

SUMMARY

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

BUSINESS OVERVIEW

We are a Singapore-based contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. We mainly provide integrated design and building services for hospitals and clinics in Singapore. To a lesser extent, we are also engaged in providing maintenance and other services, as well as sales of tools and materials. The following table sets forth a breakdown of our revenue during the Track Record Period by business operations:

	FY2014/15		FY2015/16		FY2016/17		Three months ended 30 September			
	Revenue S\$'000	% of total revenue	Revenue S\$'000	% of total revenue	Revenue S\$'000	% of total revenue	Revenue S\$'000 (unaudited)	% of total revenue	Revenue S\$'000	% of total revenue
Integrated design and building services	12,869	97.2	9,331	95.3	14,571	97.6	4,352	97.3	3,937	97.6
Maintenance and other services	324	2.4	367	3.7	330	2.2	114	2.5	93	2.3
Sales of tools and materials	51	0.4	95	1.0	36	0.2	8	0.2	5	0.1
Total	13,244	100.0	9,793	100.0	14,937	100.0	4,474	100.0	4,035	100.0

For each of FY2014/15, FY2015/16, FY2016/17 and the three months ended 30 September 2017, we were awarded with 70, 58, 71 and 28 integrated design and building projects, respectively. The following table sets out a breakdown of our revenue derived from integrated design and building services by project nature and number of projects with revenue contribution to us during the Track Record Period:

	FY2014/15			FY2015/16			FY2016/17			Three months ended 30 September					
	No. of projects (Notes)	Revenue S\$'000	% of total revenue	No. of projects (Notes)	Revenue S\$'000	% of total revenue	No. of projects (Notes)	Revenue S\$'000	% of total revenue	No. of projects (Notes)	Revenue S\$'000 (unaudited)	% of total revenue	No. of projects (Notes)	Revenue S\$'000	% of total revenue
Public sector	41	5,850	45.5	38	5,381	57.7	33	7,426	51.0	11	1,744	40.1	15	2,309	58.6
Private sector	29	7,018	54.5	20	3,950	42.3	38	7,146	49.0	12	2,608	59.9	13	1,628	41.4
Total	70	12,869	100.0	58	9,331	100.0	71	14,571	100.0	23	4,352	100.0	28	3,937	100.0

Notes:

- Out of the 58 projects which contributed revenue to the FY2015/16, one project also contributed revenue to the FY2014/15.
- Out of the 71 projects which contributed revenue to the FY2016/17, four projects also contributed revenue to the FY2015/16.
- Out of the 28 projects which contributed revenue to the three months ended 30 September 2017, 11 projects also contributed revenue to FY2016/17.

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In respect of the integrated design and building projects awarded to our Group during the Track Record Period, the following table sets out a breakdown of such projects based on their respective range of revenue recognised:

	Three months ended			
	30 September 2017			
	FY2014/15	FY2015/16	FY2016/17	FY2016/17
	No. of projects	No. of projects	No. of projects	No. of projects
Revenue recognised				
S\$1,000,000 or above	1	1	3	–
S\$500,000 to below S\$1,000,000	2	3	4	4
S\$100,000 to below S\$500,000	25	23	21	5
S\$50,000 to below S\$100,000	21	10	14	3
Below S\$50,000	21	21	29	16
	<u>70</u>	<u>58</u>	<u>71</u>	<u>28</u>
Total	<u>70</u>	<u>58</u>	<u>71</u>	<u>28</u>

The following table sets forth a list of our projects on hand as at 1 October 2017 as well as projects that have been awarded to us from 1 October 2017 up to the Latest Practicable Date:

No.	Customer	Total contract sum S\$'000	Actual/expected commencement date of works	Actual/expected date of completion of works	Amount of revenue recognised during the Track Record Period S\$'000	Amount of revenue expected to be recognised from 1 October 2017 to 30 June 2018 S\$'000	Amount of revenue expected to be recognised from 1 July 2018 to 30 June 2019 S\$'000
1	Penta-Ocean Construction Company Limited	3,370	August 2016	April 2018	3,210	160	–
2	Customer J	1,744	June 2017	November 2017	1,656	88	–
3	Canon Medical Systems Asia Pte. Ltd.	939	June 2017	March 2018	709	230	–
4	A construction contractor	120	June 2017	March 2018	80	40	–
5	Customer D	2,014	September 2017	May 2018	649	1,365	–
6	Customer D	581	September 2017	May 2018	187	394	–
7	Siemens Group	1,318	July 2017	May 2018	64	1,254	–
8	Customer C	288	September 2017	May 2018	5	283	–
9	Customer C	65	September 2017	May 2018	1	64	–
10	Customer C	211	September 2017	May 2018	4	207	–
11	Customer C	93	September 2017	May 2018	1	92	–
12	Siemens Group	483	August 2017	April 2018	228	255	–
13	Customer C	388	August 2017	April 2018	155	233	–
14	Siemens Group	323	September 2017	February 2018	103	220	–
15	A medical service provider	170	August 2017	April 2018	77	93	–
16	A construction contractor	53	August 2017	April 2018	19	34	–
17	Customer D	45	August 2017	November 2017	21	24	–
18	Customer D	26	August 2017	November 2017	7	19	–
19	Customer D	40	August 2017	November 2017	5	35	–
20	Customer D	647	October 2017	March 2018	–	647	–
21	Customer D	555	November 2017	May 2018	–	555	–

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No.	Customer	Total contract sum S\$'000	Actual/expected commencement date of works	Actual/expected date of completion of works	Amount of revenue recognised during the Track Record Period S\$'000	Amount of revenue expected to be recognised from 1 October 2017 to 30 June 2018 S\$'000	Amount of revenue expected to be recognised from 1 July 2018 to 30 June 2019 S\$'000
22	Canon Medical Systems Asia Pte. Ltd.	94	November 2017	April 2018	-	94	-
23	Siemens Group	167	November 2017	April 2018	-	167	-
24	Siemens Group	90	November 2017	April 2018	-	90	-
25	Customer C	917	November 2017	April 2018	-	917	-
26	A construction contractor	144	November 2017	March 2018	-	144	-
27	A medical equipment vendor	15	October 2017	November 2017	-	15	-
28	A construction contractor	3	December 2017	December 2017	-	3	-
29	A construction contractor	7	December 2017	December 2017	-	7	-
30	A medical service provider	52	January 2018	February 2018	-	52	-
31	Canon Medical Systems Asia Pte. Ltd.	86	April 2018	June 2018	-	86	-
32	Siemens Group	53	January 2018	March 2018	-	53	-
33	A construction contractor	47	April 2018	June 2018	-	47	-
34	A medical equipment vendor	34	March 2018	May 2018	-	34	-
35	Customer D	309	January 2018	May 2018	-	309	-
36	A construction contractor	37	January 2018	May 2018	-	37	-
37	A construction contractor	1,117	June 2018	June 2019	-	86	1,031
38	A medical service provider	2	March 2018	April 2018	-	2	-
39	A medical service provider	2	March 2018	May 2018	-	2	-
40	A medical service provider	2	March 2018	April 2018	-	2	-
41	Siemens Group	28	January 2018	April 2018	-	28	-
42	QST Technologies Pte. Ltd.	30	July 2018	October 2018	-	-	30
43	QST Technologies Pte. Ltd.	45	July 2018	September 2018	-	-	45
44	Siemens Group	144	July 2018	October 2018	-	-	144
45	Siemens Group	38	July 2018	November 2018	-	-	38
46	Siemens Group	62	July 2018	November 2018	-	-	62
47	Siemens Group	340	July 2018	October 2018	-	-	340
48	Canon Medical Systems Asia Pte. Ltd.	182	February 2018	March 2018	-	182	-
49	Canon Medical Systems Asia Pte. Ltd.	214	March 2018	June 2018	-	214	-

Note:

- (1) Project No. 1 to No. 19 represented projects in our backlog as at 1 October 2017.
- (2) Project No. 1, No. 3 to No. 13, No. 15 to No. 16, No. 20 to No. 26, No. 32, No. 35 to No. 36, No. 41 and No. 48 represented projects in our backlog which have been commenced but not completed as at the Latest Practicable Date.
- (3) Project No. 31, No. 33 to No. 34, No. 37 to No. 40, No.42 to No. 47 and No. 49 represented the 14 projects in our backlog which had been awarded to us but not yet commenced as at the Latest Practicable Date.

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Integrated design and building services

We are experienced in undertaking turnkey solutions projects which comprise (i) preparation and consultation on building design and specifications, including in particular those involving irradiating medical equipment; (ii) performance of building works (mainly including radiation shielding works, M&E works and fitting-out works); and (iii) assisting to obtain statutory approvals and certifications for the building works.

Based on the types of medical facilities and, if necessary, irradiating medical equipment involved, we would prepare the design and specifications in relation to our radiation shielding and other related building works, and submit them for our customers' approval before commencement of the project. Depending on the nature of works to be carried out, our design and specifications may be submitted to registered professional engineer and/or licensed electrical worker for endorsement before project implementation.

In particular, our radiation shielding works mainly involve: (i) procurement of appropriate radiation shielding materials according to customers' specifications; (ii) fabrication of door frames and wall structures with the radiation shielding materials; and (iii) delivery and installation of the fabricated products at relevant work sites. The fabrication process of our radiation shielding products are mainly performed at the workshop in our headquarters. Our M&E works typically refer to the supply, installation, testing and commissioning of various types of systems, including (i) ACMV system; (ii) chiller system; (iii) electrical system; (iv) plumbing, sanitary and drainage system; (v) medical gas and suction system; (vi) data communication system; and (vii) fire protection system. Our fitting-out works typically refer to demolition works, carpentry works, structural works and other finishing works relating to ceiling, floor and walls.

Maintenance and other services

Our maintenance services generally comprise conducting examinations, replacement of parts and repair works (if necessary) in relation to the radiation shielding works and M&E works completed by us for a fixed term typically on a yearly basis. Our other ancillary services generally include minor renovation and installation works, dismantling and disposal of used medical equipment, removal of construction waste materials, and cleaning of the work sites upon completion of building works. We also provide radiation shielding-related consultancy services which include provision of technical advice based on reports submitted to us by our customers for the testing results of their radiation shielding works.

Sales of tools and materials

During the Track Record Period, a minor portion of our revenue is derived from the sale of tools and materials (such as radiation shielding products fabricated by us, signage boards, lead sheet and lead glass) mainly to medical service providers and medical equipment vendors on a case-by-case basis.

Our customers

Our customers during the Track Record Period mainly included (i) multinational medical equipment vendors; (ii) medical service providers in Singapore including hospitals and clinics; and (iii) construction contractors engaged by project employers including the Singapore Government or medical service providers. For each of FY2014/15, FY2015/16, FY2016/17 and the three months ended 30 September 2017, the number of customers for our integrated design and building services with revenue contribution to our Group was 46, 51, 63 and 13, respectively. During the Track Record Period, a majority of our Group's revenue was derived from medical equipment vendors, which accounted for 62.8%, 92.7%, 51.4% and 58.7% of our total revenue for each of FY2014/15, FY2015/16, FY2016/17 and the three months ended 30 September 2017, respectively.

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The following table sets forth a breakdown of our revenue derived from our integrated design and building services during the Track Record Period by reference to the category of our customers:

	FY2014/15		FY2015/16		FY2016/17		Three months ended 30 September			
	S\$'000	%	S\$'000	%	S\$'000	%	2016		2017	
							(unaudited)			
Medical equipment vendors	8,077	62.8	8,652	92.7	7,482	51.4	2,648	60.9	2,310	58.7
Medical service providers	4,310	33.5	306	3.3	3,383	23.2	758	17.4	620	15.7
Construction contractors	482	3.7	373	4.0	3,706	25.4	946	21.7	1,007	25.6
Total	12,869	100.0	9,331	100.0	14,571	100.0	4,352	100.0	3,937	100.0

In general, where a medical service provider has decided on the medical equipment required in its facilities proposed to be put into operation, it would normally invite medical equipment vendors to participate in project tenders. The selected vendor would typically be responsible for (i) supplying and installing the relevant medical equipment; and (ii) ensuring the completion of all the related design and building works to facilitate the installation and functioning of such equipment. As a common industry practice, the medical equipment vendor would arrange to supply and install the equipment on its own, and subcontract the entire design and building works to a construction contractor (such as our Group).

Our suppliers

Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue carrying on our business mainly include (i) our subcontractors; (ii) suppliers of building and radiation shielding materials; and (iii) suppliers of other miscellaneous services including services provided by third party professionals (such as surveying services and testing services), transportation service and rental of lifting machinery and equipment.

Depending on our available labour resources and the types of specialised works involved, we generally engaged our subcontractors to perform certain building works such as (i) M&E works relating to ACMV systems, chiller systems, and plumbing and sanitary systems; and (ii) fitting-out works involving carpentry works and other finishing works relating to ceilings, floors and walls. During the Track Record Period, we incurred subcontracting charges of approximately S\$3.4 million, S\$2.6 million, S\$3.2 million and S\$1.2 million, which accounted for 42.2%, 42.4%, 38.2% and 55.1% of our total costs of services/sales for each of FY2014/15, FY2015/16, FY2016/17 and the three months ended 30 September 2017, respectively.

One of our top five suppliers, Supplier C, was also one of our customers during the Track Record Period. For further details, please refer to the section headed “Business – Suppliers – Top supplier who was also our customer” in this document.

Our major licences and registrations

Hwa Koon, our principal operating subsidiary, is registered under the workheads of CW01 (General Building) with “C1” grade, ME01 (Air-Conditioning, Refrigeration and Ventilation Works) with “L2” grade and ME11 (Mechanical Engineering) with “L1” grade under the CRS maintained by the BCA. Hwa Koon also holds a GB1 Licence granted by the BCA and a “L1” license issued by the RPNSD to possess for sale or deal in specified types of used ionising irradiating apparatus. For further details, please refer to the paragraph headed “Business – Licences and registrations” in this document.

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COMPETITIVE LANDSCAPE AND OUR COMPETITIVE STRENGTHS

According to the Ipsos Report, the total output value of the construction of medical-related facilities in Singapore is forecasted to increase from approximately S\$2.3 billion in 2017 to approximately S\$3.1 billion in 2021, representing a CAGR of approximately 7.8%. Ipsos advised that the total output value of the medical-related construction industry in respect of radiation shielding works in Singapore and the financial information of the aforesaid active industry players are not available, the market share of our Group and the ranking of the industry players cannot be reliably ascertained.

We believe that our competitive strengths include: (i) our expertise in undertaking turnkey solutions projects in hospitals and clinics; (ii) our established track record in the medical-related construction industry in Singapore; (iii) our established relationships with some of our major customers; (iv) our stringent quality control and high safety standard and environmental impact control; and (v) our experienced and dedicated management team.

BUSINESS STRATEGIES

We intend to pursue the following key business strategies: (i) acquiring an additional property for workshop and office use in order to accommodate the planned expansion of our manpower and to secure more spaces for the fabrication of our radiation shielding products; (ii) strengthening our manpower by recruiting additional staff in order to reduce our needs for subcontracting services and the associated expenses incurred therefrom and to increase our in-house capacity in undertaking more integrated design and building services projects; (iii) increasing our reserve for financing the issue of performance guarantees in favour of our customers; (iv) financing the acquisition of additional motor vehicles to accommodate the increase in transportation needs of our workers resulting from our planned expansion of manpower and additional machinery to carry out lifting and carpentry works; and (v) increasing our marketing efforts. For further information, please refer to the section headed “Business – Business strategies” in this document.

SALES AND MARKETING AND PRICING STRATEGY

During the Track Record Period, we secured new businesses mainly through direct invitations for tender or quotation by customers. Our Directors consider that due to our proven track record and our relationship with existing customers, we are able to leverage our existing customer base and our reputation in the medical-related construction industry in Singapore such that we do not rely heavily on marketing activities other than liaising with existing and potential customers from time to time for relationship building and management.

Our pricing is generally determined based on certain mark-up over our estimated costs, having regard to various factors such as the expected cost in direct relation to the project, the overhead costs and the prevailing market conditions. For further information, please refer to the paragraph headed “Business – Pricing strategy” in this document.

RISK FACTORS

Potential investors are advised to carefully read the section headed “Risk factors” in this document before making any investment decision in the [REDACTED]. Some of the more particular risk factors include the following: (i) a significant portion of our revenue was generated from contracts awarded by a limited number of customers and any significant decrease in the number of projects with our major customers may materially and adversely affect our financial condition and operating results; (ii) our revenue is mainly derived from our integrated design and building services for which our engagements with our customers are non-recurrent in nature and there is no guarantee that we will be able to secure new projects; (iii) reduction in the level of Singapore Government’s spending on the construction of medical related buildings or facilities may materially and adversely affect our business and financial position; (iv) any defects in our radiation shielding works may adversely affect our industry reputation and relationships with our customers; (v) failure to renew or any suspension or cancellation of any of our existing licences and registrations could materially affect our operations and financial performance; and (vi) we experienced a decline in our total revenue and gross profit in FY2015/16.

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FOREIGN EMPLOYEES

During the Track Record Period, we employed foreign employees from India, Malaysia, Bangladesh and the PRC. Our foreign workers are sourced and recruited through recruiting agencies. The employment of foreign workers is subject to various rules and regulations in Singapore, including but not limited to (i) the dependency ceilings based on the ratio of local to foreign workers; (ii) the quotas based on man year entitlements in respect of workers from NTS and the PRC; and (iii) security bonds requirements for non-Malaysian foreign workers. For further details, please refer to the section headed “Regulatory Overview – Employment matters” in this document.

CUSTOMER CONCENTRATION

For each of FY2014/15, FY2015/16, FY2016/17 and the three months ended 30 September 2017, the percentage of our total revenue attributable to our top customer amounted to approximately 23.3%, 30.3%, 24.2% and 22.5%, respectively, while the percentage of our total revenue attributable to our top five customers combined amounted to approximately 83.6%, 82.0%, 68.2% and 85.3%, respectively. Our Directors consider that our Group’s business model is sustainable despite such customer concentration, which is discussed in detail in the section headed “Business – Customers – Customer concentration” in this document.

KEY OPERATIONAL AND FINANCIAL DATA

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

	FY2014/15 or as at 30 June 2015	FY2015/16 or as at 30 June 2016	FY2016/17 or as at 30 June 2017	Three months ended 30 September 2017 or as at 30 September 2017
<i>(Expressed in S\$'000 except tender data and financial ratios)</i>				
Results of operations				
Revenue	13,244	9,793	14,937	4,035
Gross profit	5,273	3,606	6,505	1,777
Profit (loss) before taxation	4,120	3,021	6,069	(191)
Profit (loss) for the year/period	3,467	2,681	5,151	(439)
Financial position				
Non-current assets	662	686	747	722
Current assets	6,129	6,853	9,759	11,843
Non-current liability	14	17	26	24
Current liabilities	3,194	2,654	2,365	4,865
Net current asset	2,935	4,199	7,394	6,978
Total equity	3,584	4,869	8,115	7,676
	FY2014/15	FY2015/16	FY2016/17	From 1 July 2017 to the Latest Practicable Date
Quotation success rate				
Number of projects for which we have submitted quotations	57	74	89	93
Number of projects awarded	44	55	64	45
Success rate	77.2%	74.3%	71.9%	48.4%
Tender success rate				
Number of projects for which we have submitted tenders	3	2	4	2
Number of projects awarded	3	2	3	2
Success rate	100.0%	100.0%	75.0%	100.0%

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	FY2014/15 or as at 30 June 2015	FY2015/16 or as at 30 June 2016	FY2016/17 or as at 30 June 2017	Three months ended 30 September 2017 or as at 30 September 2017
<i>(Expressed in S\$'000 except tender data and financial ratios)</i>				
Key financial ratio				
Gross profit margin	39.8%	36.8%	43.6%	44.0%
Net profit margin	26.2%	27.4%	34.5%	(10.9)% ^(Note 4)
Return on equity	96.7%	55.1%	63.5%	(5.7)% ^(Note 5)
Return on total assets	51.0%	35.6%	49.0%	(3.5)% ^(Note 6)
Current ratio	1.9	2.6	4.1	2.4
Trade receivables turnover days	53.9	75.8	68.6	85.7
Trade payables turnover days	12.3	30.4	41.8	35.3
Gearing ratio ^(Note 3)	45.6%	14.8%	0.0%	0.0%

	FY2014/15 S\$'000	FY2015/16 S\$'000	FY2016/17 S\$'000	Three months ended 30 September 2017 S\$'000
Net cash from operating activities	3,482	1,564	3,684	106
Net cash (used in)/from investing activities	(4)	(2,057)	1,953	(178)
Net cash used in financing activities	(1,469)	(2,163)	(2,721)	-
Net increase/(decrease) in cash and cash equivalents	2,009	(2,656)	2,916	(72)
Cash and cash equivalents at beginning of year/period	1,743	3,752	1,095	4,011
Cash and cash equivalents at end of year/period	3,752	1,095	4,011	3,939

Notes:

- In the above table, success rate for a financial year/period is calculated based on the number of projects awarded (whether awarded in the same financial year/period or subsequently) in respect of the tenders or quotations submitted during that financial year/period.
- Out of the 93 quotations submitted during the period from 1 July 2017 to the Latest Practicable Date, the results of 35 projects were pending as at the Latest Practicable Date.
- Gearing ratio is calculated as total borrowings (including finance lease liabilities and amounts due to related parties and directors) divided by the total equity as at the respective reporting dates.
- Our net profit margin for the three months ended 30 September 2017 after excluding the [REDACTED] expenses would be approximately 33.7%.
- Our return on equity for the three months ended 30 September 2017 after excluding the [REDACTED] expenses would be approximately 17.7%.
- Our return on total assets for the three months ended 30 September 2017 after excluding the [REDACTED] expenses would be approximately 10.8%.

Our gross profit amounted to approximately S\$5.3 million and approximately S\$3.6 million for FY2014/15 and FY2015/16 respectively, representing a decrease of approximately 32.1%, and our gross profit margin decrease from approximately 39.8% in FY2014/15 to approximately 36.8% in FY2015/16. Our revenue decreased from approximately S\$13.2 million for FY2014/15 to approximately S\$9.8 million for FY2015/16, representing a decrease of 25.8%. The decrease in our gross profit and the decrease in our gross profit margin was partly due to the decrease in our revenue in FY2015/16 which was in line with the industry trend. According to the Ipsos Report, the total output value of the construction of medical-related facilities (i.e. hospitals, medical centres and clinics) decreased from approximately S\$2.2 billion in 2015 to approximately S\$2.1 billion in 2016. As advised by Ipsos, such decrease was mainly attributable to the slight delay in construction activities on site in 2016 in relation to contracts awarded in the earlier years, which in turn led to a delay for new projects to start or commence works in the same year. As there were fewer medical-related construction projects available for tendering in Singapore in 2016, the total output value of the construction medical-related facilities had decreased accordingly.

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Our gross profit amounted to approximately S\$3.6 million and approximately S\$6.5 million for FY2015/16 and FY2016/17 respectively, representing an increase of approximately 80.5%, while our gross profit margin increased from approximately 36.8% in FY2015/16 to approximately 43.6% in FY2016/17. Our revenue increased from approximately S\$9.8 million for FY2015/16 to approximately S\$14.9 million for FY2016/17, representing an increase of 52.0%.

Our gross profit amounted to approximately S\$1.9 million and approximately S\$1.8 million for three months ended 30 September 2016 and three months ended 30 September 2017 respectively, representing a decrease of approximately 5.3%, while our gross profit margin increased from approximately 41.9% for three months ended 30 September 2016 to approximately 44.0% for three months ended 30 September 2017.

Our trade receivables which were aged over 90 days were approximately S\$391,000 as at 30 June 2015, S\$170,000 as at 30 June 2016, S\$803,000 as at 30 June 2017 and S\$910,000 as at 30 September 2017, which was mainly attributable to the relevant customers’ longer internal procedures as indicated by such customers, which delayed the settlement to us.

Our trade payables turnover days were approximately 12.3 days for FY2014/15, approximately 30.4 days for FY2015/16, approximately 41.8 days for FY2016/17 and approximately 35.3 days for the three months ended 30 September 2017, which was primarily affected by (i) the increase in trade payables balance near the respective year end dates mainly because of the actual works performed by our subcontractors near each year end; and (ii) the different credit periods granted by different suppliers.

For FY2014/15, FY2015/16, FY2016/17 and the three months ended 30 September 2017, the government grants received by our Group, which mainly included wage credits granted under the Wage Credit Scheme, payments under the Productivity and Innovation Credit Scheme and payments under Temporary Credit Scheme, amounted to approximately S\$23,000, S\$10,000, S\$14,000 and S\$1,000 respectively. Going forward, our Directors expect that our Group will continue to be eligible for receiving government grants under the aforesaid schemes, subject to any unforeseen changes in the relevant policies of the Singapore Government.

Our profit and total comprehensive income for the year increased from approximately S\$2.6 million for FY2015/16 to approximately S\$5.2 million for FY2016/17. Such increase was partly a result of the increase in our revenue and gross profit, and was also partly attributable to the one-off gain on disposal of available-for-sale financial assets of S\$128,000 recognised in FY2016/17 while no such gain was recognised in FY2015/16.

Our profit and total comprehensive income for the period attributable to owners of our Company decreased from approximately S\$1.5 million for the three months ended 30 September 2016 to loss and total comprehensive expense for the period attributable to owners of our Company of approximately S\$439,000 for the three months ended 30 September 2017. Such change from profit to loss was mainly due to the recognition of [REDACTED] expenses during the period.

For further discussion on our performance during the Track Record Period, please refer to the section headed “Financial information” in this document.

CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] and the Capitalisation Issue (without taking into account the Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), each of our ultimate Controlling Shareholders, Mr. Ang, Mr. Ong and Mr. Koh, acting in concert as a group of Controlling Shareholders and through Skylight Illumination, indirectly held in aggregate [REDACTED]% interest in our Company. Please refer to the section headed “Relationship with our Controlling Shareholders” in this document for further details.

Mr. Ang is the chairman of our Company and a non-executive Director. Mr. Koh is our chief executive officer and executive Director. Mr. Ong is our executive Director. Please refer to the section headed “Directors and senior management” in this document for the biographical information of Mr. Ang, Mr. Koh and Mr. Ong.

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LITIGATION AND CLAIMS

During the Track Record Period, we were involved in a number of concluded cases, including (i) one contractual claim commenced by us against our customer in relation to the recovery of payment overdue for the sum of S\$77,000; (ii) two negligence claims commenced by independent third parties in relation to two motor vehicle accidents which involved the alleged negligence of our workers whilst driving our motor vehicles, causing the accidents and resulting in death and/or injury to the independent third parties; and (iii) one work injury claim filed by an injured worker against us in relation to a workplace accident. For further details, please refer to the section headed “Business – Litigation and claims – Concluded cases” in this document.

[REDACTED] STATISTICS

Number of the [REDACTED]	:	[REDACTED] Shares				
[REDACTED]	:	Not more than HK\$[REDACTED] per [REDACTED] and is expected to be not less than HK\$[REDACTED] per [REDACTED] (excluding brokerage, Stock Exchange trading fee and SFC transaction levy)				
		<table style="margin-left: auto; margin-right: auto; border: none;"> <tr> <td style="text-align: center;">Based on an [REDACTED] of HK\$[REDACTED]</td> <td style="text-align: center;">Based on an [REDACTED] of HK\$[REDACTED]</td> </tr> <tr> <td style="text-align: center;">HK\$</td> <td style="text-align: center;">HK\$</td> </tr> </table>	Based on an [REDACTED] of HK\$[REDACTED]	Based on an [REDACTED] of HK\$[REDACTED]	HK\$	HK\$
Based on an [REDACTED] of HK\$[REDACTED]	Based on an [REDACTED] of HK\$[REDACTED]					
HK\$	HK\$					
Market capitalisation		[REDACTED] [REDACTED]				
Unaudited pro forma adjusted combined net tangible assets per Share attributed to the Shareholders ^(Note)		[REDACTED] [REDACTED]				

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

[REDACTED] EXPENSES

Our Directors estimate that the total amount of expenses in relation to the [REDACTED] is approximately HK\$[REDACTED] million. Out of the amount of approximately HK\$[REDACTED] million, approximately HK\$[REDACTED] million is directly attributable to the issue of the [REDACTED] and is expected to be accounted for as a deduction from equity upon [REDACTED]. The remaining amount of approximately HK\$[REDACTED] million, which cannot be so deducted, shall be charged to profit or loss. Of the approximately HK\$[REDACTED] million that shall be charged to profit or loss, approximately HK\$[REDACTED] million has been charged during the Track Record Period, and approximately HK\$[REDACTED] million is expected to be incurred for the remaining nine months of FY2017/18. Expenses in relation to the [REDACTED] are non-recurring in nature. Our Group’s financial performance and results of operations for FY2017/18 will be affected by the estimated expenses in relation to the [REDACTED].

FUTURE PLANS AND [REDACTED]

The [REDACTED] to be received by us from the [REDACTED] based on the [REDACTED] of HK\$[REDACTED] per Share being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] per [REDACTED] to HK\$[REDACTED] per [REDACTED], after deducting related expenses in connection with the [REDACTED], are estimated to be approximately HK\$[REDACTED] million. Our Directors presently intend that the [REDACTED] will be applied as follows: (i) approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED], will be used for the acquisition of an additional property for workshop and office use; (ii) approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED], will be used for strengthening our manpower by recruiting additional staff; (iii) approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED], will be used for increasing our reserve for financing the issue of performance guarantees in favour of our customers; (iv) approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED], will be used for financing the acquisition of additional motor vehicles and machinery; (v) approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED], will be used for increasing our marketing efforts; and (vi) approximately HK\$[REDACTED] million, representing approximately [REDACTED]% of the estimated [REDACTED], will be used as our general working capital.

SUMMARY

DIVIDEND

For each of FY2014/15, FY2015/16, FY2016/17 and the three months ended 30 September 2017, we declared dividends of S\$2.5 million, S\$1.3 million, S\$2.0 million and nil, respectively to our then shareholders. All such dividends had been fully paid and we financed the payment of such dividends by internal resources.

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

RECENT DEVELOPMENT

The aggregate number of our integrated design and building projects on hand as at 1 October 2017 (including projects that have commenced but not completed as well as projects that have been awarded to us but not yet commenced) and projects that were awarded to us from 1 October 2017 to the Latest Practicable Date was 49. Out of the 49 projects, 9 projects were completed as at the Latest Practicable Date. For the remaining 40 projects which represented projects in our backlog as at the Latest Practicable Date, a total amount of S\$5.4 million was recognised as our revenue during the Track Record Period and it is estimated that a total amount of approximately S\$10.1 million will be recognised as our revenue after the Track Record Period.

According to the Ipsos Report, various healthcare facilities construction projects that were planned to commence in 2017 are currently at their early stage of work. Such projects include the new national cancer centre that has commenced work in May 2017 and is expected to be completed in May 2020; an integrated intermediate care hub at Jalan Tan Tock Seng for which the construction work has commenced in February 2017; and an extensive redevelopment and expansion master plan for the Singapore General Hospital Campus which will span across the next two decades. New clean rooms and radiology-related facilities are generally required in the new healthcare facilities and thus driving the demand for medical-related construction services in respect of radiation shielding works. The total output value of the construction of medical-related facilities in Singapore is forecasted to increase from approximately S\$2.3 billion in 2017 to approximately S\$3.1 billion in 2021, representing a CAGR of approximately 7.8%. In view of the forecasted increase in demand for integrated design and building services for the medical and healthcare sectors in Singapore in the coming years, our Directors expect that we will obtain a growth in the number of projects requiring radiation shielding works.

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

REASONS FOR [REDACTED]

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

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