (“IASs”) that have been issued but are not yet effective:

| | |
|----------------------------------|---|
| IFRS 9 | Financial Instruments ¹ |
| IFRS 15 | Revenue from Contracts with Customers and the related Amendments ¹ |
| IFRS 16 | Leases ³ |
| IFRS 17 | Insurance Contracts ² |
| IFRIC 22 | Foreign Currency Transactions and Advance Consideration ¹ |
| IFRIC 23 | Uncertainty over Income Tax Treatments ³ |
| Amendments to IFRS 2 | Classification and Measurement of Share-based Payment Transaction ¹ |
| Amendments to IFRS 4 | Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹ |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴ |
| Amendments to IAS 40 | Transfers of Investment Property ¹ |
| Amendments to IFRSs | Annual Improvements to IFRS standards 2014-2016 Cycle except for amendments to IFRS 12 ¹ |

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after a date to be determined

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Except as described below, the management of the Group considers that the application of the other new and amendments to IFRSs and IASs is unlikely to have a material impact on the Group’s financial position and performance as well as disclosure in future.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at ‘fair value through other comprehensive income’ (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under IAS 39 *Financial Instruments: Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss (“FVTPL”) was presented in profit or loss.

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- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanism currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

In general, the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items.

In the opinion of the directors of the Company, based on the historical experience of the Group, the default rate of the outstanding balances with customers is low. Hence, the directors of the Company anticipate that the application of IFRS 9 would not have material impact on the Group’s future consolidated financial statements. The above assessments were made based on an analysis of the Group’s financial assets as at 30 April 2017 on the basis of the facts and circumstances that existed at that date. It is also expected that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group’s financial assets and financial liabilities based on an analysis of the Group’s financial instruments as at 30 April 2017.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

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Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

Based on preliminary analysis, the management of the Group anticipates that the adoption of IFRS 15 in the future is unlikely to have material impact on the timing and amounts of revenue recognition but will result in more disclosures.

IFRS 16 *Leases*

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the IFRS 16 lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

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Under IAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 30 April 2017, the Group has non-cancellable operating lease commitments of S\$6,895,224 as disclosed in Note 27. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis, except for held for trading investments that are measured at fair value, and in accordance with the following accounting policies which conform with IFRSs. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36 *Impairment of Assets*.

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In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of combination

The Historical Financial Information incorporates the financial statements of the Company and companies controlled by the Company and its subsidiaries. Control is achieved when a company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the combined statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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Merger accounting for business combination involving business under common control

The Historical Financial Information incorporates the financial information of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under control of the controlling entity.

The net assets of the combining businesses are combined using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) *Revenue from provision of manpower services, IT services, and construction ancillary services*

Revenue from provision of services is recognised upon rendering of such service.

(ii) *Revenue from provision of dormitory services*

Revenue from the leasing of dormitory bed spaces and related ancillary services is recognised, on a straight-line basis, over the terms of the respective contracts.

(iii) *Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

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Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contract

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statements of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

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The Group as lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the combined statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to Central Provident Fund (“CPF”) are recognised as expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

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A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deduction of any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities’ carrying amounts resulting from service costs, interest and re-measurement are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the combined statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as ‘prepaid lease payments’ in the combined statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

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Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses.

Depreciation is recognised so as to write off the cost of investment properties less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Financial instruments

Financial assets and liabilities are recognised in the Historical Financial Information when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets and financial liabilities of fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into “loans and receivables” and “held for trading”. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from related parties, amount due from a director, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

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Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss included in the ‘other income and gains’ or ‘other loss’ line items.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets held by the Group, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flow discounted at the financial asset’s original effective interest rate.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past due beyond 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the group entities are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to related parties, amount due to a director, amount due to KT&T Engineers and borrowings) are subsequently measured at amortised cost, using the effective interest method.

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Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group companies after deducting all of their liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

De-recognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the Historical Financial Information when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Estimated impairment of receivables

Management assesses at the end of each reporting period whether there is any objective evidence that trade and other receivables are impaired. If there is objective evidence that an impairment loss on trade and other receivables has been incurred, the amount of loss is measured as the difference between the assets’ carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in profit or loss. Where the actual future cash flows are less than expected, an impairment loss may arise. During the year ended 31 December 2014, 2015, 2016 and the four months ended 30 April 2017, S\$486,994, S\$358,754, S\$13,123 and nil net allowance for doubtful debts were provided for in the Historical Financial Information. The carrying amounts of the trade receivables are disclosed in Note 18 to the Historical Financial Information.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from provision of manpower services, dormitories services, IT services, and construction ancillary services, solely derived in Singapore during the Track Record Period.

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Information is reported to the Controlling Shareholder, being the chief operating decision maker (“CODM”) of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group’s accounting policies described in Note 4. The CODM reviews revenue by nature of services, i.e. provision of manpower services to contractors of construction projects, provision of dormitories services, provision of IT services and provision of construction ancillary services and profit for the year as a whole. No further detailed analysis of the Group’s results nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group’s revenue for the Track Record Period is as follows:

| | For the year ended 31 December | | | For the four months ended 30 April | |
|--|--------------------------------|-------------------|-------------------|------------------------------------|-------------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| <i>Revenue from:</i> | | | | | |
| Provision of manpower services | 38,943,427 | 39,769,924 | 37,977,761 | 12,471,074 | 12,314,848 |
| Provision of dormitories services | 4,297,060 | 4,706,259 | 5,464,291 | 1,762,792 | 1,771,532 |
| Provision of IT services | 810,490 | 622,380 | 892,420 | 230,256 | 319,120 |
| Provision of construction ancillary services | <u>1,044,253</u> | <u>992,791</u> | <u>716,364</u> | <u>228,633</u> | <u>633,371</u> |
| | <u>45,095,230</u> | <u>46,091,354</u> | <u>45,050,836</u> | <u>14,692,755</u> | <u>15,038,871</u> |

Major customers

There is no individual customer contributed over 10% of total revenue of the Group during the Track Record Period.

Geographical information

The Group principally operates in Singapore. All revenue are derived from Singapore based on the location of services delivered and the Group’s property, plant and equipment are all located in Singapore.

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7. OTHER INCOME AND GAINS

| | For the year ended 31 December | | | For the four months ended 30 April | |
|---|--------------------------------|----------------|----------------|------------------------------------|----------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Government grants (<i>Note</i>) | 297,142 | 360,909 | 461,390 | 375,045 | 174,532 |
| Dividend income from held for trading investments | 1,500 | 1,600 | 1,600 | – | – |
| Forfeiture of customer deposits | – | 18,647 | 9,986 | 362 | 4,440 |
| Work injury/workmen compensation claims | 118,074 | 88,040 | 203,464 | 82,517 | 32,389 |
| Sub-leasing income | – | – | 100,069 | – | 69,640 |
| Others | <u>14,764</u> | <u>54,044</u> | <u>47,202</u> | <u>15,625</u> | <u>31,141</u> |
| | <u>431,480</u> | <u>523,240</u> | <u>823,711</u> | <u>473,549</u> | <u>312,142</u> |

Note:

Government grants mainly include the Productivity and Innovation Credit Scheme (“PIC”), the Special Employment Credit and the Wages Credit Scheme, all of them are compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs.

Included in the amounts are S\$68,975, representing grants received under the PIC for the year ended 31 December 2014. Under the PIC, the government provides 60% cash payout rate for qualifying expenditure from year 2011 to year 2018.

During the year ended 31 December 2014, 2015, 2016 and the four months ended 30 April 2016 and 2017, the Group received S\$78,582, S\$70,820, S\$71,460, S\$37,296 (unaudited) and S\$35,975 grants under the Special Employment Credit respectively. Under the Special Employment Credit, the government aims to encourage and facilitate Singapore-registered business to hire Singaporean workers more than 50 years old and persons with disabilities.

During the years ended 31 December 2014, 2015, 2016 and the four months ended 30 April 2016 and 2017, S\$149,585, S\$255,464, S\$304,079, S\$304,075 (unaudited) and S\$99,483 grants under the Wages Credit Scheme were received respectively. Under this credit scheme, the government provides assistance to Singapore-registered businesses by way of co-funding 40% and 20% of wage increases given to Singapore Citizen employees earning a gross monthly wage of S\$4,000 and below in 2013 to 2015 and 2016 to 2017, respectively.

The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial supports with no future costs to be incurred in relation to any assets or expenditure.

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ACCOUNTANTS’ REPORT

8. OTHER LOSSES

| | For the year ended 31 December | | | For the four months ended 30 April | |
|--|--------------------------------|----------------|----------------|------------------------------------|---------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Loss arising on disposal of property, plant and equipment | – | 15,061 | 71,062 | 59,206 | 12,200 |
| Foreign exchange loss, net | 67,076 | 9,324 | 18,821 | – | 5,656 |
| Forfeited deposits to vendors | – | – | 38,106 | – | – |
| Allowance for doubtful debts, net | <u>486,994</u> | <u>358,754</u> | <u>13,123</u> | <u>–</u> | <u>–</u> |
| | <u>554,070</u> | <u>383,139</u> | <u>141,112</u> | <u>59,206</u> | <u>17,856</u> |

9. OTHER EXPENSES

| | For the year ended 31 December | | | For the four months ended 30 April | |
|----------------------|--------------------------------|----------------|-------------------|------------------------------------|-------------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Project costs (Note) | 3,036,390 | 381,911 | – | – | – |
| [REDACTED] expenses | <u>–</u> | <u>–</u> | <u>[REDACTED]</u> | <u>–</u> | <u>[REDACTED]</u> |
| | <u>3,036,390</u> | <u>381,911</u> | <u>[REDACTED]</u> | <u>–</u> | <u>[REDACTED]</u> |

Note:

The amounts represent costs of the refurbishment works, rental expenses and professional fees incurred in relation to a specific project for extending the Group’s business into provision of dormitory service to school students. The project was terminated after the Group conducting a cost-benefit assessment.

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10. FINANCE COSTS

| | For the year ended 31 December | | | For the four months ended 30 April | |
|---------------------|--------------------------------|---------------|---------------|------------------------------------|--------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| <i>Interest on:</i> | | | | | |
| Bank borrowings | 54,110 | 31,221 | 12,572 | 4,954 | 150 |
| Finance leases | – | 635 | 4,655 | 990 | 1,255 |
| | <u>54,110</u> | <u>31,856</u> | <u>17,227</u> | <u>5,944</u> | <u>1,405</u> |

11. PROFIT BEFORE TAXATION

Profit before tax for the year/period has been arrived at after charging:

| | For the year ended 31 December | | | For the four months ended 30 April | |
|---|--------------------------------|--------------------|-------------------|------------------------------------|------------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Depreciation of property, plant and equipment | 681,641 | 691,564 | 641,711 | 187,732 | 249,744 |
| Depreciation of investment property | 1,249,797 | 1,041,498 | – | – | – |
| Auditor’s remuneration | – | – | 69,600 | – | – |
| Directors’ and chief executive’s remuneration | 1,069,843 | 1,054,066 | 977,574 | 330,268 | 313,104 |
| Other staff costs | | | | | |
| – Salaries, wages and other benefits | 15,138,907 | 15,242,124 | 16,825,482 | 5,411,501 | 5,198,158 |
| – Contribution to CPF | 1,028,247 | 790,499 | 859,293 | 305,897 | 308,318 |
| – Foreign worker levy | <u>6,982,543</u> | <u>8,719,643</u> | <u>9,951,247</u> | <u>3,056,087</u> | <u>3,464,892</u> |
| Total other staff costs | <u>23,149,697</u> | <u>24,752,266</u> | <u>27,636,022</u> | <u>8,773,485</u> | <u>8,971,368</u> |
| Gross rental income from investment property | 4,297,060 | 4,706,259 | 5,464,291 | 1,762,792 | 1,771,532 |
| Less: direct operating expenses incurred for investment property that generated rental income during the year/period | <u>(1,249,797)</u> | <u>(1,041,498)</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| | <u>3,047,263</u> | <u>3,664,761</u> | <u>5,464,291</u> | <u>1,762,792</u> | <u>1,771,532</u> |

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12. INCOME TAX EXPENSE

| | For the year ended 31 December | | | For the four months ended 30 April | |
|--|--------------------------------|------------------|----------------|------------------------------------|----------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| Tax expense comprises: | | | | | |
| Current tax | | | | | |
| – Singapore corporate income tax (“CIT”) | <u>669,753</u> | <u>1,089,350</u> | <u>961,752</u> | <u>319,234</u> | <u>330,216</u> |

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 30%, capped at S\$30,000 for each of the Year of Assessment 2014 to 2015 and adjusted to 50%, capped at S\$20,000 for the Year of Assessment 2016, and 50%, capped at S\$25,000 for the Year of Assessment 2017 and adjusted to 20%, capped at S\$10,000 for the year of Assessment 2018. Determined based on financial year end date of respective group companies. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$290,000 of chargeable income.

The taxation for the Track Record Period can be reconciled to the profit before taxation per the combined statements of profit or loss and other comprehensive income as follows:

| | For the year ended 31 December | | | For the four months ended 30 April | |
|--|--------------------------------|------------------|------------------|------------------------------------|------------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Profit before taxation | <u>4,827,738</u> | <u>7,413,349</u> | <u>7,581,541</u> | <u>2,824,920</u> | <u>1,785,008</u> |
| Tax at applicable tax rate of 17% | 820,715 | 1,260,269 | 1,288,862 | 480,236 | 303,451 |
| Tax effect of expenses not deductible for tax purpose | 626,140 | 340,484 | 215,886 | 38,049 | 218,372 |
| Tax effect of income not taxable for tax purpose | (255) | (760) | (272) | – | – |
| Effect of tax concessions and partial tax exemption (Note) | (427,268) | (510,643) | (542,724) | (199,051) | (191,607) |
| Utilisation of tax losses previously not recognised | <u>(349,579)</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| Taxation for the year/period | <u>669,753</u> | <u>1,089,350</u> | <u>961,752</u> | <u>319,234</u> | <u>330,216</u> |

Note:

Included in the amounts are additional 300% tax deductions/allowances for qualified capital expenditures and operating expenses under the PIC scheme in Singapore for the Year of Assessment of 2015, 2016, 2017 and 2018.

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13. DIRECTORS’ AND CHIEF EXECUTIVE’S EMOLUMENTS AND EMPLOYEES’ REMUNERATION

Directors’ and chief executive’s emoluments

Mr. Kuah and Ms. Dolly Hwa Ai Kim were appointed as directors of the Company on 14 February 2017 and 31 March 2017 respectively. The emoluments paid or payable to the directors and chief-executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period are as follows:

Details of the emoluments paid to each of the directors and chief executive of the Company are as follows:

Year ended 31 December 2014

| | Fees | Salary | Discretionary bonus | Benefits in kind | Retirement benefit scheme contributions | Total |
|--------------------------------|----------------|----------------|------------------------|---------------------|--|------------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Executive Directors | | | | | | |
| Mr. Kuah | 444,000 | – | – | 48,706 | 71,040 | 563,746 |
| Ms. Dolly Hwa Ai Kim | – | 453,947 | 33,866 | – | 18,284 | 506,097 |
| | <u>444,000</u> | <u>453,947</u> | <u>33,866</u> | <u>48,706</u> | <u>89,324</u> | <u>1,069,843</u> |

Year ended 31 December 2015

| | Fees | Salary | Discretionary bonus | Benefits in kind | Retirement benefit scheme contributions | Total |
|--------------------------------|----------------|----------------|------------------------|---------------------|--|------------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Executive Directors | | | | | | |
| Mr. Kuah | 444,000 | – | – | 23,000 | 75,780 | 542,780 |
| Ms. Dolly Hwa Ai Kim | – | 461,874 | 29,809 | – | 19,543 | 511,226 |
| | <u>444,000</u> | <u>461,874</u> | <u>29,809</u> | <u>23,000</u> | <u>95,323</u> | <u>1,054,006</u> |

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Year ended 31 December 2016

| | Fees | Salary | Discretionary bonus | Benefits in kind | Retirement benefit scheme contributions | Total |
|--------------------------------|----------------|----------------|------------------------|---------------------|--|----------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Executive Directors | | | | | | |
| Mr. Kuah | 444,000 | – | – | – | 75,480 | 519,480 |
| Ms. Dolly Hwa | | | | | | |
| Ai Kim | – | 414,612 | 23,738 | – | 19,744 | 458,094 |
| | <u>444,000</u> | <u>414,612</u> | <u>23,738</u> | <u>–</u> | <u>95,224</u> | <u>977,574</u> |

The four months ended 30 April 2016 (unaudited)

| | Fees | Salary | Discretionary bonus | Benefits in kind | Retirement benefit scheme contributions | Total |
|--------------------------------|----------------|----------------|------------------------|---------------------|--|----------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Executive Directors | | | | | | |
| Mr. Kuah | 148,000 | – | – | – | 25,160 | 173,160 |
| Ms. Dolly Hwa | | | | | | |
| Ai Kim | – | 133,660 | 15,566 | – | 7,882 | 157,108 |
| | <u>148,000</u> | <u>133,660</u> | <u>15,566</u> | <u>–</u> | <u>33,042</u> | <u>330,268</u> |

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The four months ended 30 April 2017

| | Fees | Salary | Discretionary bonus | Benefits in kind | Retirement benefit scheme contributions | Total |
|--------------------------------|----------------|----------------|------------------------|---------------------|--|----------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Executive Directors | | | | | | |
| Mr. Kuah | 148,000 | – | – | – | 25,160 | 173,160 |
| Ms. Dolly Hwa | | | | | | |
| Ai Kim | – | 125,146 | 8,172 | – | 6,626 | 139,944 |
| | <u>148,000</u> | <u>125,146</u> | <u>8,172</u> | <u>–</u> | <u>31,786</u> | <u>313,104</u> |

- (i) Mr. Kuah Ann Thia acts as the chairman and chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.
- (ii) The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group’s performance.
- (iii) No other retirement benefits were paid to directors in respect of their respective services in connection with the management of the affairs of the Company or its subsidiaries undertaking.
- (iv) The executive directors’ emoluments shown above were for their services in connection with the management affairs of the Group.
- (v) Benefit in kind represents payment made on behalf of the director for personal housing expenses to third parties.
- (vi) None of the directors has waived any remuneration during the Track Record Period.

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Employees’ remuneration

During the years ended 31 December 2014, 2015, 2016 and the four months ended 30 April 2016 and 2017, included in the remunerations of the five highest paid individuals are 2, 2, 2, 2 (unaudited) and 2 directors whose remunerations are disclosed above. The remunerations in respect of the remaining individuals during the Track Record Period are as follows:

| | For the year ended 31 December | | | For the four months ended 30 April | |
|--|--------------------------------|----------------|----------------|------------------------------------|----------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Salaries and allowances | 803,337 | 717,151 | 698,814 | 237,201 | 124,188 |
| Discretionary bonus | 24,825 | 28,121 | 24,501 | 16,066 | 4,436 |
| Contribution to retirement benefits scheme | <u>98,436</u> | <u>105,552</u> | <u>111,620</u> | <u>37,412</u> | <u>17,074</u> |
| | <u>926,598</u> | <u>850,824</u> | <u>834,935</u> | <u>290,679</u> | <u>145,698</u> |

The five highest paid individuals were within the following bands:

| | Number of Employee | | | For the four months ended 30 April | |
|--|--------------------|----------|----------|------------------------------------|----------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | | | | (unaudited) | |
| Emolument bands | | | | | |
| Nil to HK\$1,000,000 (in equivalent to Nil to S\$180,000) | – | 2 | 2 | 5 | 5 |
| HK\$1,000,001 to HK\$1,500,000 (in equivalent to S\$180,001 to S\$270,000) | 2 | – | – | – | – |
| HK\$2,500,001 to HK\$3,000,000 (in equivalent to S\$450,001 to S\$540,000) | 2 | 2 | 3 | – | – |
| HK\$3,000,001 to HK\$3,500,000 (in equivalent to S\$540,001 to S\$630,000) | <u>1</u> | <u>1</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| | <u>5</u> | <u>5</u> | <u>5</u> | <u>5</u> | <u>5</u> |

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During the Track Record Period, no remuneration was paid by the Group to the directors of the Company or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDEND

During the year ended 31 December 2016, an aggregate amount of dividends of S\$10,440,000 was declared by the group companies, of which S\$7,440,000 was paid during the year ended 31 December 2016 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 the Company since its incorporation or by group entities for the years ended 31 December 2014 and 2015 and the four months ended 30 April 2017.

The rate of dividend and number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of this report.

15. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganisation of the Group and the result of the Group for the Track Record Period that is prepared on a combined basis as set out in Note 2.

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16. PROPERTY, PLANT AND EQUIPMENT

| | Properties and related structures on leasehold land S\$ | Leasehold improvements S\$ | Office Equipment S\$ | Motor vehicles S\$ | Furniture and fittings S\$ | Computers S\$ | Total S\$ |
|--|--|----------------------------------|----------------------------|--------------------------|----------------------------------|------------------|------------------|
| <i>Cost</i> | | | | | | | |
| At 1 January 2014 | 4,112,000 | 1,795,822 | 66,796 | 1,069,374 | 109,435 | 153,003 | 7,306,430 |
| Additions | – | – | 7,457 | 44,000 | 6,585 | 34,850 | 92,892 |
| At 31 December 2014 | 4,112,000 | 1,795,822 | 74,253 | 1,113,374 | 116,020 | 187,853 | 7,399,322 |
| Additions | – | – | 34,313 | 233,437 | 2,954 | 41,802 | 312,506 |
| Disposals/written off | – | – | – | (177,750) | – | – | (177,750) |
| At 31 December 2015 | 4,112,000 | 1,795,822 | 108,566 | 1,169,061 | 118,974 | 229,655 | 7,534,078 |
| Additions | 45,552 | 189,850 | 11,870 | 1,076,216 | 21,358 | 18,034 | 1,362,880 |
| Disposals/written off | – | – | – | (379,765) | – | – | (379,765) |
| At 31 December 2016 | 4,157,552 | 1,985,672 | 120,436 | 1,865,512 | 140,332 | 247,689 | 8,517,193 |
| Additions | 7,533 | 2,100 | 2,725 | 285,188 | 1,964 | 18,280 | 317,790 |
| Disposals/written off | – | – | – | (209,528) | – | – | (209,528) |
| At 30 April 2017 | <u>4,165,085</u> | <u>1,987,772</u> | <u>123,161</u> | <u>1,941,172</u> | <u>142,296</u> | <u>265,969</u> | <u>8,625,455</u> |
| <i>Accumulated depreciation</i> | | | | | | | |
| At 1 January 2014 | 1,033,000 | 1,638,839 | 30,394 | 573,497 | 100,909 | 153,003 | 3,529,642 |
| Charge for the year | 343,667 | 78,492 | 22,396 | 194,909 | 7,327 | 34,850 | 681,641 |
| At 31 December 2014 | 1,376,667 | 1,717,331 | 52,790 | 768,406 | 108,236 | 187,853 | 4,211,283 |
| Charge for the year | 343,667 | 78,491 | 31,117 | 189,914 | 6,573 | 41,802 | 691,564 |
| Elimination on disposals/ written off | – | – | – | (162,689) | – | – | (162,689) |
| At 31 December 2015 | 1,720,334 | 1,795,822 | 83,907 | 795,631 | 114,809 | 229,655 | 4,740,158 |
| Charge for the year | 348,045 | 17,786 | 14,954 | 247,690 | 5,420 | 7,816 | 641,711 |
| Elimination on disposals/ written off | – | – | – | (299,702) | – | – | (299,702) |
| At 31 December 2016 | 2,068,379 | 1,813,608 | 98,861 | 743,619 | 120,229 | 237,471 | 5,082,167 |
| Charge for the period | 119,413 | 21,153 | 1,382 | 95,148 | 2,864 | 9,784 | 249,744 |
| Elimination on disposals/ written off | – | – | – | (194,128) | – | – | (194,128) |
| At 30 April 2017 | <u>2,187,792</u> | <u>1,834,761</u> | <u>100,243</u> | <u>644,639</u> | <u>123,093</u> | <u>247,255</u> | <u>5,137,783</u> |
| <i>Carrying values</i> | | | | | | | |
| At 31 December 2014 | <u>2,735,333</u> | <u>78,491</u> | <u>21,463</u> | <u>344,968</u> | <u>7,784</u> | <u>–</u> | <u>3,188,039</u> |
| At 31 December 2015 | <u>2,391,666</u> | <u>–</u> | <u>24,659</u> | <u>373,430</u> | <u>4,165</u> | <u>–</u> | <u>2,793,920</u> |
| At 31 December 2016 | <u>2,089,173</u> | <u>172,064</u> | <u>21,575</u> | <u>1,121,893</u> | <u>20,103</u> | <u>10,218</u> | <u>3,435,026</u> |
| At 30 April 2017 | <u>1,977,293</u> | <u>153,011</u> | <u>22,918</u> | <u>1,296,533</u> | <u>19,203</u> | <u>18,714</u> | <u>3,487,672</u> |

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The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

| | |
|--|--|
| Properties and related structures on leasehold land | Over the terms of lease of 3-12 years |
| Leasehold improvements | Shorter of 3 years or over the lease terms |
| Office equipment and machinery | 3 years |
| Motor vehicles | 5 years |
| Furniture and fittings | 3 years |
| Computers | 1 year |

Included in the additions of office equipment and motor vehicles amounting to S\$nil, S\$89,594, S\$154,584 and nil were acquired under hire purchase arrangements during the year ended 31 December 2014, 2015, 2016 and the four months ended 30 April 2017, respectively. These constituted as non-cash transactions during respective years.

The carrying value of following items are assets held under finance leases:

| | As at 31 December | | | As at 30 April |
|------------------|-------------------|--------|---------|-------------------|
| | 2014 | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| Office equipment | – | 19,374 | 16,967 | 12,951 |
| Motor vehicles | – | 48,390 | 203,793 | – |
| | – | 67,764 | 220,760 | 12,951 |

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17. INVESTMENT PROPERTY

| | Total S\$ |
|--|-------------------------|
| COST | |
| At 1 January 2014, 31 December 2014, 2015, 2016 and 30 April 2017 | <u>2,707,893</u> |
| DEPRECIATION | |
| At 1 January 2014 | 416,598 |
| Provided for the year | <u>1,249,797</u> |
| At 31 December 2014 | 1,666,395 |
| Provided for the year | <u>1,041,498</u> |
| At 31 December 2015 | 2,707,893 |
| Provided for the year | <u>—</u> |
| At 31 December 2016 and 30 April 2017 | <u>2,707,893</u> |
| CARRYING VALUES | |
| At 31 December 2014 | <u><u>1,041,498</u></u> |
| At 31 December 2015 | <u><u>—</u></u> |
| At 31 December 2016 | <u><u>—</u></u> |
| At 30 April 2017 | <u><u>—</u></u> |

The above investment property is depreciated on a straight-line basis over 3 years.

The Group’s property interests are erected on a leasehold land under operating lease and held to earn rentals are measured using the costs model and are classified and accounted for as investment property.

At 31 December 2014, 2015, 2016 and 30 April 2017, the fair values of the investment property amounted to S\$2,800,000, S\$2,800,000, S\$2,800,000 and S\$2,800,000, respectively. The fair values have been arrived at by the management and based on a valuation carried out by RAVIA Global Appraisal Advisory Limited (located at Unit 10, 2/F, Fuleeloy Building, No. 9 King Wah Road, North Point, Hong Kong), a Corporate Member of The Hong Kong Institute of Sureyors (General Practice Division) at 31 December 2014, 2015, 2016 and 30 April 2017, respectively. RAVIA Global Appraisal Advisory Limited is not connected with the Group.

The fair value was determined based on the income approach, where the market rentals of all lettable bed spaces of the property are assessed and discounted at the market yield expected by investors for the type of property. The market rentals are assessed by reference to the rentals achieved in the lettable units of the property as well as other lettings of similar property in the

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neighbourhood. The discount rate is determined by reference to the yield derived from analysing the sales transactions of similar commercial property in the same area and adjusted to take into account the market expectation from property investors to reflect factors specific to the Group’s investment property. There has been no change from the valuation technique used during the Track Record Period.

In estimating the fair value of the property, the highest and best use of the property is its current use.

Details of the Group’s investment properties and information about the fair value hierarchy as at end of the reporting period are as follows:

| | Fair value Level 3 S\$ |
|--|---------------------------------------|
| Woodlands Industrial Park E4 on State Land Lot 5817N PT MK 13 Singapore | |
| – As at 31 December 2014 | S\$2,800,000 |
| – As at 31 December 2015 | S\$2,800,000 |
| – As at 31 December 2016 | S\$2,800,000 |
| – As at 30 April 2017 | S\$2,800,000 |

There was no transfer into or out of Level 3 during the Track Record Period.

18. TRADE RECEIVABLES

| | As at 31 December | | | As at |
|------------------------------------|-------------------|------------------|------------------|------------------|
| | 2014 | 2015 | 2016 | 30 April |
| | S\$ | S\$ | S\$ | 2017 |
| | | | | S\$ |
| Trade receivables | 7,413,021 | 6,114,350 | 5,537,342 | 6,277,927 |
| Less: allowance for doubtful debts | <u>(486,994)</u> | <u>(845,748)</u> | <u>(641,344)</u> | <u>(468,882)</u> |
| | <u>6,926,027</u> | <u>5,268,602</u> | <u>4,895,998</u> | <u>5,809,045</u> |
| Unbilled revenue | <u>–</u> | <u>149,030</u> | <u>143,962</u> | <u>1,517,676</u> |
| | <u>6,926,027</u> | <u>5,417,632</u> | <u>5,039,960</u> | <u>7,326,721</u> |

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The credit terms to customers is ranging from 3 to 30 days from the invoice date for trade receivables. The following is an analysis of trade receivables by age presented based on invoice date at the end of each reporting period:

| | As at 31 December | | | As at |
|--------------------|-------------------|------------------|------------------|------------------|
| | 2014 | 2015 | 2016 | 30 April |
| | S\$ | S\$ | S\$ | 2017 |
| | | | | S\$ |
| Less than 30 days | 3,322,895 | 3,234,305 | 3,228,731 | 3,505,748 |
| 31 days to 60 days | 2,232,409 | 1,826,538 | 1,402,345 | 1,826,145 |
| 61 days to 90 days | <u>1,370,723</u> | <u>207,759</u> | <u>264,922</u> | <u>477,152</u> |
| | <u>6,926,027</u> | <u>5,268,602</u> | <u>4,895,998</u> | <u>5,809,045</u> |

Before accepting any new customer, the Group has assessed the potential customer’s credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period and no impairment is considered necessary for those balances which are not past due at each reporting date.

Allowances for doubtful debts are recognised against trade receivables over 90 days based on estimated irrecoverable amounts from the provision of services for each customer taking into account their creditworthiness, past collection history and past default experience.

Included in the Group’s trade receivables are aggregate carrying amounts of approximately S\$3,603,132, S\$2,034,297, S\$1,667,267 and S\$2,303,297, which are past due at 31 December 2014, 2015, 2016 and 30 April 2017, respectively, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer.

Aging of trade receivables which are past due but not impaired, net of allowance for doubtful debts, based on invoice date at each reporting date:

| | As at 31 December | | | As at |
|--------------------|-------------------|------------------|------------------|------------------|
| | 2014 | 2015 | 2016 | 30 April |
| | S\$ | S\$ | S\$ | 2017 |
| | | | | S\$ |
| 31 days to 60 days | 2,232,409 | 1,826,538 | 1,402,345 | 1,826,145 |
| 61 days to 90 days | <u>1,370,723</u> | <u>207,759</u> | <u>264,922</u> | <u>477,152</u> |
| | <u>3,603,132</u> | <u>2,034,297</u> | <u>1,667,267</u> | <u>2,303,297</u> |

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In the opinion of the management of the Group, the trade receivables which are past due but not impaired at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

The Group does not charge interest or hold any collateral over these balances.

Movement in the allowance for doubtful debts:

| | As at 31 December | | | As at 30 April |
|-----------------------------|-------------------|----------------|------------------|-------------------|
| | 2014 | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| At beginning of year/period | – | 486,994 | 845,748 | 641,344 |
| Addition | 486,994 | 358,754 | 182,611 | – |
| Reversal | – | – | (169,488) | – |
| Written off | – | – | (217,527) | (172,462) |
| | <u>–</u> | <u>–</u> | <u>(217,527)</u> | <u>(172,462)</u> |
| At end of year/period | <u>486,994</u> | <u>845,748</u> | <u>641,344</u> | <u>468,882</u> |

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

THE GROUP

| | As at 31 December | | | As at 30 April |
|--|-------------------|----------------|-------------------|-------------------|
| | 2014 | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| Deposits | 164,144 | 194,910 | 457,816 | 605,816 |
| Sundry debtors | 71,769 | 165,118 | 140,793 | 103,614 |
| Goods and Service Tax (“GST”) receivable | 143,106 | 519,682 | 715,920 | 734,051 |
| Prepayments | 16,625 | 9,626 | 418,604 | 119,982 |
| Deferred [REDACTED] expenses | – | – | [REDACTED] | [REDACTED] |
| Others | <u>8,663</u> | <u>20,546</u> | <u>37,698</u> | <u>37,443</u> |
| | <u>404,307</u> | <u>909,882</u> | <u>[REDACTED]</u> | <u>[REDACTED]</u> |

THE COMPANY

As at 30 April 2017, the other receivables of the Company represents the deferred [REDACTED] expenses.

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20. AMOUNTS DUE FROM (TO) RELATED PARTIES/DIRECTORS

a. Amounts due from related parties

| | As at 31 December | | | | | Maximum amount outstanding during the year ended 31 December | | Maximum amount outstanding during the four months ended 30 April | |
|---|-------------------|----------------|----------------|----------------|---------------------|--|---------|--|---------|
| | 2013 | 2014 | 2015 | 2016 | As at 30 April 2017 | 2014 | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| <i>Analysed as:</i> | | | | | | | | | |
| Labour Solutions Pte. Ltd. | - | 35,043 | 192,115 | 192,115 | - | 35,043 | 192,115 | 192,115 | 192,115 |
| Kenta Training & Testing Services Pte. Ltd. | 7,000 | 40,000 | 58,500 | 102,000 | - | 40,000 | 58,500 | 102,000 | 102,000 |
| Tiara Global Pte. Ltd. | 75,000 | 85,000 | - | - | - | 85,000 | 85,000 | - | - |
| | <u>82,000</u> | <u>160,043</u> | <u>250,615</u> | <u>294,115</u> | <u>-</u> | | | | |

The Controlling Shareholder has controlling equity interests in these related parties.

The balances as at 31 December 2014, 2015 and 2016 were non-trade related, unsecured, non-interest bearing and without a fixed repayment term.

b. Amounts due from a director

The balance as at 31 December 2015 was non-trade related, unsecured, non-interest bearing and without a fixed repayment term. The maximum outstanding amounts during the years ended 31 December 2015 and 2016 was S\$1,245,391 and S\$3,668,550 respectively.

c. Amounts due to related parties

| | As at 31 December | | | As at 30 April |
|---|-------------------|----------------|----------------|----------------|
| | 2014 | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| Trade related | <u>412,500</u> | <u>412,500</u> | <u>412,500</u> | <u>-</u> |
| <i>Analysed as:</i> | | | | |
| Tiara Global Pte. Ltd. | 178,500 | 178,500 | 178,500 | - |
| Kenta Training & Testing Services Pte. Ltd. | <u>234,000</u> | <u>234,000</u> | <u>234,000</u> | <u>-</u> |
| | <u>412,500</u> | <u>412,500</u> | <u>412,500</u> | <u>-</u> |

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The Controlling Shareholder has controlling equity interest in these related parties.

The average credit period for provision of services is 30 days. The aging of trade related amounts due to related parties presented based on the invoice date at the end of the reporting period is as follows:

| | As at 31 December | | | As at |
|------------------------------------|-------------------|----------------|----------------|----------|
| | 2014 | 2015 | 2016 | 30 April |
| | S\$ | S\$ | S\$ | 2017 |
| | | | | S\$ |
| Over 1 year but less than 2 years | 412,500 | – | – | – |
| Over 2 year but less than 3 years | – | 412,500 | – | – |
| Over 3 years but less than 4 years | – | – | 412,500 | – |
| | <u>412,500</u> | <u>412,500</u> | <u>412,500</u> | <u>–</u> |

d. Amount due to a director

The balance as at 31 December 2014, 2016 and 30 April 2017 was non-trade related, unsecured, non-interest bearing and without a fixed repayment term.

e. Amount due to KT&T Engineers

The balance as at 30 April 2017 is non-trade related, unsecured, non-interest bearing and without a fixed repayment term.

21. HELD FOR TRADING INVESTMENTS

| | As at 31 December | | | As at |
|-------------------------------|-------------------|---------------|---------------|---------------|
| | 2014 | 2015 | 2016 | 30 April |
| | S\$ | S\$ | S\$ | 2017 |
| | | | | S\$ |
| [REDACTED] securities: | | | | |
| – in Singapore Stock Exchange | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> |
| | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> |

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22. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

As at 31 December 2014 and 2015, the pledged deposits carry fixed interest rate of 0.25%-0.55% per annum.

Bank balances carry interest at prevailing market interest rate of 0%-1.8% per annum at 31 December 2014, 2015, 2016 and 30 April 2017.

23. TRADE AND OTHER PAYABLES

| | As at 31 December | | | As at |
|------------------------------|-------------------|------------------|------------------|-------------------|
| | 2014 | 2015 | 2016 | 30 April 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| Trade payable | 1,671,899 | 1,954,247 | 1,728,332 | 1,405,061 |
| Accrued operating expenses | 2,036,164 | 2,072,554 | 2,244,439 | 2,145,006 |
| [REDACTED] expenses payables | – | – | – | [REDACTED] |
| Other payables | | | | |
| GST payables | 747,661 | 1,192,300 | 1,322,979 | 905,537 |
| Customer deposits received | 1,076,628 | 1,128,601 | 1,185,544 | 1,145,438 |
| Land lease payable | 945,731 | – | – | – |
| Others | <u>327,844</u> | <u>316,261</u> | <u>332,457</u> | <u>216,437</u> |
| | <u>6,805,927</u> | <u>6,663,963</u> | <u>6,813,751</u> | <u>[REDACTED]</u> |

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

| | As at 31 December | | | As at |
|--------------------|-------------------|------------------|------------------|------------------|
| | 2014 | 2015 | 2016 | 30 April 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| Within 30 days | 915,626 | 1,580,618 | 730,460 | 796,082 |
| 31 days to 90 days | 194,219 | 46,724 | 64,132 | 20,255 |
| Over 90 days | <u>562,054</u> | <u>326,905</u> | <u>933,740</u> | <u>588,724</u> |
| | <u>1,671,899</u> | <u>1,954,247</u> | <u>1,728,332</u> | <u>1,405,061</u> |

The credit period on purchases from suppliers is ranging from 7 to 60 days or payable upon delivery.

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24. OBLIGATIONS UNDER FINANCE LEASES

| | Minimum lease payments | | | | Present value of minimum leases payments | | | |
|---|------------------------|---------|---------|-------------------|--|----------|----------|-------------------|
| | As at 31 December | | | As at 30 April | As at 31 December | | | As at 30 April |
| | 2014 | 2015 | 2016 | | 2014 | 2015 | 2016 | |
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| Amounts payable under finance leases | | | | | | | | |
| Within one year | – | 41,014 | 38,509 | 8,304 | – | 39,145 | 36,618 | 7,221 |
| In more than one year but no more than two years | – | 6,684 | 8,304 | 8,304 | – | 5,812 | 7,221 | 7,221 |
| In more than two years but no more than five years | – | 16,710 | 14,481 | 10,734 | – | 14,531 | 12,592 | 9,295 |
| | – | 64,408 | 61,294 | 27,342 | – | 59,488 | 56,431 | 23,737 |
| Less: future finance charges | – | (4,920) | (4,863) | (3,605) | | | | |
| Present value of lease obligations | – | 59,488 | 56,431 | 23,737 | | | | |
| Less: Amount due for settlement within one year (shown under current liabilities) | | | | | – | (39,145) | (36,618) | (7,221) |
| Amount due for settlement after one year | | | | | – | 20,343 | 19,813 | 16,516 |

Interest rates underlying all obligations under finance leases are fixed at respective contract dates during the Track Record Period:

| | For the four months ended | | | |
|----------------|------------------------------------|-------------------|-------------------|-------------------|
| | For the year ended 31 December | | | 30 April |
| | 2014 | 2015 | 2016 | 2017 |
| Interest rates | <u>N/A</u> | <u>2.99-3.00%</u> | <u>2.85-2.99%</u> | <u>2.85-2.99%</u> |

The Group’s obligations under finance leases are secured by the lessor’s charge over the leased assets (Note 16).

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25. BORROWINGS

| | As at 31 December | | | As at 30 April |
|--|--------------------|------------------|-----------------|-------------------|
| | 2014 | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| Bank loans | | | | |
| – Unsecured | 1,200,000 | – | – | – |
| – Secured | <u>1,232,920</u> | <u>552,466</u> | <u>43,439</u> | <u>–</u> |
| | <u>2,432,920</u> | <u>552,466</u> | <u>43,439</u> | <u>–</u> |
| <i>Analysed as:</i> | | | | |
| Carrying amount repayable | | | | |
| – within one year | 1,880,454 | 509,027 | 43,439 | – |
| – more than one year, but not exceeding two years | 509,027 | 43,439 | – | – |
| – more than two years, but not more than five years | <u>43,439</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| | 2,432,920 | 552,466 | 43,439 | – |
| Less: Amount due within one year shown under current liabilities | <u>(1,880,454)</u> | <u>(509,027)</u> | <u>(43,439)</u> | <u>–</u> |
| Amounts shown under non- current liabilities | <u>552,466</u> | <u>43,439</u> | <u>–</u> | <u>–</u> |

At 31 December 2014, included in the balances was a loan with carrying amount of S\$1,200,000 which bore a fixed interest rate of 1.69% per annum and was unsecured and guaranteed by the Company’s Controlling Shareholder. The loan was fully repaid in February 2015.

At 31 December 2014, 2015 and 2016, the remaining loan with carrying amount of S\$1,232,920, S\$552,466 and S\$43,439, respectively, bore a variable interest rate and was secured by a legal mortgage over the Group’s properties on leasehold land with carrying amounts of S\$2,735,333, S\$2,391,666 and S\$2,089,173 respectively as well as guaranteed by the Company’s Controlling Shareholder. The effective interest rate of the loan was 3.0% per annum.

The secured legal mortgage properties has been discharged in January 2017 upon full settlement of the loan.

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26. SHARE CAPITAL/RESERVE OF THE COMPANY

(a) Share Capital

The issued share capital as at 1 January 2014, 31 December 2014 and 2015 represented the aggregate share capital of Nichefield, KT&T Engineers, Accenovate Engineering, Kanon Global, Accenovate Consulting and KT&T Global.

The issued share capital as at 31 December 2016 represented the share capital of Real Value.

On 14 February 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of Hong Kong Dollars (“HK\$”) 380,000 divided into 38,000,000 shares with a par value of HK\$0.01 each, of which one share was allotted and issued in nil paid form to the initial subscriber, an independent third party and the said share was transferred to Mighty One on the same date for nil consideration.

The issued share capital as at 30 April 2017 represented the combined share capital of the Company and Real Value.

(b) Reserve of the Company

The movement of the Company’s reserve is as follow:

| | For the period ended 30 April 2017 S\$ |
|--|---|
| As at 14 February 2017 (date of incorporation) | – |
| Loss for the period | <u>(1,182,028)</u> |
| As at 30 April 2017 | <u><u>(1,182,028)</u></u> |

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27. OPERATING LEASE COMMITMENTS

The Group as lessee

| | For the year ended 31 December | | | For the four months ended 30 April | |
|---|--------------------------------|------------------|------------------|------------------------------------|------------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Minimum lease payments paid during each of the year/period under operating leases in respect of office premises, staff dormitories and office equipment | <u>4,796,591</u> | <u>3,684,788</u> | <u>4,249,667</u> | <u>1,246,810</u> | <u>1,652,199</u> |

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

| | As at 31 December | | | As at 30 April |
|--------------------------------------|-------------------|-------------------|------------------|------------------|
| | 2014 | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| Within one year | 3,036,984 | 3,559,755 | 4,554,856 | 4,014,897 |
| After one year but within five years | 958,223 | 6,292,224 | 3,863,943 | 2,750,660 |
| More than five years | <u>539,568</u> | <u>374,112</u> | <u>194,500</u> | <u>129,667</u> |
| | <u>4,534,775</u> | <u>10,226,091</u> | <u>8,613,299</u> | <u>6,895,224</u> |

The leases have tenures ranging from three to twelve years and no contingent rent provision included in the contracts.

The Group as lessor

| | For the year ended 31 December | | | For the four months ended 30 April | |
|---|--------------------------------|------------------|------------------|------------------------------------|------------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Minimum lease income received during each of the year/period under operating leases in respect of workers dormitories and warehouse space | <u>4,297,060</u> | <u>4,706,259</u> | <u>5,464,291</u> | <u>1,762,792</u> | <u>1,771,532</u> |

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28. RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund Board of Singapore, the Group’s employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For each of the financial periods ended 31 December 2014, 2015, 2016 and the four months ended 30 April 2016 and 2017, the Group contributes up to 16%, 17%, 17%, 17% (unaudited) and 17% of monthly salary with the cap of S\$85,000, S\$85,000, S\$102,000, S\$102,000 (unaudited) and S\$102,000 per annum per employee, respectively.

The total costs charged to profit or loss, amounting to S\$1,117,571, S\$885,822, S\$954,517, S\$338,939 (unaudited) and S\$340,104 for the years ended 31 December 2014, 2015, 2016 and the four months ended 30 April 2016 and 2017 respectively, represent contributions paid to the retirement benefits scheme by the Group.

As at 31 December 2014, 2015, 2016 and 30 April 2017, contributions of S\$625,732, S\$836,516, S\$524,286 and S\$177,873 were due respectively but had not been paid to the CPF. The amounts were paid subsequent to the end of the respective years/period.

29. RELATED PARTY TRANSACTIONS

Apart from disclosures elsewhere in the Historical Financial Information, the Group entered into the following transactions with related parties during the Track Record Period:

| | For the year ended 31 December | | | For the four months ended 30 April | |
|-----------------------------------|--------------------------------|--------------|----------|------------------------------------|----------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| <i>Expenses paid on behalf of</i> | | | | | |
| Labour Solutions Pte. Ltd. | <u>5,043</u> | <u>2,072</u> | <u>–</u> | <u>–</u> | <u>–</u> |

Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period were as follows:

| | For the year ended 31 December | | | For the four months ended 30 April | |
|--------------------------|--------------------------------|------------------|------------------|------------------------------------|----------------|
| | 2014 | 2015 | 2016 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| | | | | (unaudited) | |
| Short-term benefits | 1,550,668 | 1,592,693 | 1,559,660 | 528,738 | 443,352 |
| Post-employment benefits | 186,898 | 203,160 | 205,458 | 70,638 | 55,073 |
| Benefit in kind | <u>48,706</u> | <u>23,000</u> | <u>–</u> | <u>–</u> | <u>–</u> |
| | <u>1,786,272</u> | <u>1,818,853</u> | <u>1,765,118</u> | <u>599,376</u> | <u>498,425</u> |

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30. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group’s overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of debt, which includes obligations under finance leases and borrowings, as disclosed in Notes 24 and 25, respectively, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital, reserves and accumulated profits.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

31. FINANCIAL INSTRUMENTS

Categories of financial instruments

THE GROUP

| | As at 31 December | | | As at |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2015 | 2016 | 30 April |
| | S\$ | S\$ | S\$ | S\$ |
| Financial assets | | | | |
| – <i>Loans and receivables</i> | | | | |
| Trade receivables | 6,926,027 | 5,417,632 | 5,039,960 | 7,326,721 |
| Other receivables, deposits and prepayments* | 244,576 | 380,574 | 636,307 | 746,873 |
| Amounts due from related parties | 160,043 | 250,615 | 294,115 | – |
| Amount due from a director | – | 1,245,391 | – | – |
| Pledged bank deposits | 55,038 | 55,075 | – | – |
| Bank balances and cash | <u>15,382,982</u> | <u>11,668,044</u> | <u>15,723,675</u> | <u>6,745,025</u> |
| | 22,768,666 | 19,017,331 | 21,694,057 | 14,818,619 |
| – <i>Held for trading</i> | | | | |
| Listed equity securities investments | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> | <u>70,000</u> |
| | <u>22,838,666</u> | <u>19,087,331</u> | <u>21,764,057</u> | <u>14,888,619</u> |

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| | As at 31 December | | | As at 30 April 2017 |
|--------------------------------|-------------------|------------------|-------------------|---------------------------|
| | 2014 | 2015 | 2016 | |
| | S\$ | S\$ | S\$ | S\$ |
| Financial liabilities | | | | |
| – <i>Amortised cost</i> | | | | |
| Trade and other payables** | 6,058,266 | 5,371,241 | 5,404,751 | 5,853,438 |
| Amounts due to related parties | 412,500 | 412,500 | 412,500 | – |
| Amounts due to a director | 10,083,575 | – | 4,205,223 | 72,171 |
| Dividend payables | – | – | 3,000,000 | – |
| Borrowings | <u>2,432,920</u> | <u>552,466</u> | <u>43,439</u> | <u>–</u> |
| | <u>18,987,261</u> | <u>6,336,207</u> | <u>13,065,913</u> | <u>5,925,609</u> |

* Prepayments, GST receivables and deferred [REDACTED] expenses are excluded.

** GST payables are excluded

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| | As at 30 April 2017 S\$ |
|--------------------------------|----------------------------------|
| Financial assets | |
| – <i>Loans and receivables</i> | |
| Amount due from a director | <u>–</u> |
| Financial liabilities | |
| – <i>Amortised cost</i> | |
| Amount due to KT&T Engineers | <u>1,723,564</u> |

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Financial risk management objectives and policies

The Group’s major financial instruments include trade and other receivables, amounts due from(to) related parties/a director, pledged bank deposits, bank balances and cash, held for trading investments, trade and other payables, dividend payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate borrowings and finance leases.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

If interest rates of the variable-rate borrowings had been 50 basis points higher/lower and all other variables were held constant, the Group’s profit for the year/period ended 31 December 2014, 2015, 2016 and 30 April 2017 would decrease/increase by approximately S\$5,200, S\$2,300, S\$180 and nil, respectively.

Currency risk

The Group has certain bank balances denominated in US\$ and HK\$ and certain trade payables denominated in US\$ other than the functional currency of respective group entities, which expose the Group to foreign currency risk.

The Group manages the risk by closely monitoring the movement of the foreign currency rate.

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The carrying amounts of the Group’s monetary assets and monetary liabilities denominated in foreign currencies at the end of reporting period is as below:

| | As at 31 December | | | As at 30 April |
|-----------------------------|-------------------|-----------|---------|-------------------|
| | 2014 | 2015 | 2016 | 2017 |
| | S\$ | S\$ | S\$ | S\$ |
| <i>Monetary assets</i> | | | | |
| – denominated in US\$ | – | 2,823 | 2,823 | 2,823 |
| – denominated in HK\$ | – | – | 412,094 | 394,952 |
| <i>Monetary liabilities</i> | | | | |
| – denominated in US\$ | 876,290 | 1,394,889 | 498,383 | 413,823 |
| – denominated in HK\$ | – | – | – | 860,578 |

If the US\$ strengthens/weakens by 10% against the functional currency of respective group companies, the Group’s profit for the year ended 31 December 2014, 2015, 2016 and for the four months ended 30 April 2017 would decrease/increase by S\$72,700, S\$115,500, S\$41,100 and S\$11,400.

If the HK\$ strengthens/weakens by 10% against the functional currency of respective group entity, the Group’s profit for the year ended 31 December 2014, 2015 and 2016 would increase/decrease by nil, nil and S\$34,200 and for the four months ended 30 April 2017 would decrease/increase by S\$12,900.

In management’s opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during respective years.

(b) Credit risk

The Group’s concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% of the total financial assets as at 31 December 2014, 2015, 2016 and 30 April 2017.

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In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer’s credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Group considers that the Group’s credit risk is significantly reduced.

Approximately 42%, 26%, 24% and 21% of total trade receivables outstanding at 31 December 2014, 2015, 2016 and 30 April 2017 were due from top 5 customers which exposed the Group to concentration of credit risk.

Those five largest customers are with good creditworthiness based on historical settlement record. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group’s exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, management of the Group considers that the Group’s credit risk is significantly reduced.

The credit risk relating to amounts due from related parties and a director is limited as the Group keep close monitoring of the collectability of respective debts.

Other than concentration of credit risk on bank deposits and balances placed in 3 banks in which the counterparties are financially sound, on trade receivables from top 5 customers and on receivables due from related parties/a director, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

At the end of each reporting period, the Group’s maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

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(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group’s operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group’s remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

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| | Weighted average interest rate | On demand or within 3 months S\$ | 3 to 6 months S\$ | 6 to 12 months S\$ | 1 to 5 years S\$ | Over 5 years S\$ | Total undiscounted cash flows S\$ | Carrying amount S\$ |
|----------------------------------|--------------------------------------|---|-------------------------|--------------------------|---------------------|---------------------|--|---------------------------|
| As at 31 December 2014 | | | | | | | | |
| <i>Non-interest bearing</i> | | | | | | | | |
| Trade and other payables | N/A | 6,058,266 | – | – | – | – | 6,058,266 | 6,058,266 |
| Amounts due to related parties | N/A | 412,500 | – | – | – | – | 412,500 | 412,500 |
| Amount due to a director | N/A | 10,083,575 | – | – | – | – | 10,083,575 | 10,083,575 |
| <i>Interest bearing</i> | | | | | | | | |
| Borrowings | 1.69%/3% | 1,404,205 | 224,410 | 283,831 | 565,185 | – | 2,477,631 | 2,432,920 |
| | | <u>17,958,546</u> | <u>224,410</u> | <u>283,831</u> | <u>565,185</u> | <u>–</u> | <u>19,031,972</u> | <u>18,987,261</u> |
| As at 31 December 2015 | | | | | | | | |
| <i>Non-interest bearing</i> | | | | | | | | |
| Trade and other payables | N/A | 5,371,241 | – | – | – | – | 5,371,241 | 5,371,241 |
| Amounts due to related parties | N/A | 412,500 | – | – | – | – | 412,500 | 412,500 |
| <i>Interest bearing</i> | | | | | | | | |
| Obligations under finance leases | 5.47-5.64% | 10,253 | 10,253 | 20,508 | 23,394 | – | 64,408 | 59,488 |
| Borrowings | 3% | 130,169 | 130,301 | 261,129 | 43,586 | – | 565,185 | 552,466 |
| | | <u>5,924,163</u> | <u>140,554</u> | <u>281,637</u> | <u>66,980</u> | <u>–</u> | <u>6,413,334</u> | <u>6,395,695</u> |

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| | Weighted average interest rate | On demand or within 3 months S\$ | 3 to 6 months S\$ | 6 to 12 months S\$ | 1 to 5 years S\$ | Over 5 years S\$ | Total undiscounted cash flows S\$ | Carrying amount S\$ |
|----------------------------------|--------------------------------------|---|-------------------------|--------------------------|---------------------|---------------------|--|---------------------------|
| As at 31 December 2016 | | | | | | | | |
| <i>Non-interest bearing</i> | | | | | | | | |
| Trade and other payables | N/A | 5,404,751 | – | – | – | – | 5,404,751 | 5,404,751 |
| Amounts due to related parties | N/A | 412,500 | – | – | – | – | 412,500 | 412,500 |
| Amount due to a director | | 4,205,223 | – | – | – | – | 4,205,223 | 4,205,223 |
| Dividend payables | N/A | 3,000,000 | – | – | – | – | 3,000,000 | 3,000,000 |
| <i>Interest bearing</i> | | | | | | | | |
| Obligations under finance leases | 5.47-5.64% | 9,627 | 9,627 | 19,255 | 22,785 | – | 61,294 | 56,431 |
| Borrowings | 3% | 43,586 | – | – | – | – | 43,586 | 43,439 |
| | | <u>13,075,687</u> | <u>9,627</u> | <u>19,255</u> | <u>22,785</u> | <u>–</u> | <u>13,127,354</u> | <u>13,122,344</u> |
| As at 30 April 2017 | | | | | | | | |
| <i>Non-interest bearing</i> | | | | | | | | |
| Trade and other payables | N/A | 5,853,438 | – | – | – | – | 5,853,438 | 5,853,438 |
| Amounts due to director | N/A | 72,171 | – | – | – | – | 72,171 | 72,171 |
| <i>Interest bearing</i> | | | | | | | | |
| Obligations under finance leases | 5.64% | <u>2,076</u> | <u>2,076</u> | <u>4,152</u> | <u>19,038</u> | <u>–</u> | <u>27,342</u> | <u>23,737</u> |
| | | <u>5,927,685</u> | <u>2,076</u> | <u>4,152</u> | <u>19,038</u> | <u>–</u> | <u>5,952,951</u> | <u>5,949,346</u> |

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| | Weighted average interest rate | On demand or within 3 months S\$ | 3 to 6 months S\$ | 6 to 12 months S\$ | 1 to 5 years S\$ | Over 5 years S\$ | Total undiscounted cash flows S\$ | Carrying amount S\$ |
|------------------------------|--------------------------------------|---|-------------------------|--------------------------|---------------------|---------------------|--|---------------------------|
| As at 30 April 2017 | | | | | | | | |
| <i>Non-interest bearing</i> | | | | | | | | |
| Amount due to KT&T Engineers | N/A | <u>1,723,564</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>1,723,564</u> | <u>1,723,564</u> |

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(d) Fair value

Fair value of the Group’s financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

Fair value of the Group’s financial assets and financial liabilities that are measured at fair value on recurring basis

The Group’s held for trading investments (Note 21) are measured at fair value for financial reporting purpose. In estimating the fair value, the Group use market-observable data to the extent it is available.

As at 31 December 2014, 2015, 2016 and 30 April 2017, the held for trading investment is at Level 1 fair value hierarchy and the fair value is determined by reference to the quoted bid prices in an active market.

32. PARTICULARS OF SUBSIDIARIES

As at the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

| Name of subsidiary | Place and date of incorporation | Issued and fully paid capital | Equity interest attributable to the Company | | | | the date of this report | Principal activities | Notes |
|---|--|-------------------------------|---|------|---------------------|------|-------------------------|--------------------------------|--------|
| | | | As at 31 December | | As at 30 April 2017 | | | | |
| | | | 2014 | 2015 | | 2016 | | | |
| Directly held: | | | | | | | | | |
| Real Value | British Virgin Islands (“BVI”), 24 November 2016 | US\$10 | N/A | N/A | N/A | N/A | 100% | Investment holding | (a) |
| Indirectly held: | | | | | | | | | |
| Harbour Gold Investments Limited (“Harbour Gold”) | BVI, 28 November 2016 | US\$1 | N/A | N/A | N/A | 100% | 100% | Investment holding | (a) |
| Leading Elite Global Limited (“Leading Elite”) | BVI, 28 November 2016 | US\$1 | N/A | N/A | N/A | 100% | 100% | Investment holding | (a) |
| Priceless Developments Limited (“Priceless Developments”) | BVI, 13 October 2016 | US\$1 | N/A | N/A | N/A | 100% | 100% | Investment holding | (a) |
| Promising Elite Investments Limited (“Promising Elite”) | BVI, 21 September 2016 | US\$1 | N/A | N/A | N/A | 100% | 100% | Investment holding | (a) |
| Tenshi Resources International Pte. Ltd. (“Tenshi”) | Singapore, 14 January 2005 | S\$50,000 | N/A | N/A | N/A | 100% | 100% | Provision of manpower services | (b, d) |

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| Name of subsidiary | Place and date of incorporation | Issued and fully paid capital | Equity interest attributable to the Company | | | | the date of this report | Principal activities | Notes |
|--|---------------------------------|-------------------------------|---|------|------|---------------------|-------------------------|--|--------|
| | | | As at 31 December 2014 | 2015 | 2016 | As at 30 April 2017 | | | |
| Accenovate Engineering Pte. Ltd. (“Accenovate Engineering”) | Singapore, 10 May 2006 | S\$100,000 | N/A | N/A | N/A | 100% | 100% | Provision of manpower services | (b, d) |
| Keito Engineering & Construction Pte. Ltd. (“Keito Engineering”) | Singapore, 10 August 2005 | S\$500,000 | N/A | N/A | N/A | 100% | 100% | Provision of manpower services | (b, d) |
| KT&T Engineers and Constructors Pte. Ltd. (“KT&T Engineers”) | Singapore, 22 September 2005 | S\$150,000 | N/A | N/A | N/A | 100% | 100% | Provision of manpower services | (b, d) |
| KT&T Resources Pte. Ltd. (“KT&T Resources”) | Singapore, 1 September 2006 | S\$50,000 | N/A | N/A | N/A | 100% | 100% | Provision of manpower services | (b, d) |
| Nichefield Pte. Ltd. (“Nichefield”) | Singapore, 31 January 2007 | S\$150,000 | N/A | N/A | N/A | 100% | 100% | Provision of dormitory services | (b, d) |
| Kanon Global Pte. Ltd. (“Kanon Global”) | Singapore, 8 October 2013 | S\$50,000 | N/A | N/A | N/A | 100% | 100% | Provision of dormitory services | (c, d) |
| Accenovate Consulting (Asia) Pte. Ltd. (“Accenovate Consulting”) | Singapore, 16 May 2006 | S\$200,000 | N/A | N/A | N/A | 100% | 100% | Provision of IT services and construction ancillary services | (c, d) |
| KT&T Global Pte. Ltd. (“KT&T Global”) | Singapore, 16 April 2009 | S\$100,000 | N/A | N/A | N/A | 100% | 100% | Provision of IT services and construction ancillary services | (c, d) |

All subsidiaries now comprising the Group are limited liability companies and have adopted December 31 as their financial year end date.

Notes:

- (a) No audited financial statements of the companies have been prepared since their respective date of incorporation as these companies are incorporated in the jurisdiction where there is no statutory audit requirement.
- (b) The statutory financial statements of these companies for the years ended 31 December 2014 and 2015 were prepared in accordance with Singapore Financial Reporting Standards (“SFRSs”) issued by Accounting Standards Council in Singapore and were audited by A+ Achieve PAC, who is Public Accountants and Chartered Accountants registered in Singapore.
- (c) No audited financial statements of these companies have been prepared for each of two years ended 31 December 2014 and 2015 as the companies are not subject to the statutory audit requirement.
- (d) The statutory financial statements of these companies for the year ended 31 December 2016 were prepared in accordance with SFRSs and were audited by Deloitte & Touche LLP, who is Public Accountants and Chartered Accountants registered in Singapore.

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33. NON-CASH TRANSACTION

- a. During the year ended 31 December 2016 and prior to the Reorganisation, the Controlling Shareholder, acquired Tenshi from its then immediate holding company KT&T Engineers, and Keito Engineering and KT&T Resources from their then immediate holding company Accenovate Engineering for consideration of S\$50,000, S\$500,000 and S\$50,000 respectively. These consideration have been settled by way of off-setting the amounts owing to the director.
- b. During the years ended 31 December 2015 and 2016, the additions to plant and equipment during respective year were financed by new finance leases of S\$63,104 and S\$109,267 respectively.
- c. As at 30 April 2017, the related parties, Labour Solutions Pte. Ltd. and Kenta Training & Testing Services Pte. Ltd. have assigned all their other payables owing to the group entities to the director amounting to S\$192,115 and S\$102,000 respectively. These assignment have been settled by way of off-setting amounts owing to the director for the same amount.
- d. As at 30 April 2017, the related parties, Tiara Global Pte. Ltd. and Kenta Training & Testing Services Pte. Ltd. have assigned all their trade receivables due from group entities to the director amounting to S\$178,500 and S\$234,000 respectively.

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34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s combined statements of cash flows as cash flows from financing activities.

| | Borrowings | Obligations under finance leases | Amount due to a director | Dividends payable | Pledged bank deposits | [REDACTED] expenses | Total |
|--|-------------|--|-----------------------------|----------------------|-----------------------------|------------------------|--------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| At 1 January 2014 | 3,188,047 | 68,505 | 12,677,579 | – | (15,000) | – | 15,919,131 |
| Financing cash flows | (809,237) | (68,505) | (2,594,004) | – | (40,038) | – | (3,511,784) |
| <i>Non-cash changes</i> | | | | | | | |
| Finance cost recognised (Note 10) | 54,110 | – | – | – | – | – | 54,110 |
| At 31 December 2014 | 2,432,920 | – | 10,083,575 | – | (55,038) | – | 12,461,457 |
| Financing cash flows | (1,911,675) | (4,251) | (10,083,575) | – | (37) | – | (11,999,538) |
| <i>Non-cash changes</i> | | | | | | | |
| Finance cost recognised (Note 10) | 31,221 | 635 | – | – | – | – | 31,856 |
| New finance leases (Note 33) | – | 63,104 | – | – | – | – | 63,104 |
| At 31 December 2015 | 552,466 | 59,488 | – | – | (55,075) | – | 556,879 |
| Financing cash flows | (521,599) | (116,979) | 4,805,232 | (7,440,000) | 55,075 | (213,892) | (3,432,163) |
| <i>Non-cash changes</i> | | | | | | | |
| Finance cost recognised (Note 10) | 12,572 | 4,655 | – | – | – | – | 17,227 |
| New finance leases (Note 33) | – | 109,267 | – | – | – | – | 109,267 |
| Dividend declared (Note 14) | – | – | – | 10,440,000 | – | – | 10,440,000 |
| Assigned from related parties and off-setting arrangement (Note 33) | – | – | (600,000) | – | – | – | (600,000) |
| Off-setting arrangement | – | – | (14) | – | – | – | (14) |
| At 31 December 2016 | 43,439 | 56,431 | 4,205,218 | 3,000,000 | – | (213,892) | 7,091,196 |
| Financing cash flows | (43,589) | (33,949) | (4,251,432) | (3,000,000) | – | (327,644) | (7,656,614) |
| <i>Non-cash changes</i> | | | | | | | |
| Finance cost recognised (Note 10) | 150 | 1,255 | – | – | – | – | 1,405 |
| Assigned from related parties (Note 33) | – | – | 412,500 | – | – | – | 412,500 |
| Off-setting arrangement with related parties (Note 33) | – | – | (294,115) | – | – | – | (294,115) |
| At 30 April 2017 | – | 23,737 | 72,171 | – | – | (541,536) | (445,628) |
| At 1 January 2016 | 552,466 | 59,488 | – | – | (55,075) | – | 556,879 |
| Financing cash flows | (172,569) | (17,507) | – | – | 55,075 | – | (135,001) |
| <i>Non-cash changes</i> | | | | | | | |
| Finance cost recognised (Note 10) | 4,954 | 990 | – | – | – | – | 5,944 |
| At 30 April 2016 (unaudited) | 384,851 | 42,971 | – | – | – | – | 427,822 |

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35. SUBSEQUENT EVENTS

On 21 August 2017, Mighty One (as vendor), the Company (as purchaser) and Mr. Kuah (as warrantor) entered into a sale and purchase agreement, pursuant to which the Company acquired 10 shares in Real Value, representing its entire issued share capital and in consideration thereof, 999 shares of the Company were issued and allotted to Mighty One, all credited as fully-paid.

On 26 September 2017, the written resolutions of the sole shareholder were passed to approve the matters set out in the paragraph headed “3. Written resolutions of our sole Shareholders passed on 26 September 2017” in appendix IV to the Document. It was resolved, among other things:

- (a) the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional of 1,962,000,000 shares of HK\$0.01 each, each ranking *pari passu* with the shares then in issue in all respects;
- (b) the directors of the Company were authorised to capitalise, conditional on the share premium account of the Company being credited as a result of the [REDACTED], an amount of HK\$[REDACTED] standing to the credit of the share premium account of the Company which will be capitalised to pay up in full at par [REDACTED] shares for allotment and issue to the person(s) whose name(s) appear on the register of members of the Company at the close of business on [•] September 2017 in proportion (as nearly as possible without involving fractions) to its/their then existing shareholdings in the Company, each ranking *pari passu* in all respects with the shares then in issue, and the directors of the Company were authorised to give effect to such capitalisation and distributions.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 30 April 2017.