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## REGULATORY OVERVIEW

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### OVERVIEW

Our business operations are subject to the laws and regulations in Singapore. Below is a summary of the relevant laws, regulations and policies which are material to our Group.

### LICENSING REGIME FOR BUILDERS AND CONTRACTORS IN SINGAPORE

#### Overview

The building and construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry.

The principal legislation regulating the building and construction industry is the Building Control Act. The Building Control Act and its subsidiary legislation set out the requirements for the licensing of builders. This licensing scheme, known as the LBS, is administered by the BCA, and applies to companies which intend to carry out either private sector building works and/or public sector building works. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control, and builders who work in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution, have to be licensed by the BCA.

Apart from the LBS, the BCA also administers a registration regime known as the CRS. A company which is only conducting business as contractors or suppliers in the private sector in Singapore need not be registered under the CRS. However, registration under the CRS is a pre-requisite to participate in construction tenders or carry out construction projects (as main or subcontractors) in the public sector in Singapore. In addition, a builder licence issued under the LBS is required for a company to be registered under certain categories under the CRS. Further details of the LBS and the CRS are set out below.

#### Licensing of Builders Scheme

There are two types of builder licences under the LBS, namely, the General Builder licence and Specialist Builder licence. Each type of licence is generally issued with a three-year tenure and renewable after each tenure.

#### *General Builder Licence*

There are two classes for the General Builder licence:

- (i) GB1 Licence, which allows the builder to undertake general building works of unlimited value; and
- (ii) GB2 Licence, which allows the builder to undertake general building works limited to contract value of S\$6 million or less.

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As at the Latest Practicable Date, CTR is licensed and issued with a GB1 Licence by the BCA which is valid until 29 December 2020 while CTD is licensed and issued with a GB2 Licence which is valid until 3 October 2020. As a holder of a GB1 Licence, CTR can undertake contracts of unlimited value while as a holder of a GB2 Licence, CTD can undertake contracts of value limited to S\$6 million or less.

For projects where an accredited checker is not required, General Builder licence holders can carry out all construction works, including the following specialist building works:

- (i) all specialist building works associated with minor building works;
- (ii) structural steelwork comprising fabrication and erection work for structures with a cantilever length of not more than three metres, a clear span of less than six metres and a plan area not exceeding 150 square metres; and
- (iii) pre-cast concrete work comprising casting of pre-cast reinforced concrete slabs or planks on site.

For projects where an accredited checker is required, General Builder licence holders can carry out all construction works except for the six specialist building works which have to be carried out only by the Specialist Builder licence holders. All structural designs of building works are to be checked by an accredited checker unless exempted in accordance with the Fourth Schedule of the Building Control Regulations 2003.

Builders who hold a GB1 Licence are required to comply with requirements of the Construction Registration of Tradesmen on construction personnel. All builders holding a GB1 Licence are required to lodge a manpower programme with the Commissioner of Building Control, which sets out the number and proportion of registered construction personnel to be deployed for the project, when undertaking projects with a contract value of S\$20 million or more.

During the Track Record Period, our Group had undertaken projects with average contract value of at least S\$7 million, and as at the Latest Practicable Date, CTR has undertaken projects with contract value of S\$48,917 to S\$39.5 million. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group has complied with all Construction Registration of Tradesmen requirements.

### ***Specialist Builder Licence***

There are six sub-categories for the Specialist Builder licence: (i) Specialist Builder (Piling Works); (ii) Specialist Builder (Ground Support and Stabilisation works); (iii) Specialist Builder (Site Investigation Work); (iv) Specialist Builder (Structural Steelwork); (v) Specialist Builder (Pre-cast Concrete work); and (vi) Specialist Builder (in-situ Post-Tensioning work).

A company with a General Builder licence will be eligible to register as a specialist builder so long as it meets the specialist builder licensing requirements. There is no restriction on the number of specialist categories that a general builder may register in.

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As at the Latest Practicable Date, CTR is licensed and issued with a SB(PC) Licence by the BCA which is valid until 26 June 2021. As a holder of the SB(PC) Licence, CTR can undertake pre-cast concrete work comprising fabrication of pre-cast structural elements which has been designated as specialist works to be carried out only by companies possessing a Specialist Builder licence (apart from holding a General Builder licence).

### *Criteria for Builder Licence*

To qualify for the GB1 Licence, the licensee must have a minimum paid-up capital of S\$300,000. In addition, the approved person and the technical controller appointed must meet the following qualification and experience requirements:

<b>Approved person<sup>(1)</sup></b>		<b>Technical controller<sup>(2)</sup></b>	
<i>Course</i>	<i>Practical Experience</i>	<i>Course</i>	<i>Practical Experience</i>
A course leading to a Bachelor’s degree or postgraduate degree in any field	At least three years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a Bachelor’s degree or post-graduate degree in a construction-related field <sup>(3)</sup>	At least five years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification
or			
A course leading to a diploma in a construction-related field <sup>(3)</sup>	At least five years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification		
or			
A course conducted by the BCA known as Essential Knowledge in Construction Regulations & Management for Licensed Builders	At least 10 years (in aggregate) of practical experience in the execution of construction projects in Singapore		

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To qualify for the GB2 Licence and Specialist Builder Licence (all classes), the licensee must have a minimum paid-up capital of S\$25,000. In addition, the approved person and the technical controller appointed must meet the following qualification and experience requirements:

<b>Approved person<sup>(1)</sup></b>		<b>Technical controller<sup>(2)</sup></b>	
<i>Course</i>	<i>Practical Experience</i>	<i>Course</i>	<i>Practical Experience</i>
A course leading to a diploma in a construction-related field <sup>(3)</sup> , or a Bachelor's degree or post-graduate degree in any field	At least three years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a diploma, Bachelor's degree or post-graduate degree in a construction-related field <sup>(3)</sup> (in the case of GB2 Licence) or a course leading to a Bachelor's degree or post-graduate degree in the field of civil or structural engineering from a recognised institution <sup>(4)</sup> (in the case of Specialist Builder licence (all classes))	At least five years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification

or

A course conducted by the BCA known as Essential Knowledge in Construction Regulations & Management for Licensed Builders	At least eight years (in aggregate) of practical experience in the execution of construction projects in Singapore
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*Notes:*

- (1) The approved person is the appointed key personnel under whose charge and direction of the management of the business of the licensee, in so far it relates to general building works or specialist building works in Singapore, is to be at all times. The approved personnel shall be the sole-proprietor, partner, director or member of the board of management of the licensee. If an employee of the licensee is appointed as the approved person, he shall be employed in such a manner and with such similar duties and responsibilities as a director or member of its board of management. The approved person shall not have acted as an approved person or the technical controller of a builder whose licence has been revoked in the 12 months preceding the date of application for the licence by the licensee. The approved person must not be acting, for so long as he is the approved person for the licensee, as a technical controller for any company with or applying for a licence. The approved person must give his consent for carrying out the duties of an approved person for the licensee.

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- (2) The technical controller is the appointed key personnel under whose personal supervision the execution and performance of any general building works or specialist building works in Singapore that the licensee undertakes is carried out. The technical controller(s) could be the sole proprietor, partner, director or member of board of management of the licensee or an employee (being a person employed in such a manner and with such similar duties and responsibilities as a partner, director or member of its board of management). The technical controller shall not have acted as an approved person or the technical controller of a builder whose licence has been revoked in the 12 months preceding the date of application for the licence by the licensee. The technical controller must not be acting, for so long as he is the technical controller for the licensee, as a technical controller for any company with or applying for a licence. The technical controller must give his consent to carrying out the duties of a technical controller for the applicant of the licensee.
- (3) "Construction-related field" means the field of architecture, civil or structural engineering, mechanical or electrical engineering, construction or project management, quantity surveying or building science, facilities or estate management.
- (4) "Recognised institution" means (i) the National University of Singapore; (ii) the Nanyang Technological University; or (iii) any other university that is specified by the Commissioner of Building Control in the BCA's website at <http://www.bca.gov.sg>.

As at the Latest Practicable Date, the roles of approved person and technical controller for our GB1 Licence were taken up by Mr. XP Xu and Ms. Khin Thuza Aung respectively, for our GB2 Licence by Mr. Liu Honggeng and Mr. Nay Che Mon respectively, and for our SB(PC) Licence by Mr. XP Xu and Mr. Liu Honggeng respectively.

### ***Renewal and retention requirements***

Every licence, if granted shall be valid for such period specified therein, being not more than three years. For renewal of the General Builder licence or the Specialist Builder licence, an applicant must submit to the Commissioner of Building Control an application for renewal of licence not later than one month before the date of expiry of the licence, accompanied by the relevant renewal fee. If the application is submitted less than one month before the date of expiry of the licence, the renewal must be accompanied by the relevant renewal fee and late application fee. The Commissioner of Building Control may refuse to renew any licence if such application is made not more than 14 days before the date of expiry of the licence.

### **Contractors Registration System**

The CRS was established to register contractors who are able to provide construction and construction-related goods and services to the Singapore public sector (which includes government departments, statutory bodies and other public sector organisations including first level subcontractors involved in government projects). At present, there are seven major categories of registration under the CRS: (i) Construction Workhead (CW); (ii) Construction-Related Workhead (CR); (iii) Mechanical and Electrical Workhead (ME); (iv) Maintenance Workhead (MW); (v) Trade Heads for subcontractors (TR); (vi) Regulatory Workhead (RW); and (vii) Supply Head (SY).

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Under the aforesaid seven major categories, there is a further sub-classification of a total of 64 workheads. Each major category of registration under the CRS is also subject to up to seven financial grades. In order to qualify for a particular grade, registered contractors must satisfy the respective grade requirements in terms of (i) financial resources; (ii) track record; (iii) sufficiency of personnel resources with the relevant skills and experience; and (iv) management certification (such as Singapore Accreditation Council accredited ISO 9001, ISO 14001, OHSAS 18001, etc.).

As at the Latest Practicable Date, CTR is registered under the CRS under the following workhead:

<b>Workhead</b>	<b>Title</b>	<b>Grade<sup>(6)</sup></b>	<b>Tender limits</b>	<b>Expiry date</b>
CW01	General Building <sup>(5)</sup>	C1	S\$4 million	1 May 2021

As at the Latest Practicable Date, CTD is registered under the CRS under the following workhead:

<b>Workhead</b>	<b>Title</b>	<b>Grade<sup>(6)</sup></b>	<b>Tender limits</b>	<b>Expiry date</b>
CR01	Minor Construction Works <sup>(7)</sup>	Single Grade	Unlimited	1 June 2020

*Notes:*

- (5) Scope of work under CW01 includes (i) all types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes the construction of multi-storey car-parks, buildings for parks and playgrounds and other recreational works, industrial plants and utility plants; (ii) addition and alteration works on buildings involving structural changes; and (iii) installation of roofs.
- (6) The difference in the grades relates to the tender limits for Singapore public sector projects, which may be adjusted from year to year depending on the economy of the construction industry in Singapore.
- (7) Scope of work under CR01 includes minor building and civil engineering works that are not governed by the Building Control Act such as drainage, minor road works, aprons and minor addition and alteration.

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As at the Latest Practicable Date, the tender limits for the different grades of the construction workhead CW01 are summarised below:

### *Construction Workhead CW01*

Grades	A1	A2	B1	B2	C1	C2	C3
Tender limit ( <i>S\$ million</i> ) From 1 July 2018 to 30 June 2020	Unlimited	85	40	13	4	1.3	0.65

As at the Latest Practicable Date, the tender limits for the different grades of the construction-related workhead CR01 are summarised below:

### *Construction-Related Workhead CR01*

Grades	Single Grade	L6	L5	L4	L3	L2	L1
Tender limit ( <i>S\$ million</i> ) From 1 July 2018 to 30 June 2020	Unlimited	Unlimited	13	6.5	4	1.3	0.65

### ***Registration and retention requirements***

The validity for a first-time registration is for a period of three years. Registration will thereafter lapse automatically unless a renewal (for a period of three years) is filed with and approved by the BCA. Processing is on first-come-first-serve basis, and generally an application to the BCA for renewal takes approximately two weeks to be processed.

In order to apply for, maintain and renew the registrations under the CRS, there are different requirements to be complied with for different grades, including but not limited to requirements relating to financial resources (minimum paid-up capital and minimum net worth), management and sufficiency of personnel resources with the relevant skills and experience (including registrable professionals (“**RP**”)<sup>(8)</sup>, professionals (“**P**”)<sup>(9)</sup> and technicians (“**T**”)<sup>(10)</sup>), as well as track record of past completed projects.

All applicants are expected to meet these respective specific requirements. Additionally, applicants applying for renewal of its registration status are expected to prove that they are still active in the line of business, and produce evidence to show to the BCA’s satisfaction that it has undertaken relevant works or supplies during the preceding three years.

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As at the Latest Practicable Date, to maintain its existing workhead and grade, CTR is required to comply with, among others, the following requirements:

<b>Workhead/ Permitted scope/Grade</b>	<b>Requirements</b>	
CW01 (General Building) C1 grade	Minimum paid-up capital and minimum net worth	S\$300,000 <sup>(11)</sup>
	Technical Personnel	To employ at least one RP or P, and one T, with one RP, P or T with Basic Concept in Construction Productivity Enhancement (“BCCPE”) <sup>(12)</sup>
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$3 million
	Certification	To possess bizSAFE Level 3 <sup>(13)</sup> , ISO 45001, OHSAS 18001 or Integrated Construction Quality Assurance <sup>(14)</sup>
	Additional requirement	To possess GB1 Licence or GB2 Licence

As at the Latest Practicable Date, to maintain its existing workhead and grade, CTD is required to comply with, among others, the following requirements:

<b>Workhead/ Permitted scope/Grade</b>	<b>Requirements</b>	
CR01 (Minor Construction Work) Single Grade	Minimum paid-up capital and minimum net worth	S\$10,000 <sup>(11)</sup>
	Technical Personnel	To employ one T with BCCPE <sup>(12)</sup>
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$100,000



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- (8) A RP under CW01 must have a degree in Civil/Structural, Mechanical, Electrical Engineering recognised by the Professional Engineers Board or the BCA, or a degree in Architecture recognised by the Board of Architects. A RP under CR01 must have a minimum professional qualification with a degree in Civil/Structural Engineering recognised by the Professional Engineers Board or the BCA.
- (9) A P under CW01 must have a recognised degree in Civil/Structural, Mechanical, Electrical Engineering, Architecture, Building or equivalent. A P under CR01 must have a minimum professional qualification with a recognised degree in Civil/Structural, Mechanical or Electrical Engineering, Architecture, Building or equivalent qualifications approved by the BCA.
- (10) A T under CW01 must have a technical qualification in any of the following: (i) a diploma in Civil/Structural Mechanical, Electrical Engineering, Architecture, Building or equivalent awarded by BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic; (ii) a National Certificate in Construction Supervision or Advance National Building Qualification/Specialist Diploma in Mechanical and Electrical Coordination awarded by BCA Academy; or (iii) such other diplomas or qualifications as approved by BCA from time to time. A T under CR01 must have minimum technical qualification with a polytechnic diploma in Civil/Structural Mechanical, Electrical Engineering, Architecture, Building or equivalent awarded by BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic or such other diplomas or qualifications as approved by BCA from time to time.
- (11) Both minimum paid-up capital and minimum net worth must be met separately.
- (12) Should the director of a company be the only person in the company possessing a BCCPE, he cannot utilise the same BCCPE to satisfy the requirements for another company of which he is also part of.
- (13) Workplaces that have achieved bizSAFE Level 3 would have their risk management implementation and must engage a Workplace Safety and Health auditor approved by the MOM to assess the implementation of risk management in their enterprise.
- (14) Integrated Construction Quality Assurance (ICQA) is an industry specific and integrated outcome based certification scheme developed by the BCA, which can meet ISO 9001, ISO 14001 and ISO 45001 or OHSAS 18001 or bizSAFE Level 3 requirement in CRS.

## **BUILDING AND CONSTRUCTION INDUSTRY SECURITY OF PAYMENT ACT**

The Building and Construction Industry Security of Payment Act was enacted to facilitate payments for construction work done, or for related goods or services supplied, in the building and construction industry. The Building and Construction Industry Security of Payment Act aims to improve cash-flow by helping to speed up payment in the building and construction industry, by conferring statutory benefits such as the right to receive progress payments, and by providing for adjudication, a fast and low-cost dispute resolution mechanism, to resolve payment disputes.

The Building and Construction Industry Security of Payment Act only applies to two types of contracts, namely, a “construction contract” and a “supply contract”, the definitions of which are set out in “Payment claims and payment responses” in this section. Any person who has carried out any construction work or supplied any goods or services under a “contract” (as defined under the Building and Construction Industry Security of Payment Act) would be statutorily entitled to progress payments.

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The provisions of the Building and Construction Industry Security of Payment Act have effect notwithstanding any provision to the contrary in any contract, and any contractual provision which attempts to exclude, restrict, modify or in any way prejudice the operation of the Building and Construction Industry Security of Payment Act shall be void. A "pay when paid" provision of a contract is unenforceable and has no effect in relation to any payment for construction work carried out or undertaken to be carried out, or for goods or services supplied or undertaken to be supplied, under the contract.

For further details on the types of contracts we enter into and the principal terms of our engagement, please refer to "Business – Our Customers – Principal terms of engagement with our customers" in this document.

### **Rights to progress payment**

The Building and Construction Industry Security of Payment Act contains provisions relating to, among others, the amount of the progress payment to which a person is entitled under a contract, the valuation of the construction work carried out under a contract and the date on which a progress payment becomes due and payable. Progress payments, under the Building and Construction Industry Security of Payment Act, include a single or one-off payment, or a payment that is based on an event or date.

The Building and Construction Industry Security of Payment Act can apply even where the contract has no provision for progress payments, in which case the claimant (being the person who is or claims to be entitled to a progress payment) can make a payment claim for an amount calculated on the basis of the value of the construction work carried out, or the goods or services supplied, by the person under the contract.

### **Payment claims and payment responses**

Where a construction contract (being an agreement under which (i) one party undertakes to carry out construction work, whether including the supply of goods or services or otherwise, for one or more other parties, or (ii) one party undertakes to supply services to one or more other parties) provides for the date on which a progress payment becomes due and payable, the progress payment becomes due and payable on the earlier of the following dates:

- (a) the date as specified in or determined in accordance with the terms of the contract; or
- (b) the date immediately upon the expiry of 35 days after (i) if the claimant is a taxable person under the Goods and Services Tax Act who has submitted to the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) a tax invoice for the progress payment, the date the tax invoice is submitted to the respondent, or (ii) in any other case, the date on which or the period within which the payment response is required to be provided in accordance with the Building and Construction Industry Security of Payment Act (whether or not a payment response is provided).

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Where a construction contract does not provide for the date on which a progress payment becomes due and payable, the progress payment becomes due and payable immediately upon the expiry of 14 days after:

- (a) if the claimant is a taxable person under the Goods and Services Tax Act who has submitted to the respondent a tax invoice for the progress payment, the date the tax invoice is submitted to the respondent; or
- (b) in any other case, the date on which or the period within which the payment response is required to be provided in accordance with the Building and Construction Industry Security of Payment Act (whether or not a payment response is provided).

Where a supply contract (being an agreement (excluding certain prescribed agreements) under which (i) one party undertakes to supply goods to any other party who is engaged in the business of carrying out construction work or who causes to be carried out construction work, (ii) the supply is for the purpose of construction work carried out or caused to be carried out by the second-mentioned party, and (iii) the first-mentioned party is not required to assemble, construct or install the goods at or on the construction site) provides for the date on which a progress payment becomes due and payable, the progress payment becomes due and payable on the earlier of the following dates:

- (a) the date as specified in or determined in accordance with the terms of the contract; or
- (b) the date immediately upon the expiry of 60 days after the relevant payment claim is served in accordance with the Building and Construction Industry Security of Payment Act.

Where a supply contract does not provide for the date on which a progress payment becomes due and payable, the progress payment becomes due and payable upon the expiry of 30 days after the relevant payment claim is served in accordance with the Building and Construction Industry Security of Payment Act.

In the event that the payment date agreed between the contracting parties goes beyond the maximum duration prescribed by the Building and Construction Industry Security of Payment Act, the payment date prescribed by the Building and Construction Industry Security of Payment Act prevails as between the contracting parties.

### **Entitlement to make adjudication applications**

A claimant who, in relation to a construction contract, fails to receive payment by the due date of the response amount which he has accepted, is entitled to make an adjudication application in relation to the relevant payment claim. Where, in relation to a construction contract, the claimant disputes a payment response provided by the respondent, or the respondent fails to provide a payment response to the claimant by the payment response deadline, the claimant is entitled to make an adjudication application in relation to the relevant

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payment claim if, by the end of the dispute settlement period (in relation to a payment claim dispute, being the period of seven days after the payment response deadline), the dispute is not settled or the respondent does not provide the payment response, as the case may be.

A claimant who has served a payment claim in relation to a supply contract is entitled to make an adjudication application in relation to the payment claim if (i) the claimant fails to receive payment by the due date of the claimed amount, or (ii) the claimant disputes the response amount, where the response amount is less than the claimed amount.

### EMPLOYMENT

#### Employment Act

The Employment Act is the main legislation governing employment in Singapore, and is administered by the MOM.

Following the amendments to the Employment Act with effect from 1 April 2019, the Employment Act covers every employee who is under a contract of service with an employer including persons employed in managerial and executive positions, except for public servants, domestic workers and seafarers.

Part IV of the Employment Act, which sets out requirements relating to, among others, working hours, overtime, rest days, payment of retrenchment benefit, priority of retirement benefit, annual wage supplement and other conditions of work or service, applies only to (i) workmen earning basic monthly salaries of not more than S\$4,500 and (ii) employees (other than a workman or a person employed in a managerial or an executive position) earning basic monthly salaries of not more than S\$2,600. A workman is defined under the Employment Act as including, among others, (i) any person, skilled or unskilled, who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, including any artisan or apprentice, or (ii) any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and throughout the performance of his work.

Following the amendments to the Employment Act with effect from 1 April 2016, all employers must issue key employment terms in writing to employees covered under the Employment Act. Key employment terms include, among others, full name of employer and employee, job title, duties and responsibilities, start date of employment, duration of employment, basic salary, fixed allowances, fixed deductions, overtime pay, leave entitlements, medical benefits, probation period and notice period. Such employees include employees (i) who enter into a contract of service with the company on or after 1 April 2016; and (ii) are employed for 14 days or more in relation to the length of contract (and not in relation to the number of days of work).

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### Employment of foreign employees in Singapore

#### *Employment of Foreign Manpower Act*

The employment of foreign employees in Singapore is governed by the Employment of Foreign Manpower Act. The Employment of Foreign Manpower Act is also administered by the MOM.

Under Section 5(1) of the Employment of Foreign Manpower Act, no person shall employ a foreign employee in Singapore unless he has obtained in respect of the foreign employee a valid work pass from the MOM in accordance with the regulations prescribed pursuant to the Employment of Foreign Manpower Act, including the EFM Regulations.

Work passes include, amongst others, Employment Pass, S Pass and Work Permit. The Employment Pass is for foreign professionals who (i) have a job offer in Singapore; (ii) work in a managerial, executive or specialised job; (iii) earn a fixed monthly salary of at least S\$3,600; and (iv) have acceptable qualifications. The S Pass is for mid-level skilled foreign employees who (i) earn a fixed monthly salary of at least S\$2,300; (ii) have a degree or diploma; and (iii) have years of relevant work experience. The Work Permit is for foreign workers from approved source countries working in the construction, manufacturing, marine shipyard, process or services sector, and there is no requirement for minimum qualifying salary.

The EFM Regulations requires employers of Work Permit holders to, among others:

- (i) provide safe working conditions;
- (ii) ensure that their foreign employees have acceptable accommodation consistent with any law, directive, guideline, circular or other similar instrument issued by any competent authority; and
- (iii) provide and maintain the medical insurance for their foreign employees in-patient care and day surgery, with coverage of at least S\$15,000 per 12-month period of the foreign employee's employment (or for such shorter period were the foreign employee's Period of employment is less than 12 months) ("**FW Medical Insurance**").

The EFM Regulations also requires employers to, among others, provide and maintain the FW Medical Insurance for their S Pass holders.

As at the Latest Practicable Date, all of our foreign workers hold one of the Employment Pass, S Pass or Work Permit.

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### *Approved Source*

The Approved Source countries or regions for foreign workers employed in the construction sector are Malaysia, the PRC, non-traditional sources (“NTS”) countries and North Asian sources (“NAS”) countries or regions.

Construction companies must have prior approval from the MOM to employ foreign workers from NTS countries and the PRC. The prior approval indicates the number of foreign workers a company is allowed to bring in from NTS countries and the PRC. It also determines the number of workers who can have their Work Permits renewed, or who can be transferred from another company in Singapore. Prior approvals are given based on: (i) the duration of the Work Permits applied for; (ii) the number of full-time local workers employed by the company over the past three months as reflected in the company’s CPF contribution statements; (iii) the number of MYE allocated to the company (for main contractors) or MYE directly allocated from the company’s main contractor (for subcontractors); and (iv) the remaining number of company’s quota available.

Foreign construction workers would be required to obtain the following before they are allowed to work in Singapore:

<b>Requirements</b>	<b>Type of workers</b>
Skills Evaluation Certificate or Skills Evaluation Certificate (Knowledge) <sup>(15)</sup> , issued or accepted by the BCA	NTS countries and the PRC under the prior approval (Type: New); NAS countries or regions
Sijil Pelajaran Malaysia or its equivalent, the Skills Evaluation Certificate or Skills Evaluation Certificate (Knowledge)	Malaysia
Attend and pass either the Apply Workplace Safety and Health in Construction Sites Course (“ <b>AWSHSCS</b> ”) or the Construction Safety Orientation Course (“ <b>CSOC</b> ”) <sup>(16)</sup>	NTS countries, NAS countries or regions, the PRC and Malaysia (All)
Pass medical examination by doctor registered in Singapore	NTS countries, NAS countries or regions, the PRC and Malaysia (All)

*Notes:*

- (15) Both the Skills Evaluation Certificate and the Skills Evaluation Certificate (Knowledge) schemes are initiatives by the BCA to raise skills, productivity and safety in the construction sector.
- (16) From 1 May 2017, the CSOC has been migrated to the AWSHCSC under the Singapore Workforce Skills Qualifications system.

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With respect to NTS countries and the PRC employees or workers employed in the construction sector, Basic-Skilled or R2 construction workers are allowed to work up to a maximum of 14 years, while Higher-Skilled or R1 construction workers are allowed to work up to 26 years. There is no maximum employment period for all other foreign workers from NAS countries or regions and Malaysia. The maximum age limit for all foreign workers to work in Singapore, regardless of country of origin, is up to 60 years old.

All foreign workers in the construction sector must attend and pass the AWSHCSC or CSOC, a course conducted by various training centres accredited by the MOM. Employers must ensure that the foreign workers attend the AWSHCSC or CSOC within two weeks of their arrival in Singapore before their Work Permits can be issued. At the end of the course, the workers will receive a safety orientation pass if they pass its requirement or assessment. Foreign workers who have failed the AWSHCSC or CSOC must retake the course as soon as possible. Employers are responsible for ensuring that their workers pass the AWSHCSC or CSOC within three months of arrival or affected workers could have their Work Permits revoked.

### *Quota or dependency ceilings*

The dependency ceiling for the construction industry is currently set at a ratio of one full-time local employee to seven Work Permit holders. This means that for every full-time Singapore citizen or Singapore permanent resident employed by a company in the construction sector with regular full month CPF contributions made by the employer, the company can employ seven foreign workers holding Work Permits. The quota for S Pass holders in the construction sector is capped at 20% of a company's total workforce, and will be counted within the Work Permit quota. If the quota is exceeded, new applications for and renewals of work passes may be rejected.

Based on the latest information available from the MOM database as at the Latest Practicable Date, our Group has utilised 88.5% of the quota balance for foreign workers and the maximum number of foreign workers that our Group can hire is 616, which means that we can hire 71 additional foreign workers based on the dependency ceilings.

### *Man-Year Entitlements*

MYE represents the total number of Work Permit holders a main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or owners. The allocation of MYE is in the form of the number of "man-years" required to complete a project and only main contractors may apply for MYE. All levels of subcontractors are required to obtain their MYE allocation from their main contractors. One man-year is equivalent to employment under a Work Permit, and a MYE will expire on the stated project completion date.

During the Track Record Period, our Group as subcontractors has obtained our MYE allocation from our main contractors, and as main contractor has obtained allocations of MYE from the MOM directly.

## REGULATORY OVERVIEW

Companies in the construction sector without MYE may still employ NTS or PRC Work Permit holders who possess at least three years of construction experience in Singapore, upon a MYE waiver granted by the MOM, subject to the compliance with, among others, the dependency ceiling and a higher foreign worker levy rate.

### *Security bonds*

For the employers operating in the construction sector, for each non-Malaysian (i.e. NTS, NAS or the PRC) Work Permit holder, a security bond of S\$5,000 in the form of a banker’s guarantee or insurance guarantee is required to be furnished by the employer to the Controller of Work Passes under the Employment of Foreign Manpower Act. The security bond must be furnished prior to the foreign worker’s arrival in Singapore, failing which entry into Singapore will not be allowed. Malaysian workers are exempt from the above requirement of furnishing a security bond.

The purposes of the security bond is to ensure that employers and their respective foreign workers comply with the conditions of the Work Permits issued. The security bond may be forfeited if, among others, there is a violation of any of the conditions of the Work Permit.

### *Foreign Worker Levy*

Employers operating in the construction sector are required to pay prescribed foreign worker levies for all its Work Permit and S Pass holders. The levy rates are tiered based on the foreign worker’s qualifications, and are subject to changes as and when announced by the Singapore Government. As at the Latest Practicable Date, the levy rates for foreign workers employed in the construction sector are set out below:

Type of Work Pass	Worker Category	Monthly levy rate (S\$)			
		Effective 1 July 2017	Effective 1 July 2018	Effective 1 July 2019	Effective 1 July 2020
S Pass	Basic Tier/Tier 1 (up to 10% of the total workforce)	330	330	330	To be announced in 2020
	Tier 2 (10% to 20% of the total workforce)	650	650	650	As above
Work Permit	Higher skilled and on MYE	300	300	300	300
	Basic skilled and on MYE	700	700	700	700
	Higher skilled and MYE waiver	600	600	600	600



## REGULATORY OVERVIEW

Type of Work Pass	Worker Category	Monthly levy rate (\$\$)			
		Effective 1 July 2017	Effective 1 July 2018	Effective 1 July 2019	Effective 1 July 2020
	Basic skilled and MYE waiver	950	950	950	950

### *Minimum percentage of Higher-Skilled workers*

From 1 January 2018, at least 10% of a construction company's Work Permit holders must be Higher-Skilled or R1 construction workers before the company can hire any new Basic-Skilled or R2 construction workers or renew the Work Permits of existing Basic-Skilled or R2 construction workers.

Basic-Skilled or R2 construction workers may be upgraded to Higher-Skilled or R1 construction workers if they satisfy the requirements for one of the four upgrading schemes, namely, Construction Registration of Tradesmen, the Multi-Skilling Scheme, the Direct R1 Pathway and the Markets-Based Recognition Framework. Each of the aforesaid upgrading schemes vary in qualifying criteria which include, among others, minimum years of experience, certain skills or certification and minimum fixed monthly salary.

From 1 January 2019, construction companies that do not meet the 10% minimum percentage of Higher-Skilled or R1 construction workers will not be able to hire or renew Basic-Skilled or R2 construction workers and will also have the Work Permits of any excess Basic-Skilled or R2 construction workers revoked.

As at the Latest Practicable Date, approximately 51.8% of the work permit holders hired by our Group are Higher-Skilled or R1 construction workers.

### *Work Permit conditions*

Other Work Permit conditions which employers employing foreign workers are also required to comply with include, among others, (i) ensuring that the foreign worker performs only those construction activities specified in the conditions; (ii) ensuring that the foreign worker is not sent to work for any other person, except as provided for in the conditions; (iii) providing safe working conditions for their foreign workers; and (iv) purchasing and maintaining the FW Medical Insurance except as the Controller of Work Passes may otherwise provide by notification in writing.

Apart from the Employment of Foreign Manpower Act, an employer of foreign workers is also subject to, amongst others, the provisions set out in (i) the Employment Act, as discussed above; and (ii) the Immigration Act and the regulations issued pursuant to the Immigration Act.

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## REGULATORY OVERVIEW

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### *Housing for foreign workers*

Employers are required to ensure acceptable housing for their foreign workers and to provide the foreign workers’ residential addresses to the MOM. The operation of foreign workers’ dormitories has to comply with relevant applicable laws and regulations, including but not limited to the Building Control Act, the Control of Vectors and Pesticides Act (Chapter 59 of the laws of Singapore), the Environmental Public Health Act, the Fire Safety Act (Chapter 109A of the laws of Singapore), the Planning Act (Chapter 232 of the laws of Singapore) and the Foreign Employee Dormitories Act 2015 (No. 3 of 2015) (in the case of dormitories housing 1,000 or more foreign workers).

The Urban Redevelopment Authority grants planning permission for the operation of, among others, ancillary workers’ dormitories by an applicant subject to, among others, the applicant obtaining clearances from the relevant authorities and the consent of the relevant landowner. The number of workers can be housed in the workers’ dormitory will be subject to the technical requirements of the relevant authorities such as Land Transport Authority, Public Utilities Board, National Environmental Agency and compliance with, among others, the relevant fire safety regulations, prevailing living space standards and amenity provision guidelines for workers’ dormitories, subject to the use not causing any amenity problems.

Employers may be prosecuted if they fail to provide acceptable housing for their foreign workers, and they could also be banned from Work Permit applications or renewals. Further, employers are required to register their foreign workers’ residential address with the MOM before the issuance or renewal of the Work Permits as well as to update the MOM with the residential addresses of their foreign workers within five calendar days of any change in residential address, by way of the online portal “Online Foreign Worker Address Service”.

### **CENTRAL PROVIDENT FUND**

Pursuant to the Central Provident Fund Act, an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for owners who have not been exempted from the relevant provisions of the Central Provident Fund Act).

CPF contributions are required for both ordinary wages and additional wages (subject to an ordinary wage ceiling and a yearly additional wage ceiling) of employees at the applicable prescribed rates which are dependent on, among others, the amount of monthly wages and the age of the employee. An employer must pay both the employer’s and employee’s share of the monthly CPF contribution. However, an employer can recover the employee’s share of CPF contributions from their wages when the contributions are paid for that month.

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## REGULATORY OVERVIEW

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### WORKPLACE SAFETY AND HEALTH

#### Workplace Safety and Health Act

Under the Workplace Safety and Health Act, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for those persons a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the employees at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Under Section 41 of the Workplace Safety and Health Act, inspectors appointed by the Commissioner for Workplace Safety and Health ("**WSH Commissioner**") may, among others, make such examination and inquiry as may be necessary to ascertain whether the provisions of the Workplace Safety and Health Act are complied with, so far as regards any workplace and any person at work.

Under Section 21 of the Workplace Safety and Health Act, the WSH Commissioner may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that: (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the Workplace Safety and Health Act; or (iii) any person has done any act, or has refrained from doing any act which, in his opinion, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

The MOM has also implemented a single-stage demerit points system for the construction industry. All main contractors and subcontractors will be issued with demerit points for breaches or infringements under the Workplace Safety and Health Act and its relevant subsidiary legislation. The number of demerit points issued depends on the severity of the breach or infringement, and the accumulation of a minimum of 25 demerit points within a period of 18 months would immediately trigger debarment for the contractor. Applications from the company for all types of work passes for foreign employees will be rejected by the MOM. The accumulation of more demerit points will result in longer periods of debarment.

During the Track Record Period and up to the Latest Practicable Date, we have not been issued any demerit points under the demerit points system. As at the Latest Practicable Date, our Group has not accumulated any demerit points under the demerit points system.

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## REGULATORY OVERVIEW

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Additional specific duties imposed by the MOM on employers are laid out in the various regulations subsidiary to the Workplace Safety and Health Act, including without limitation, the Workplace Safety and Health (Construction) Regulations 2007, Workplace Safety and Health (Scaffolds) Regulations 2011 and Workplace Safety and Health (Risk Management) Regulations.

### ***Workplace Safety and Health (Construction) Regulations 2007***

The Workplace Safety and Health (Construction) Regulations 2007 sets out specific duties relating to, among others, the appointment of a workplace safety and health co-ordinator in respect of every worksite to assist in identifying any unsafe condition in the worksite or unsafe work practice which is carried out in the worksite and recommend and assist in the implementation of reasonably practicable measures to remedy the unsafe condition or unsafe work practice.

### ***Workplace Safety and Health (Scaffolds) Regulations 2011***

The Workplace Safety and Health (Scaffolds) Regulations 2011 sets out specific duties on employers relating to, among others, the construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold in a workplace including, among others, ensuring that any scaffold shall be erected or installed under the supervision of an authorised scaffold erector, comply with such standards or specifications as prescribed, and ensuring that there are signboards prominently displayed, stating the maximum permissible weight of tools and materials and the maximum number of persons permissible on each bay of the scaffold.

### ***Workplace Safety and Health (Risk Management) Regulations***

Pursuant to the Workplace Safety and Health (Risk Management) Regulations, an employer is supposed to, among others, conduct a risk assessment (at least once every three years) in relation to the safety and health risks posed to any person carrying out or undertaking work at the workplace, take all reasonably practicable steps to eliminate or minimise foreseeable risks, implement measures or safety procedures to address the risks, and to inform workers of the same, maintain records of such risk assessments and measures or safety procedures for a period of not less than three years, and submit such records to the WSH Commissioner from time to time when required by the WSH Commissioner.

### **Work Injury Compensation Act**

The Work Injury Compensation Act applies to all employees (other than those set out in the current Fourth Schedule of the Work Injury Compensation Act) engaged under a contract of service or apprenticeship, in respect of injury suffered by them in the course of their employment and sets out, among others, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The amount of compensation payable is computed in accordance with the current Third Schedule of the Work Injury Compensation Act, subject to minimum and maximum limits prescribed therein.

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## REGULATORY OVERVIEW

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Employers are required to maintain work injury compensation insurance for all employees doing manual work regardless of salary level and for all non-manual employees earning S\$1,600 or less a month who are engaged under contracts of service (unless exempted). With effect from 1 April 2020 and 1 April 2021, the salary threshold for all non-manual employees will be raised to S\$2,100 and S\$2,600 respectively.

### ENVIRONMENTAL LAWS AND REGULATIONS

The Environmental Public Health Act requires, among others, a person during erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance.

The Environmental Public Health Act also regulates, among others, the disposal and treatment of industrial waste and public nuisances. Under the Environmental Public Health Act, the Director-General of Public Health may, on receipt of any information in respect of the existence of a nuisance liable to be dealt with summarily under the Environmental Public Health Act and if satisfied of the existence of a nuisance, serve a nuisance order on the person by whose act, default or sufferance the nuisance arises or continues, or if the person cannot be found, on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with summarily under the Environmental Public Health Act include any factory or workplace which is not kept in a clean state, any place where there exists or is likely to exist any conditions giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety.

The Environmental Protection and Management Act (Chapter 94A of the laws of Singapore) seeks to provide for the protection of the environment and resources conservation and regulates, amongst others, air pollution, water pollution, land pollution and noise control. Under the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations, the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site shall not exceed the maximum permissible noise levels prescribed in such regulations and the National Environmental Agency is empowered to make regulations to control noise pollution by restricting or prohibiting building works during certain hours.

## REGULATORY OVERVIEW

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### SINGAPORE TAXATION

#### Corporate Tax

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment 2010. In addition, the partial tax exemption scheme applies on the first S\$300,000 of normal chargeable income, and specifically 75% of up to the first S\$10,000 of a company's normal chargeable income, and 50% of up to the next S\$290,000 is exempt from corporate tax. Starting from Year of Assessment 2020, the partial tax exemption scheme applies on the first \$200,000 of a company's normal chargeable income, and specifically 75% of up to the first S\$10,000 of a company's normal chargeable income, and 50% of up to the next S\$190,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. For the Years of Assessment 2018 and 2019, companies will be granted a corporate income tax rebate of 40% and 20% respectively of the tax payable for the year, subject to a cap of S\$15,000 and S\$10,000 respectively per year of assessment.

#### Dividend distributions

Singapore adopts the one-tier corporate tax system. Under the one-tier corporate tax system, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt dividends. Such dividends are tax-exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident. Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

#### Goods and Services Tax

Goods and Services Tax in Singapore is a consumption tax that is levied on import of goods into Singapore, as well as nearly all supplies of goods and services in Singapore at a prevailing rate of 7%.