Wei Yuan Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1343

SHARE OFFER

Sponsor

Grande Capital Limited
均富融資有限公司

Joint Bookrunners and Joint Lead Managers

港利資本 GLAM Capital

川文證券 CHUENMAN

華業證券 Grand China Securities

金輝証券有限公司 KAM FAI SECURITIES CO.LIMITED

东方证券 DFZQ 國際

山證國際 SHANXI SECURITIES INTERNATIONAL

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

Wei Yuan Holdings Limited
偉源控股有限公司

(incorporated in the Cayman Islands with limited liability)

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Total number of Offer Shares	**:**	**266,000,000 Shares (subject to the Over-allotment Option)**
Number of Public Offer Shares	**:**	**26,600,000 Shares (subject to re-allocation)**
Number of Placing Shares	**:**	**239,400,000 Shares (subject to re-allocation and the Over-allotment Option)**
Offer Price	**:**	**Not more than HK$0.60 per Offer Share and expected to be not less than HK$0.48 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**1343**

Sponsor

Joint Bookrunners and Joint Lead Managers

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The final Offer Price is expected to be fixed by agreement between our Company and the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Friday, 28 February 2020 and in any event, not later than Thursday, 5 March 2020. The Offer Price will be not more than HK$0.60 per Share and is currently expected to be not less than HK$0.48 per Share, unless otherwise announced.

The Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters) may, with our Company's consent, reduce the number of Offer Shares under the Share Offer and/or the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of reduction in the number of Offer Shares and/or the indicative Offer Price range will be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.weiyuanholdings.com** not later than the morning of the last day for lodging applications under the Public Offer. Details of the arrangement will then be announced by our Company as soon as practicable. Further details are set out in the sections headed "Structure and conditions of the Share Offer" and "How to apply for the Public Offer Shares" in this prospectus.

If, for any reason, the Offer Price is not agreed between the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on or before Thursday, 5 March 2020, the Share Offer will not become unconditional and will lapse immediately.

Prior to making an investment decision, prospective investors should consider carefully all the information set out in this prospectus, including risk factors set out in the section headed "Risk factors" in this prospectus. Pursuant to the Public Offer Underwriting Agreement, the Joint Bookrunners and the Joint Lead Managers have the right in certain circumstances to terminate the obligations of the Public Offer Underwriters at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of such circumstances are set out in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination of the Public Offer Underwriting Agreement" in this prospectus.

25 February 2020

*If there is any change in the following expected timetable, our Company will issue a separate announcement to be published on the websites of the Stock Exchange (**www.hkexnews.hk**) and of our Company (**www.weiyuanholdings.com**).*

	2020[1]
Public Offer commences and **WHITE** and **YELLOW** Application Forms and **White Form eIPO** applications available from	9:00 a.m. on Tuesday, 25 February
Latest time to complete electronic applications under the **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Friday, 28 February
Application lists open[3]	11:45 a.m. on Friday, 28 February
Latest time to lodge **WHITE** and **YELLOW** Application Forms and to give **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, 28 February
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)[2]	12:00 noon on Friday, 28 February
Application lists close[3]	12:00 noon on Friday, 28 February
Expected Price Determination Date[5]	Friday, 28 February
(a) Announcement of the final Offer Price, the indication of level of interest in the Placing, the results of applications in the Public Offer and the basis of allocation under the Public Offer to be published (i) on the website of our Company at **www.weiyuanholdings.com**; and (ii) on the website of the Stock Exchange at **www.hkexnews.hk** on or before[6]	Wednesday, 11 March
(b) Results of allocations in the Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to apply for the Public Offer Shares — 11. Publication of results" from	Wednesday, 11 March

	2020[1]
A full announcement of the Public Offer containing (a) and (b) above to be published on the website of the Stock Exchange at **www.hkexnews.hk**[6] and our Company's website at **www.weiyuanholdings.com**[7]	Wednesday, 11 March
Results of allocations in the Public Offer will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on	Wednesday, 11 March
Despatch of share certificates of the Offer Shares or deposit of share certificates of the Offer Shares into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer on or before[8]	Wednesday, 11 March
Despatch of White Form e-Refund payment instructions/refund cheques in respect of wholly successful (in the event that the final Offer Price is less than initial price per Public Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Public Offer on or before[9]	Wednesday, 11 March
Dealing in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Thursday, 12 March

Notes:

1. All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Share Offer, including the conditions of the Public Offer, are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus. If there is any change in this expected timetable, an announcement will be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.weiyuanholdings.com**.

2. You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m. you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is/are a "black" rainstorm warning, a tropical cyclone warning signal number eight or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 28 February 2020, the application lists will not open and close on that day. Please refer to the section headed "How to apply for the Public Offer Shares — 10. Effect of bad weather on the opening of the application lists" in this prospectus. If the application lists do not open and close on Friday, 28 February 2020, the dates mentioned in this section may be affected. An announcement will be made by us in such event.

4. Applicants who apply by giving electronic application instructions to HKSCC should refer to the section headed "How to apply for the Public Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS" in this prospectus.

5. The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Friday, 28 February 2020 and in any event, not later than Thursday, 5 March 2020. If, for any reason, the final Offer Price is not agreed on Thursday, 5 March 2020 between the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company, the Share Offer will not proceed and will lapse.

6. The announcement will be available for viewing on the "Main Board — Allotment of results" page on the website of the Stock Exchange at **www.hkexnews.hk**.

7. None of the information contained on any website forms part of this prospectus.

8. Applicants who apply for 1,000,000 Public Offer Shares or more may collect share certificates (if applicable) and refund cheques (if applicable) in person from our Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 11 March 2020 or such other date as notified by us in the website of our Company as the date of despatch of share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who is eligible for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who is eligible for personal collection must attend by sending their authorised representatives each bearing a letter of authorisation from his/her/its corporation stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited. Applicants who have applied on **YELLOW** Application Forms may not elect to collect their share certificates, which will be deposited into CCASS for credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected share certificates and refund cheques will be despatched by ordinary post to the addresses specified in the relevant applications at the applicants' own risk. Further information is set out in the section headed "How to apply for the Public Offer Shares" in this prospectus.

9. e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Public Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to apply for the Public Offer Shares" in this prospectus.

Share certificates are expected to be issued on Wednesday, 11 March 2020 but will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

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You should rely only on the information contained in this prospectus to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained or made in this prospectus must not be relied on by you as having been authorised by our Company, the Sponsor, the Joint Bookrunners and Joint Lead Managers, any of the Underwriters, any of their respective directors, affiliates, employees or representatives or any other person or party involved in the Share Offer.

CONTENTS

This summary aims at giving you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of technical terms" in this prospectus.

BUSINESS OVERVIEW

We are a Singapore-based contractor specialised in the provision of civil engineering utilities works for over 28 years. Our Group has grown from a contractor engaged in power cable installation and road reinstatement works into a civil engineering utilities works provider engaging in (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary and other support services; and (iv) sales of goods and milled waste. For further information relating to the services of our Group, please refer to the section headed "Business — Our services" in this prospectus.

The following table sets out the breakdown of our revenue by goods and services types during the Track Record Period:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (Unaudited)	*%*	*S$'000*	*%*
Revenue from contract works										
— Power	29,445	55.4	49,341	67.8	46,002	71.1	26,787	66.6	28,370	75.4
— Telecommunication	12,573	23.7	8,406	11.5	8,883	13.7	6,485	16.1	3,077	8.2
— Sewerage	1,097	2.1	4,063	5.6	968	1.5	853	2.1	725	1.9
Subtotal	43,115	81.2	61,810	84.9	55,853	86.3	34,125	84.8	32,172	85.5
Road milling and resurfacing services	7,670	14.4	7,149	9.8	6,928	10.7	4,448	11.1	4,529	12.0
Ancillary support and other services	1,167	2.2	1,417	2.0	980	1.5	782	1.9	542	1.4
Sales of goods and milled waste	1,175	2.2	2,409	3.3	969	1.5	875	2.2	396	1.1
Total	53,127	100.0	72,785	100.0	64,730	100.0	40,230	100.0	37,639	100.0

Our revenue increased from approximately S$53.1 million for FY2016 to approximately S$72.8 million for FY2017 mainly due to our contract sum of new projects awarded increased from approximately S$47.3 million for FY2016 to approximately S$65.2 million for FY2017 although our tender success rate decreased from approximately 59.0% for FY2016 to approximately 33.3% for FY2017, our number of projects awarded remained relatively stable at 22 and 23, respectively.

Our revenue decreased from approximately S$72.8 million for FY2017 to approximately S$64.7 million for FY2018 mainly due to the combined effects of: (i) we recorded a relatively low quotation and tender success rate of approximately 32.1% for FY2018 with contract sum of new projects awarded decreased from approximately S$65.2 million for FY2017 to approximately S$39.8 million for FY2018; and (ii) given the value of certified payments of civil engineering utilities works segment in Singapore decreased from approximately S$1,153.8 million for FY2017 to approximately S$1,126.6 million for FY2018 largely due to the rescheduling of several large scale and complex projects according to the Ipsos Report.

Despite our quotation and tender success rate increased from approximately 32.1% for FY2018 to approximately 37.7% for the eight months ended 31 August 2019, our revenue decreased slightly from approximately S$40.2 million for the eight months ended 31 August 2018 to approximately S$37.6 million for the eight months ended 31 August 2019 mainly attributable to the different stages of works completed for certain projects during the eights months ended 31 August 2018 and 2019, in particular, two projects with a revenue contribution of over S$5.0 million respectively during the eight months ended 31 August 2018, namely Project No. 11 and 13 in relation to power cable and telecommunication works, while our Group only recorded one project with revenue contribution of over S$5.0 million during the eight months ended 31 August 2019, namely Project No. 12 in relation to power cable works for LS Cable & System Ltd Singapore Branch.

We generally enter into contracts with our customers on a project-by-project basis. We may be engaged in the role of a main contractor or subcontractor in our projects. During the Track Record Period, we primarily acted as a subcontractor in our contract works projects or, to a lesser extent, as a main contractor. For the projects we acted as main contractor, we were also responsible for the overall management, implementation and supervision of projects. For FY2016, FY2017, FY2018 and the eights months ended 31 August 2019, the average duration of our projects with revenue recognised was approximately 29 months, 26 months, 23 months and 26 months, respectively.

The following table sets out the number of projects and breakdown of our revenue from contract works during the Track Record Period by reference to our role in the project:

	FY2016			FY2017			FY2018			For the eight months ended 31 August 2018			For the eight months ended 31 August 2019		
	Number of projects	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000* (Unaudited)	*%*	*Number of projects*	*S$'000*	*%*
Subcontractor	20	27,928	64.8	29	38,493	62.3	33	42,666	76.4	23	23,948	70.2	38	26,364	81.9
Main contractor	37	15,187	35.2	23	23,317	37.7	15	13,187	23.6	16	10,177	29.8	12	5,808	18.1
Total	57	43,115	100.0	52	61,810	100.0	48	55,853	100.0	39	34,125	100.0	50	32,172	100.0

The following table sets out the number of projects and breakdown of our revenue from contract works during the Track Record Period by reference to project type:

	FY2016			FY2017			FY2018			For the eight months ended 31 August 2018			For the eight months ended 31 August 2019		
	Number of projects	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000* (Unaudited)	*%*	*Number of projects*	*S$'000*	*%*
Public sector project	30	30,606	71.0	28	51,616	83.5	32	45,717	81.9	26	27,279	79.9	37	28,573	88.8
Private sector project	27	12,509	29.0	24	10,194	16.5	16	10,136	18.1	13	6,846	20.1	13	3,599	11.2
Total	57	43,115	100.0	52	61,810	100.0	48	55,853	100.0	39	34,125	100.0	50	32,172	100.0

For road milling and resurfacing services, we receive work orders from our customers and the average duration of our services is relatively short (with a work period ranging from one day to approximately two weeks for each work order in general) as compared to that of our contract works projects which may last for up to several years. Therefore, our Directors consider that our road milling and resurfacing services are not project-based activities.

We provide simple quotations at the request of our customers for road milling and resurfacing services. Upon confirmation of our engagement, we will then go through a more simple operation flow as compared to that of our contract works projects. We plan and arrange the required manpower, machinery and materials to be delivered to the construction sites and moniter the work progress. Upon completion, our customers will measure our works and we will then issue invoices to them.

The following table sets out our gross profit and gross profit margin during the Track Record Period by reference to goods and services type:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Gross profit from contract works										
— Power	6,502	22.1	6,862	13.9	14,488	31.5	7,535	28.1	10,050	35.4
— Telecommunication	1,845	14.7	1,677	20.0	1,698	19.1	1,192	18.4	634	20.6
— Sewerage	35	3.2	122	3.0	15	1.5	26	3.0	242	33.4
Road milling and resurfacing services	3,320	43.3	2,160	30.2	1,038	15.0	380	8.6	123	2.7
Ancillary support and other services	156	13.4	228	16.1	30	3.1	16	2.0	5	0.9
Sales of goods and milled waste	857	72.9	1,062	44.1	745	76.9	696	79.5	239	60.4
	12,715	23.9	12,111	16.6	18,014	27.8	9,845	24.5	11,293	30.0

Our gross profit was approximately S$12.7 million, S$12.1 million, S$18.0 million and S$11.3 million, while our gross profit margin was approximately 23.9%, 16.6%, 27.8% and 30.0%, for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively.

Our overall gross profit margin decreased from approximately 23.9% for FY2016 to approximately 16.6% for FY2017 mainly attributable to (i) the low gross profit margin contributed by Project No. 7, 9 and 10, given that our Group had engaged subcontractors for the provision of full scope of services for those projects; and (ii) the decrease in the gross profit margin of our Group's road milling and resurfacing services segment from approximately 43.3% for FY2016 to approximately 30.2% for FY2017 as we intended to increase our market share from such segment by lowering our profit margins in order to secure more projects. Subsequently, our overall gross profit margin increased to approximately 27.8% for FY2018, mainly attributable to (i) the reduction of reliance on subcontractors for the provision of full scope of services; and (ii) the increase in the gross profit margin of our sales of goods and milled waste segment from approximately 44.1% for FY2017 to approximately 76.9% for FY2018 following completion of the respective projects.

Our overall gross profit margin increased from approximately 24.5% for the eight months ended 31 August 2018 to approximately 30.0% for the eight months ended 31 August 2019. Such increase was primarily attributable to (i) the relatively high portion of subcontracting charges incurred for Project No.7 and 10 during the eight months ended 31 August 2018; and (ii) the majority of work for Project No. 12 was performed during the eight months ended 31 August 2019, which was our Group's largest project during the financial period, and we recorded a higher gross profit margin.

For details, please refer to the section headed "Financial information — Period-to-period comparison of results of operations" in this prospectus.

The following table sets out our gross profit and gross profit margin for contract works during the Track Record Period by reference to our role in the project:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Subcontractor	6,026	21.6	6,643	17.3	14,379	33.7	7,541	31.5	9,244	35.1
Main contractor	2,356	15.5	2,018	8.7	1,822	13.8	1,212	11.9	1,682	29.0
	8,382	19.4	8,661	14.0	16,201	29.0	8,753	25.6	10,926	34.0

The following table sets out our gross profit and gross profit margin for contract works during the Track Record Period by reference to project type:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Public sector project	6,474	21.2	7,255	14.1	14,503	31.7	7,561	27.7	10,292	36.0
Private sector project	1,908	15.3	1,406	13.8	1,698	16.8	1,192	17.4	634	17.6
	8,382	19.4	8,661	14.0	16,201	29.0	8,753	25.6	10,926	34.0

Projects on hand

The following table sets forth the movement in the outstanding contract sum of projects on hand (including ongoing projects and projects that have been awarded to us but we have not yet commenced on-site works) during the Track Record Period and up to the Latest Practicable Date:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2019		From 1 September 2019 up to the Latest Practicable Date	
	S$'000	*Number of projects*	*S$'000*	*Number of projects*	*S$'000*	*Number of projects*	*S$'000*	*Number of projects*	*S$'000*	*Number of projects*
Outstanding contract sum of projects in our opening backlog	63,244	42	67,774	36	71,122	23	60,127	19	102,107	28
Add: Contract sum of new projects awarded in the financial year/period	47,275	23	65,166	22	39,812	27	66,126	29	194,376	4
Add: Variation orders in the financial year/period *(Note 2)*	370	—	—	—	—	—	5,509	1	—	—
Add: Remeasurement of contract sum of projects	—	—	—	—	5,064	—	2,521	—	1,037	—
Less: Revenue recognised for ongoing and completed projects in the financial year/period *(Note 1)*	(43,115)	(29)	(61,818)	(35)	(55,871)	(31)	(32,176)	(21)	(25,925)	(4)
Outstanding contract sum of projects in our closing backlog	67,774	36	71,122	23	60,127	19	102,107	28	271,595	28

Notes:

1. The number of projects represented the number of projects completed with revenue recognised in the financial year/period, and the revenue recognised for those completed projects amounted to approximately S$16,856,000, S$26,794,000, S$33,260,000, S$3,267,000 and S$1,883,000 for FY2016, FY2017, FY2018, for the eight months ended 31 August 2019 and from 1 September 2019 up to the Latest Practicable Date, respectively.

2. The variation order in FY2016 was related to a new project awarded in the same financial year, and thus it did not affect the number of new projects awarded during the period.

The contract sum of new projects awarded to us decreased for FY2018 primarily due to (i) the industry trend of the civil engineering sector in Singapore as the total output for civil engineering sector decreased by approximately 2.36% year-on-year from 2017 to 2018, largely due to the reschedule of several large scale and complex projects that involving certain civil engineering works including civil engineering utilities works to commence either in or after 2018, which reflected the general trend of the construction industry, according to the Ipsos Report; and (ii) our change in tendering strategy as we became more selective in tendering for potential projects with higher gross profit margin instead of sizeable contract sum due to the limited capacity of our Group's financial resources and manpower as we were awarded several sizeable projects which lasted for at least one year in FY2017. For details, please refer to the section headed "Business — Our projects — Projects on hand" in this prospectus.

OUR CUSTOMERS

During the Track Record Period, our customers included energy utilities companies, telecommunication companies and main contractors for a variety of types of infrastructure development projects in Singapore. The following table sets out our revenue during the Track Record Period by customer type:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
Energy utilities companies	6,214	11.7	18,467	25.4	6,062	9.4	2,731	7.3
Telecommunications companies	8,966	16.9	5,087	7.0	7,724	11.9	3,085	8.2
Main contractors of various infrastructure development projects in Singapore *(Note 1)*	28,135	52.9	37,671	51.7	40,632	62.8	25,672	68.2
Others *(Note 2)*	9,812	18.5	11,560	15.9	10,312	15.9	6,151	16.3
	53,127	100.0	72,785	100.0	64,730	100.0	37,639	100.0

Notes:

1. "Main contractors of various infrastructure development projects in Singapore" refer to those main contractors for which our Group acted as subcontractors in the contract works during the Track Record Period.

2. "Others" mainly represent asphalt premix suppliers and contractors of other various infrastructure development projects which our Group did not provide any services under contract works while provided other services to them during the Track Record Period.

Customer concentration

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, the percentage of our total revenue to our five largest customers combined amounted to approximately 79.5%, 79.6%, 77.6% and 73.0%, respectively. The percentage of our total revenue to our largest customer amounted to approximately 35.6%, 26.0%, 28.8% and 37.3%, respectively for the same periods. According to the Ipsos Report, niche market segments such as the civil engineering utilities works segment have limited number of customers in the industry and the demand in the civil engineering utilities segment mostly stems from major public and private infrastructure projects. Our Directors consider that despite the customer concentration, our Company's business model is sustainable. For a more detailed discussion, please refer to the section headed "Business — Our customers — Customer concentration" in this prospectus.

OUR SUPPLIERS AND SUBCONTRACTORS

To allow us to carry out our businesses, it is essential for us to engage suppliers to provide us with services, and/or raw materials and consumables on a regular basis. The raw materials and consumables include asphalt premix, concrete and PVC pipes. For further information regarding our suppliers, please refer to the section headed "Business — Our suppliers" in this prospectus.

It is a common practice in the construction industry in Singapore for contractors to subcontract part of its works. Depending on our capacity, resources level, cost effectiveness and complexity of the project, we may subcontract certain activities in a project to subcontractors, regardless of our capacity as a main contractor or subcontractor. During the Track Record Period, our subcontracted works included site works such as trench excavation, cable installation, cable jointing and cable detection.

Our subcontractors include companies which have the available skills and manpower to perform the activities. We will then take a supervisory role to oversee the works performed by the subcontractors to ensure the result of the works comply with the requirements and specifications of the projects. During the Track Record Period, all of our subcontractors were located in Singapore and our service fees were denominated in Singapore dollars.

During the Track Record Period, our largest supplier accounted for approximately 8.9%, 4.2%, 12.2% and 12.8% of our total purchases for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively. Our five largest suppliers in aggregate accounted for approximately 19.7%, 13.9%, 21.4% and 27.3% of our total purchases for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively.

During the Track Record Period, our largest subcontractor accounted for approximately 6.0%, 8.7%, 8.3% and 5.7% of our total purchases for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively. Our five largest subcontractors in aggregate accounted for approximately 26.3%, 30.9%, 26.0% and 19.4% of our total purchases for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively.

OUR LICENCES AND QUALIFICATIONS

During the Track Record Period and up to the Latest Practicable Date, we held certain licences issued by BCA under the BLS which enabled us to undertake projects involving particular construction works in both public and private sectors. These licences are required for carrying out private sector construction works or public sector construction works. Our Group is also registered by BCA under the CRS for a number of workheads which enabled us to tender for public sector construction works. For further information regarding our licences and qualifications, please refer to the section headed "Business — Our licences and qualifications" in this prospectus.

OUR MACHINERY

We rely on the use of machinery to undertake civil engineering utilities works. As a result, we possess a wide range of machinery to perform different types of projects. We acquired machinery from accredited dealers or agency. Furthermore, we have some machineries that are self-modified by our Company to enhance the quality of our works. Our Directors believe that the larger-scale projects with higher complexity in the future will be catered by and benefited from our investment in machinery. The major machinery and motor vehicles owned by us include, among others, jacking machine and auger boring machine, lorry, tipper lorry and crane lorry, cable pulling and laying machine and excavators. For each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, we acquired new plant and machinery and motor vehicles in the amount of approximately S$2.0 million, S$5.4 million, S$3.5 million and S$1.6 million at costs, respectively. More importantly, additional value of our machinery is derived from the customisations applied and modifications made to enhance its use, enabling us to take on various civil engineering utilities projects of various scales. Such modifications also allow us to extend the useful life of our machinery.

COMPETITIVE LANDSCAPES AND OUR COMPETITIVE STRENGTHS

According to the Ipsos Report, the civil engineering utilities work segment is highly fragmented and competitive in Singapore as there are almost 1,000 contractors registered under the BCA construction workhead of CW02 (Civil Engineering). In 2018, the civil engineering utilities work output by value of certified payments in Singapore was estimated to value at approximately S$1,126.63 million. For the same period, our revenue generated from civil engineering utilities works segment was recorded at approximately S$64.73 million. As such, our market share was estimated to be approximately 5.7% in the civil engineering utilities works segment based on our revenue by the end of 2018 and we ranked third in the civil engineering utilities works segment in Singapore for FY2018 in terms of revenue.

For the construction industry in Singapore, the entry barriers include (i) proven track record and capabilities; (ii) sizeable pool of trained operators and construction equipment required to be competitive with the current industry players; and (iii) high upfront costs for projects, whilst the market drivers include (i) government's initiative to develop a comprehensive underground utilities network; (ii) advancement in digital technologies providing a conducive environment for the development of underground utilities network; and (iii) government's initiatives to increase overall population.

We believe that our Group is well-positioned to strengthen our market position in the civil engineering utilities works segment in Singapore given our well-established presence in the relevant segment, expertise in undertaking one-stop services, capability to take on various sizeable projects with a range of construction machinery including self-modified machinery, long-term and solid relationship with our major customers and suppliers, stringent quality control and high safety standard as well as experienced and dedicated management team. For details, please refer to the sections headed "Competitive strengths" and "Business strategies" in this prospectus.

Our competitive strengths include (i) having a well-established presence in the civil engineering utilities works segment in Singapore; (ii) having expertise in undertaking one-stop services including trenchless methods and cable tunnel projects; (iii) owning a range of construction machinery including self-modified equipment which enables us to take on various sizeable civil engineering utilities projects; (iv) having built long-term and solid relationships with our major customers and suppliers; (v) having and implementing stringent quality controls and a high safety standard; and (vi) having an experienced and dedicated management team.

BUSINESS STRATEGIES

We aim to further strengthen our market position in the civil engineering utilities works segment in Singapore by pursuing the following strategies: (i) expanding our market share through undertaking projects of more sizeable scale; (ii) continuing to emphasise and maintain high standards of project planning, management and implementation; and (iii) adhering to prudent financial management to ensure sustainable growth and capital sufficiency. For further information, please refer to the section headed "Business — Business strategies" in this prospectus. For details of our implementation of the abovementioned business strategies, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

MARKET AND PRICING

For private sector projects, our Directors believe that, as a result of our proven track record and our well-established relationship with our existing customers, we are able to leverage our existing customer base, reputation and our years of experience in cable installation and road works projects enough and not to rely heavily on marketing and promotional activities. For public sector projects, we would browse through the GeBIZ to spot relevant and potential tenders that we can play a part in. There may also be direct tenders acquired via the GeBIZ. Our established track record of quality and trustworthy services provided to our existing customers will place us in an advantageous position when competing for tenders.

When determining the tender price, we may take into account the estimated material costs with reference to the related price indicators, such as the material index and foreign labour levy, of the preceding month. There is no guarantee that the actual amount of costs will be confined and not exceed our estimation during the implementation of our projects. As such, in order to minimise the risk of inaccurate cost estimation and costs exceeding budget, our executive Directors are responsible for monitoring and adjusting the pricing of our services. For details of our sales and marketing strategies, please refer to the section headed "Business — Sales and marketing" in this prospectus.

PRINCIPAL RISK FACTORS

Our Directors believe that there are certain risks and uncertainties involved in our operations. Some of the material risks include:

- our revenue is mainly derived from our civil engineering utilities works 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;

- we may not be able to capture consistent quotation and tender success rate; and

- our costs may deviate from the determined quotation/tender price as such, any inaccurate cost estimation and cost overrun may adversely affect our financial results.

Further details of the risks we are exposed to are set out in the section headed "Risk factors" in this prospectus. Potential investors are advised to read the section headed "Risk factors" carefully before making any investment decision in the Offer Shares.

KEY OPERATIONAL DATA

The combined statements of comprehensive income during the Track Record Period are summarised below, which have been extracted from the Accountant's Report set out in Appendix I to this prospectus:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Revenue	53,126,850	72,784,807	64,729,635	40,230,308	37,638,822
Gross profit	12,714,589	12,110,886	18,013,455	9,844,795	11,292,945
Operating profit	6,450,121	6,138,934	12,019,962	6,064,090	5,228,919
Profit before income tax	5,849,505	5,541,769	11,158,364	5,408,327	4,447,775
Total comprehensive income	5,578,135	4,971,147	9,211,208	4,468,873	3,424,825

The following table sets forth a summary of our cash flows for the periods indicated:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Operating cash flow before working capital changes	10,631,253	9,878,071	16,588,352	9,067,387	8,198,073
Net cash generated from/(used in) operating activities	6,911,140	11,161,383	11,797,629	5,399,535	(763,409)
Net cash used in investing activities	(2,423,407)	(6,414,317)	(5,259,290)	(3,427,276)	(2,717,840)
Net cash (used in)/generated from financing activities	(4,600,879)	99,888	(5,600,123)	(4,921,371)	(1,682,120)
Net (decrease)/increase in cash and cash equivalents	(113,146)	4,846,954	938,216	(2,949,112)	(5,163,369)
Cash and cash equivalents at beginning of year/period	(1,319,183)	(1,432,329)	3,414,625	3,414,625	4,352,841
Cash and cash equivalents at end of year/period	(1,432,329)	3,414,625	4,352,841	465,513	(810,528)
Analysis of the balances of cash and cash equivalents					
Cash and cash equivalents	1,990,727	3,414,625	4,352,841	2,706,498	2,258,848
Bank overdrafts	(3,423,056)	—	—	(2,240,985)	(3,069,376)
	(1,432,329)	3,414,625	4,352,841	465,513	(810,528)

Although our revenue increased from approximately S$53.1 million for FY2016 to approximately S$72.8 million for FY2017, we recorded a decline in net profit for FY2017 primarily due to (i) the decrease in our overall gross profit margin from approximately 23.9% for FY2016 to approximately 16.6% for FY2017; (ii) the decrease in other income and other (losses)/gains, net, from approximately S$0.7 million for FY2016 to approximately S$0.4 million for FY2017 due to the decrease in our government grants and other income mainly from the provision of workers' place to contractors in relation to our projects; and (iii) the increase in our effective tax rates from approximately 4.6% for FY2016 to approximately 10.3% for FY2017, mainly attributable to the decrease in tax incentives in relation to the corporate income tax rebates and Productivity and Innovation Credit Scheme as well as the increase in expenses not deductible for tax purposes in relation to non-deductible depreciation for non-qualifying fixed assets and non tax-deductible donations. For further details of the reasons for the fluctuation in our revenue, gross profit and gross profit margin, please refer to the section headed ''Financial information — Period-to-period comparison of results of operations'' in this prospectus.

Our Group's operating cash flow before working capital changes remained relatively stable for FY2016 and FY2017 at approximately S$10.6 million and S$9.9 million, respectively, and further increased to approximately S$16.6 million for FY2018 mainly due to (i) the increase in our profit before income tax by approximately S$5.6 million; and (ii) the approximately S$4.3 million positive adjustments from the depreciation of property, plant and equipment. Whereas our operating cash flow before working capital changes remained relatively stable for the eight months ended 31 August 2018 and 2019 at approximately S$9.1 million and S$8.2 million, respectively.

Our Group generated net cash from operating activities in FY2016, FY2017, FY2018 and for the eight months ended 31 August 2018 at approximately S$6.9 million, S$11.2 million, S$11.8 million and S$5.4 million, respectively. While net cash used in operating activities for the eight months ended 31 August 2019 at approximately S$0.8 million, which was mainly resulted from (i) the increase in net contract assets by approximately S$7.0 million mainly due to the substantial amount of work we performed for Project No. 12 during the eight months ended 31 August 2019 as discussed under the section headed ''Financial information — Period-to-period comparison of results of operations'' in this prospectus; (ii) the increase in deposits, prepayments and other receivables by approximately S$0.6 million; (iii) the decrease in trade payables by approximately S$0.5 million; and partly offset by (iv) the positive adjustments for depreciation of property, plant and equipment of approximately S$3.0 million. The net cash used in operating activities for the eight months ended 31 August 2019 was covered by the bank borrowings as utilised by our Group during the financial period, which was reflected from our cash flows from financing activities for the corresponding period.

The net cash used in operating activities for the eight months ended 31 August 2019 was largely related to the substantial amount of work we performed for Project No. 12 for facilitating the cable installation process, which is the next milestone of the project. Given that (i) our Directors expect that our Group will complete the next milestone for Project No. 12 in or around April 2020; (ii) our Group has established a good business relationship with LS Cable & System Ltd Singapore Branch since 2007; and (iii) the operation scale of Project No. 12 is large and historical settlement record of the customer was satisfactory, our Directors are of the opinion that there is no material concern to the settlement ability of LS Cable & System Ltd Singapore Branch and such operating cash flow used in Project No. 12 is expected to be recovered following the completion of the upcoming milestone. In addition, our Group will (1) continue to follow up closely with other customers in settling the respective projects' outstanding balances for the milestone we had completed; (2) prior to the commencement of each milestone project, our project management staff will make forecast on the cash inflow and cash outflow for the respective project, and negotiate with our customers in our best effort to set out the most favourable milestone payment term for our Group; (3) our project management staff is responsible for documenting expected cash inflow from customers and cash outflow to suppliers and preparing cashflow plans for each project and submitting the cashflow plans to our accounting and finance staff on a monthly basis; (4) our accounting and finance staff, led by our group financial controller, will be responsible for reviewing the cashflow plans for our projects, and submitting the cashflow plans to our management for review; and (5) in the event that there is expected net cash outflow for a particular month, we will (a) actively follow up with our customers for payment; and (b) negotiate with our suppliers for an extension of credit term, if necessary. Please also refer to the sections headed ''Risk factors — We recorded negative operating cashflow for the eight months ended 31 August 2019'', ''Business — Risk management and internal control systems — Liquidity risk management'' and ''Financial information — Liquidity and capital resources — Cash flows — Cash flows from operating activities'' in this prospectus for further details.

Set out below is a breakdown of our quotation and tender success rate during the Track Record Period:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2019
Number of quotations and tenders submitted	39	66	84	77
Number of projects awarded*(Note 1)*	23	22	27	29
Success rate*(Note 2)*	59.0%	33.3%	32.1%	37.7%

Notes:

1. Number of projects awarded in this context means the number of projects we have undertaken.

2. Success rate for a financial year was calculated based on the number of successful tenders (whether awarded in the same financial year or subsequently) in respect of the tenders submitted during that financial year.

The following table sets forth a breakdown of our Group's current assets and liabilities as at the dates indicated:

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019	As at 31 December 2019
	S$	*S$*	*S$*	*S$*	*S$* *(Unaudited)*
Current assets	28,393,955	31,943,550	35,194,770	42,020,306	59,757,620
Current liabilities	24,901,248	28,344,290	23,400,146	26,586,548	40,522,108
Net current assets	3,492,707	3,599,260	11,794,624	15,433,758	19,235,512

The table below summarises the key financial ratios applicable to the Group during the Track Record Period:

	FY2016 or as at 31 December 2016	FY2017 or as at 31 December 2017	FY2018 or as at 31 December 2018	For the eight months ended 31 August 2019 or as at 31 August 2019
Revenue growth	N/A	37.0%	(11.1)%	(6.4)%
Net profit growth	N/A	(10.9)%	85.3%	(23.4)%
Gross profit margin	23.9%	16.6%	27.8%	30.0%
Net profit margin before interest and tax	12.1%	8.4%	18.3%	13.0%
Net profit margin	10.5%	6.8%	14.2%	9.1%
Return on equity	22.0%	20.2%	30.3%	10.4%
Return on total assets	11.1%	8.8%	15.8%	5.4%
Current ratio	1.1 times	1.1 times	1.5 times	1.6 times
Quick ratio	1.1 times	1.1 times	1.5 times	1.6 times
Inventories turnover days	9.0 days	5.8 days	7.9 days	8.7 days
Trade receivables turnover days	87.0 days	57.7 days	46.2 days	46.1 days
Trade payables turnover days	55.4 days	49.1 days	67.9 days	64.8 days
Gearing ratio	74.2%	62.4%	44.3%	52.1%
Net debt to equity ratio	65.2%	48.8%	30.4%	42.4%
Interest coverage	10.7 times	10.5 times	17.9 times	10.8 times

Non-IFRS measures

The following table sets forth our adjusted net profit before interest and tax and adjusted total comprehensive income, as well as the adjusted net profit margin before interest and tax and adjusted net profit margin for each respective financial year/period during the Track Record Period:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2019
Net profit before interest and tax	S$6,450,121	S$6,125,691	S$11,820,163	S$4,903,644
Total comprehensive income	S$5,578,135	S$4,971,147	S$9,211,208	S$3,424,825
Add: Listing expenses	—	—	—	S$2,432,174
Adjusted net profit before interest and tax	S$6,450,121	S$6,125,691	S$11,820,163	S$7,335,818
Adjusted total comprehensive income	S$5,578,135	S$4,971,147	S$9,211,208	S$5,856,999
Adjusted net profit margin before interest and tax *(Note)*	12.1%	8.4%	18.3%	19.5%
Adjusted net profit margin *(Note)*	10.5%	6.8%	14.2%	15.6%

Note: We recognised non-recurring items such as listing expenses during the Track Record Period and therefore we also present the adjusted net profit before interest and tax and adjusted total comprehensive income for the financial year/period, which is a non-IFRS measure to supplement our consolidated financial information which are presented in accordance with IFRS.

We present such additional financial measure as it was used by our management to evaluate our financial performance by eliminating the impact of Listing expenses, which is one-off nature and is considered not indicative for evaluation of the actual performance of our business. Our Directors believe that such non-IFRS measure provides additional information to investors and others in understanding and evaluating our results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

Our net current assets increased slightly from approximately S$11.8 million as at 31 December 2018 to approximately S$15.4 million as at 31 August 2019 mainly due to (i) the increase in contract assets as further discussed under the section headed "Financial information — Trade receivables turnover days" in this prospectus; (ii) the increase in deposits, prepayments and other receivables; and (iii) the increase in pledged bank deposits, and partly offset by (iv) the increase in bank and other borrowings.

CONTROLLING SHAREHOLDERS

Immediately following the Share Offer and the Capitalisation Issue (assuming no Over-allotment Option is exercised and without taking into account any Shares to be issued upon the exercise of any options which may be granted under the Share Option Scheme), 75% of the issued share capital of our Company will be owned by WG International, which is owned as to 33%, 28%, 28%, 9% and 2% by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, respectively. WG International is an investment holding company and has not commenced any substantive business activities as at the Latest Practicable Date. Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, together with WG International, will be regarded as a group of Controlling Shareholders within the meaning of the Listing Rules. Mr. Ng TS and Mr. Ng TF are executive Directors of our Company. For further details, please refer to the section headed "Directors and senior management — Summary of Directors and senior management — Directors" in this prospectus.

LITIGATION AND POTENTIAL CLAIMS

During the Track Record Period and up to the Latest Practicable Date, we had been or was involved in certain claims and litigation arising in the ordinary and usual course of our business. As at the Latest Practicable Date, we were involved in (i) two ongoing common law civil claims for compensation in connection with industrial accidents resulting in death or injury that had been filed by workers or their dependents against us; and (ii) two charges for breaches of the Electricity Act arising from an incident which occurred in May 2017. Further, during the Track Record Period and up to the Latest Practicable Date, there were concluded legal proceedings for two incidents involving damages to certain telecommunication cables and gas pipes during the course of our works resulting in five charges brought against our Group for breaches of the Telecommunications Act, Chapter 323 of Singapore and the Gas Act, Chapter 116A of Singapore. For details, please refer to the section headed "Business — Litigation and claims" in this prospectus.

NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, save for the two incidents involving damages to telecommunications cable and gas pipe disclosed in the section headed "Business — Litigation and claims" in this prospectus, our Directors confirm that we had not been involved in any non-compliance matters which resulted or may result in a material impact on our business operation and financial condition.

OFFERING STATISTICS

Number of the Offer Shares:	266,000,000 Shares
Offer Price:	Not more than HK$0.60 per Offer Share and expected to be not less than HK$0.48 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%

	Based on an Offer Price of HK$0.48 per Share *HK$*	**Based on an Offer Price of HK$0.60 per Share** *HK$*
Market capitalisation	510.7 million	638.4 million
Unaudited pro forma adjusted combined net tangible assets attributable to owners of our Company as at 31 August 2019 *(Note)*	0.26	0.28

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

REASONS FOR THE LISTING

We aim to further improve our market position through (i) expanding our market share through undertaking projects of a more sizeable scale; (ii) continuing to emphasise and maintain high standards of project planning, management and implementation; and (iii) adhering to prudent financial management to ensure sustainable growth and capital sufficiency.

We intend to expand our market share through undertaking projects of more sizeable scale by (i) strengthening our financial position; and (ii) expanding our manpower. For details on how we intend to implement such strategies, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

The net proceeds to be received from the Share Offer based on the Offer Price of HK$0.54 per Offer Share, being the mid-point of the indicative Offer Price range, after deducting related expenses in connection with the Share Offer, are estimated to be approximately HK$90.3 million.

Our Directors presently intend to apply the net proceeds from the Share Offer as follows:

— approximately HK$71.1 million, representing approximately 78.8% of the net proceeds will be used to strengthen our financial position in order to pay for upfront costs, for the three earmarked projects and

— approximately HK$19.2 million, representing approximately 21.2% of the net proceeds will be used to expand our workforce by recruiting additional staff.

The upfront costs of our projects generally include raw material costs, subcontracting charges, staff costs and other project-related costs. Based on our operating history during the Track Record Period, the upfront costs of our projects would generally amount to approximately 9.7% of the total contract sum. Our Directors have earmarked three projects which we intend to apply our net proceeds towards fulfilling part of the relevant upfront costs. The remaining portion will be funded by our internal resources and available banking facilities. The following table sets forth the particulars of the three earmarked projects in descending order by total contract sum:

Project code	Customer	Type of projects	Our role	Quotation or tender date	Status	Award date	Expected project period *(Note)*	Total contract sum/tender amount *HK$'000*	Estimated amount of upfront costs *HK$'000*
Project No. 28	Customer C	Contract works — power cable	Main contractor	April 2019	Letter of award received	October 2019	January 2020 to September 2022	777,248	75,732
Project No. 29	Customer F	Contract works — power cable	Subcontractor	May 2019	Letter of award received	November 2019	November 2019 to October 2022	227,950	22,210
Project No. 30	LS Cable & System Ltd Singapore Branch	Contract works — power cable	Subcontractor	May 2019	Subcontracting agreement signed	December 2019	December 2019 to October 2022	107,495	10,474
								1,112,693	108,416

Note: The expected project period represents the duration of our works with reference to the commencement date of the relevant project set out in the letter of award or architect instruction issued by our customer or its authorised persons or the actual work schedule up to the Latest Practicable Date; and the future completion date based on our management's best estimates according to the expected completion dates specified in the letter of award or relevant contracts (if any), the extension period granted by customers (if any), and the actual work schedule up to the Latest Practicable Date.

Based on the cost estimations prepared during the tendering process, our Directors consider that, subject to any unforeseen circumstances, the gross profit margin of the abovementioned projects shall be comparable with that of our existing projects during the Track Record Period. As at the Latest Practicable Date, the abovementioned projects had an aggregate total contract sum and estimated upfront costs of approximately HK$1,112.7 million and HK$108.4 million, respectively. These projects are still at an early stage and our Directors expect that we would not incur significant upfront costs in relation to such projects until or around April 2020.

For further details, please refer to section headed "Future plans and use of proceeds — Use of proceeds" in this prospectus.

LISTING EXPENSES

Our Directors estimate that the total amount of expenses in relation to the Listing is approximately S$9.3 million (equivalent to approximately HK$53.4 million), which is approximately 37.1% of gross proceeds from the Share Offer calculated using mid-point of the indicative price range and assuming the Over-allotment Option is not exercised. Out of the amount of approximately S$9.3 million (equivalent to approximately HK$53.4 million), approximately S$5.4 million (equivalent to approximately HK$30.9 million) is directly attributable to the issue of the Offer Shares and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately S$3.5 million and S$0.4 million (equivalent to approximately HK$20.2 million and HK$2.3 million, respectively), which cannot be so deducted, shall be charged to profit or loss for FY2019 and FY2020, respectively. For the amount of approximately S$3.5 million (equivalent to approximately HK$20.1 million) that shall be charged to our Group's profit or loss for FY2019, approximately S$2.4 million (equivalent to approximately HK$13.9 million) has been charged to our Group's profit or loss during the eight months ended 31 August 2019. Expenses in relation to the Listing are non-recurring in nature. Our Group's financial performance and results of operations for FY2019 and FY2020 will be adversely affected by the estimated expenses in relation to the Listing.

DIVIDENDS

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, we declared dividends of approximately S$0.6 million, S$2.0 million, S$3.2 million and S$1.2 million 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

Our business model and cost structure remained largely unchanged after the Track Record Period, and we will continue to actively seek for opportunities in the provision of civil engineering utilities works in Singapore. As at the Latest Practicable Date, we had 28 projects on hand and with an aggregate outstanding contract sum of approximately S$271.6 million, among which, three of them are earmarked projects which net proceeds will be applied to pay for upfront costs.

Our Directors confirm that, our Group had not experienced any material delays or cost overruns for our projects, and save for the expenses in connection with the Listing, up to the date of this prospectus, and there had been no material adverse change in our financial or trading position or prospect since 31 August 2019, and there had been no events since 31 August 2019 which would materially affect the information shown in our combined financial statements included in the Accountant's Report set out in Appendix I to this prospectus.

OUTBREAK OF NOVEL CORONAVIRUS (COVID-19)

In view of the outbreak of novel coronavirus (COVID-19) in Singapore, we have considered the following business contingency plans which will be implemented in case if we encounter project cancellations/suspensions or supply chain disruption:

- Evaluate existing contracts and liaise with our customers for possible extension of contract periods
- Maintain minimum headcount to support our operations by placing our staff on unpaid leave
- Reduce subcontracting charges by suspending subcontractor's services until further notice
- Purchase raw materials such as PVC pipes from Malaysia if local supply chain in Singapore is disrupted

Our Directors confirm that as at the Latest Practicable Date, (i) our Group had not experienced any project suspension or cancellation; (ii) there had been no material impact on the supply of raw materials and labour to our Group; and (iii) there had been no material impact on our costs, due to the outbreak of novel coronavirus in Singapore.

Based on the result of the business assessment conducted, our Directors are of the view that our Group will be financially viable for twelve months from March 2020 in the worst case scenario all projects are cancelled/suspended in case the coronavirus worsens where appropriate.

Our Group had also adopted a contingency plan for pandemic outbreak in January 2020 to protect our workers from the outbreaks of infectious diseases, preventive measures of which include the followings:

- Temperature screening at entry of premises
- Temperature screening before and after work
- Hand sanitising
- Personal protection control (respiratory protection such as wearing face masks, etc.)

Please refer to the section headed "Business — Occupational health and safety — Hygienic working environment" in this prospectus for details of the precautionary measures taken by our Group in view of the outbreak of novel coronavirus in Singapore.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2019

Our Directors estimate, on the bases as set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, that our estimated combined profit attributable to owners of our Company and unaudited pro forma estimated earnings per share for the year ended 31 December 2019 as follows:

Estimated combined profit attributable to owners of our Company for the year ended 31 December 2019 .... not less than S$6.6 million (approximately HK$37.8 million)

Unaudited pro forma estimated earnings per Share for the year ended 31 December 2019.............................. not less than S$0.0062 (approximately HK$0.036)

Note: The estimated combined profit attributable to owners of our Company for the year ended 31 December 2019 has taken into account of our estimated listing expenses of approximately S$3.5 million incurred during the year ended 31 December 2019.

The profit estimate, for which our Directors are solely responsible, has been prepared by them based on the audited combined results of our Group for the eight months ended 31 August 2019 as set out in the Accountants' Report in Appendix I to this prospectus and the unaudited combined results based on the management accounts of our Group for the four months ended 31 December 2019.

The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit for the year ended 31 December 2019 attributable to owners of our Company by 1,064,000,000 shares that had been assumed to be issued as at 1 January 2020, including 266,000,000 shares to be issued under the Share Offer, 797,999,800 shares to be issued under the Capitalisation Issue and 100 shares to be issued pursuant to the Reorganisation had been in issue as at 1 January 2019. The calculation of the estimated earnings per Share does not take into account any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate to issue Shares and the general mandate to repurchase Shares.

MATERIAL ADVERSE CHANGE

Our Directors confirm that, save for the expenses in connection with the Listing, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospect since 31 August 2019, and there had been no events since 31 August 2019 which would materially affect the information shown in our combined financial statements included in the Accountant's Report set out in Appendix I to this prospectus.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings.

"Accountant's Report"	the accountant's report of our Company prepared by the Reporting Accountants as set out in Appendix I to this prospectus
"Application Form(s)"	**WHITE** Application Form(s) and **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them, relating to the Public Offer
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on 18 February 2020 which shall become effective upon commencement of trading of shares on the Stock Exchange on the Listing Date and as amended from time to time, a summary of which is set out in Appendix V to this prospectus
"associate(s)"	has the meaning ascribed thereto it under the Listing Rules
"BCA" or "Building and Construction Authority"	the Building and Construction Authority of Singapore, an agency under the Ministry of National Development of Singapore
"BCA Academy"	the education and research arm of BCA
"BCISPA"	the Building and Construction Industry Security of Payment Act, Chapter 30B of the laws of Singapore
"bizSAFE"	a five-step programme that assists small- and medium-sized companies to build up their workplace safety and health capabilities in order to achieve quantum improvements in safety and health standards at the workplace, and organised under the Workplace Safety and Health Council of Singapore
"BLS" or "Builders Licensing Scheme"	the Builders Licensing Scheme administered by the Building and Construction Authority of Singapore, which aims to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency
"Board" or "Board of Directors"	the board of Directors of our Company
"business day(s)"	any day (other than a Saturday, and Sunday or public holidays in Hong Kong) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	Compound annual growth rate, a method of assessing the average growth of a value over time

"Capitalisation Issue"	the issue of 797,999,800 new Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person permitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person permitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participants"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Central Provident Fund" or "CPF"	Central Provident Fund of Singapore, which is a comprehensive social security scheme that enables working Singapore citizens and permanent residents to set aside funds for retirement
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
"Company", "our Company", "we" or "us"	Wei Yuan Holdings Limited (偉源控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 15 May 2019
"Companies Law"	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"Concert Parties Confirmatory Deed"	a confirmatory deed entered into among our Controlling Shareholders dated 23 July 2019 to confirm and record the agreement and understanding among the parties for the acknowledgement of their acting in concert (having the meaning as ascribed thereto in the Takeovers Code) relationship, details of which are set out in the section headed "History, development and Reorganisation — Parties acting in concert" in this prospectus
"connected person(s)"	has the meaning ascribed to such term(s) under the Listing Rules

"connected transaction"	has the meaning ascribed to such term(s) under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to such term(s) under the Listing Rules and unless the context otherwise requires, means WG International, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CRS"	Contractors Registration System of BCA, which serves the construction and construction-related procurement needs of the public sector including government ministries and statutory boards. Companies wishing to participate in construction tenders or as subcontractors and to undertake construction projects for the public sector are required to register under this system
"cm"	centimetre
"Deed of Indemnity"	the deed of indemnity dated 18 February 2020 given by our Controlling Shareholders in favour of our Company (for itself and as trustee for and on behalf of our subsidiaries) regarding certain indemnities, details of which are set out in the paragraph headed "E. Other information — 1. Estate duty, tax and other indemnities" in Appendix VI to this prospectus
"Deed of Non-Competition"	the deed of non-competition dated 18 February 2020 given by our Controlling Shareholders in favour of our Company (for itself and as trustee for and on behalf of our subsidiaries) regarding certain non-competition undertakings, details of which are set out in the section headed "Relationship with our Controlling Shareholders — Deed of Non-Competition" in this prospectus
"Director(s)" or "our Directors"	the director(s) of our Company
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"FCP"	Futurus Construction Pte. Ltd., a private company limited by shares incorporated in Singapore on 28 June 2017 and owned as to 40% by WGT and 60% by an Independent Third Party, and shall become an indirect joint venture of our Company after completion of the Reorganisation
"FY2012"	the financial year ended 31 December 2012
"FY2015"	the financial year ended 31 December 2015

"FY2016"	the financial year ended 31 December 2016
"FY2017"	the financial year ended 31 December 2017
"FY2018"	the financial year ended 31 December 2018
"FY2019"	the financial year ended 31 December 2019
"FY2020"	the financial year ending 31 December 2020
"FY2021"	the financial year ending 31 December 2021
"GCM"	Geecomms Pte. Ltd., a private company limited by shares incorporated in Singapore on 27 May 2014 and shall become an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation
"GeBIZ"	a one-stop government-to-business public e-procurement business centre where suppliers can conduct electronic commerce with the Singapore Government. Public sector's invitations for quotations and tenders are generally posted on GeBIZ. Suppliers can search for a number of government procurement opportunities, retrieve relevant procurement documentations and submit their bids online in relation to such opportunities
"General Builder Licence(s)"	general builder licence(s) issued by BCA under the BLS, further details of which are set forth in the section headed "Regulatory overview" in this prospectus
"**GREEN** Application Form(s)"	the application form(s) to be completed by **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "we", "us" or "our"	our Company and our subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of our present subsidiaries, our subsidiaries and the businesses operated by such subsidiaries at the relevant time
"GST"	goods and services tax
"HDJ"	Hydrojack Engineering Pte. Ltd., a private company limited by shares incorporated in Singapore on 6 February 2018 and shall become an indirect non-wholly-owned subsidiary of our Company after completion of the Reorganisation
"HKD", "Hong Kong dollars" or "HK$" and "cents"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited

"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Computershare Hong Kong Investor Services Limited
"IFRSs"	the International Financial Reporting Standards issued by the International Accounting Standards Board
"Independent Third Party(ies)"	party or parties that is or are independent of and not connected persons of our Company within the meaning of the Listing Rules
"Individual Shareholder(s)"	(i) Mr. Ng TS; (ii) Mr. Ng TF; (iii) Mr. Ng TK; (iv) Ms. Ng ML; (v) Mr. Chai KL; (vi) Ms. Pang Kip Moi (spouse of Mr. Ng TS); (vii) Ms. Phang May Lan (spouse of Mr. Ng TF); (viii) Ms. Tang Siaw Tien (spouse of Mr. Ng TK); and (ix) Mr. Chen Teck Men (spouse of Ms. Ng ML)
"Individual Shareholders Consideration"	The total aggregate consideration payable to the relevant Individual Shareholders for the transfer of their respective shares in GCM, WGC, WGE and WGT to WG Corp
"Ipsos"	Ipsos Pte. Ltd., the independent market research agency engaged by our Company to prepare the Ipsos Report
"Ipsos Report"	an independent industry research report commissioned by our Company prepared by Ipsos
"Joint Bookrunners and Joint Lead Managers"	(i) Chuenman Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO; (ii) GLAM Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO; (iii) Grand China Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO; (iv) Kam Fai Securities Co., Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO; (v) Orient Securities (Hong Kong) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO; and (vi) Shanxi Securities International Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO.
"Knight Frank"	Knight Frank Petty Limited, the independent property valuer which carried out a valuation of our property interests as at 31 December 2019, details of which are set out in "Appendix IV — Property valuation report"

"Latest Practicable Date"	16 February 2020, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information in this prospectus prior to its publication
"Listing"	listing of the Shares on the Main Board
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about Thursday, 12 March 2020, on which dealings in the Shares first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange, as amended, modified and supplemented from time to time
"Main Board"	the Main Board of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company adopted on 18 February 2020 and as amended from time to time
"m"	metre
"mm"	millimetre
"MOM"	the Ministry of Manpower, a ministry of the Singapore Government which is responsible for the formulation and implementation of labour policies related to the workforce in Singapore
"Mr. Chai KL"	Mr. Chai Kwee Lim (蔡桂林先生) (nephew of Mr. Ng TS and Ms. Pang Kip Moi), one of our Controlling Shareholders
"Mr. Ng TF"	Mr. Ng Tian Fah (伍沺華先生) (brother of Mr. Ng TS, Mr. Ng TK and Ms. Ng ML, and the spouse of Ms. Phang May Lan), our chief executive officer, an executive Director and one of our Controlling Shareholders
"Mr. Ng TK"	Mr. Ng Tian Kew (brother of Mr. Ng TS, Mr. Ng TF and Ms. Ng ML, and the spouse of Ms. Tang Siaw Tien), one of our Controlling Shareholders
"Mr. Ng TS"	Mr. Ng Tian Soo (伍天送先生) (brother of Mr. Ng TF, Mr. Ng TK and Ms. Ng ML, and the spouse of Ms. Pang Kip Moi), the chairman of our Board, an executive Director and one of our Controlling Shareholders
"Ms. Ng ML"	Ms. Ng Mei Lian (伍美玲女士) (sister of Mr. Ng TS, Mr. Ng TF and Mr. Ng TK, and the spouse of Mr. Chen Teck Men), one of our Controlling Shareholders

"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for or issued pursuant to the Share Offer, to be determined in the manner further described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Offer Share(s)"	the Public Offer Shares and the Placing Shares
"Over-allotment Option"	the option expected to be granted by us to the Placing Underwriters under the Placing Underwriting Agreement, exercisable by the Joint Bookrunners and Joint Lead Managers (on behalf of the Placing Underwriters), pursuant to which we may be required to allot and issue up to an aggregate of 39,900,000 additional Shares (representing 15% of the number of Offer Shares initially being offered under the Share Offer) at the Offer Price, to, among other things, cover over-allocations in the Placing, if any, as further described in "Structure and Conditions of the Share Offer" in this prospectus
"Placing"	the conditional placing of the Placing Shares by the Placing Underwriters at the Offer Price to selected professional, institutional and other investors as set out in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Placing Shares"	the 239,400,000 Shares being initially offered by our Company for subscription pursuant to the Placing, subject to re-allocation as described in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Placing Underwriter(s)"	the underwriters of the Placing, who are expected to enter into the Placing Underwriting Agreement to underwrite the Placing
"Placing Underwriting Agreement"	the conditional underwriting and placing agreement relating to the Placing expected to be entered into on the Price Determination Date by, our Company, our Controlling Shareholders, our executive Directors, the Sponsor, the Joint Bookrunners and Joint Lead Managers and the Placing Underwriters, particulars of which are summarised in the section headed "Underwriting" in this prospectus
"PRC" or "China"	the People's Republic of China, which for the purpose of this prospectus and for geographical reference only, excluding Hong Kong, Macau and Taiwan region
"Price Determination Agreement"	the price determination agreement to be entered into between our Company and the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters), on or before the Price Determination Date to record and fix the Offer Price

"Price Determination Date"	the date expected to be on Friday, 28 February 2020, and in any event no later than Thursday, 5 March 2020, on which the final Offer Price is determined for the purposes of the Share Offer
"Public Offer"	the offer of the Public Offer Shares for subscription by the members of the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), payable in full on application, and subject to the terms and conditions described in this prospectus and the Application Forms
"Public Offer Shares"	the 26,600,000 Shares initially being offered for subscription under the Public Offer, subject to re-allocation as descried in the section headed "Structure and conditions of the Share Offer" in this prospectus
"Public Offer Underwriters"	the underwriters of the Public Offer whose names are set out in the section headed "Underwriting — Public Offer Underwriters" in this prospectus
"Public Offer Underwriting Agreement"	the conditional underwriting agreement dated 24 February 2020 relating to the Public Offer entered into among, our Company, our Controlling Shareholders, our executive Directors, the Sponsor, the Joint Bookrunners and Joint Lead Managers and the Public Offer Underwriters, particulars of which are summarised in the section headed "Underwriting" in this prospectus
"RBS"	Road Builders Singapore Pte. Ltd., a private company limited by shares incorporated in Singapore on 21 February 2014 and shall become an indirect non-wholly-owned subsidiary of our Company after completion of the Reorganisation
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing as described in the section headed "History, development and Reorganisation — Reorganisation" in this prospectus
"Reporting Accountants"	PricewaterhouseCoopers, the auditor and reporting accountants engaged for the purposes of the proposed Listing
"S$" or "SGD"	Singapore dollars, the lawful currency of Singapore
"SAP"	SWG Alliance Pte. Ltd., a private company limited by shares incorporated in Singapore on 10 March 2017 and owned as to 40% by WGC and 60% by an Independent Third Party, and shall become an indirect joint venture of our Company after completion of the Reorganisation

"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) with nominal or par value of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the Public Offer and the Placing
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 18 February 2020, the principal terms of which are summarised in the section headed "D. Share Option Scheme" in Appendix VI to this prospectus
"Singapore"	the Republic of Singapore
"Singapore Deed of Reorganisation"	the deed of reorganisation in relation to the transfer of 100% shareholding interest in each of GCM, WGC, WGE and WGT from the Individual Shareholders to WG Corp dated 23 July 2019 entered into between and among WG Corp, the Individual Shareholders and WG (BVI)
"Singapore Government"	the government of Singapore
"Singapore Legal Adviser"	Rajah & Tann Singapore LLP, the legal advisers to our Company as to Singapore laws
"Sponsor"	Grande Capital Limited, being the sponsor for the Listing and a licensed corporation to engage in type 6 (advising on corporate finance) regulated activity under the SFO
"Stabilising Manager"	GLAM Capital Limited
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into between the Stabilising Manager and WG International, pursuant to which the Stabilising Manager may borrow up to an aggregate of 39,900,000 shares to cover over-allocations in the Placing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Substantial Shareholder"	has the meaning ascribed thereto in the Listing Rules and details of our Substantial Shareholders are set out in the section headed "Substantial Shareholders" in this prospectus
"Takeovers Code"	The Codes on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time

"Tax Adviser"	Baker Tilly TFW LLP, the tax adviser of our Company
"Track Record Period"	the period comprising FY2016, FY2017, FY2018 and the eight months ended 31 August 2019
"Underwriters"	the underwriters of the Public Offer Underwriters and the Placing Underwriters, details to which are set out in the section headed "Underwriting" in this prospectus
"Underwriting Agreements"	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"United States" or "U.S."	the United States of America
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States of America
"WG (BVI)"	WG (BVI) Limited, a company limited by shares incorporated in the BVI on 27 May 2019, and a direct wholly-owned subsidiary of our Company
"WGC"	Wee Guan Construction Pte. Ltd., a private company limited by shares incorporated in Singapore on 14 February 1991 and shall become an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation
"WG Corp"	Wee Guan Corporation Pte. Ltd., a private company limited by shares incorporated in Singapore on 8 August 2018 and shall become an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation
"WG Corp Shareholders"	(i) Mr. Ng TS; (ii) Mr. Ng TF; (iii) Mr. Ng TK; (iv) Ms. Ng ML; and (v) Mr. Chai KL
"WGE"	Wee Guan Engineering Pte. Ltd., a private company limited by shares incorporated in Singapore on 26 August 1998 and shall become an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation
"WG International"	WG International (BVI) Limited, a company limited by shares incorporated in the BVI on 30 April 2019 and owned as to 33%, 28%, 28%, 9% and 2% by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL
"WGL"	Wee Guan Logistics Pte. Ltd., a private company limited by shares incorporated in Singapore on 11 November 2003 and shall become an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation

"WGT"	Weng Guan Technology Pte. Ltd. (formerly known as Lee Ann Construction Pte Ltd), a private company limited by shares incorporated in Singapore on 4 March 1992 and shall become an indirect wholly-owned subsidiary of our Company after completion of the Reorganisation
"**WHITE** Application Form(s)"	the application form(s) to be completed in accordance with the instructions in the section headed "How to apply for the Public Offer Shares" in this prospectus
"**White Form eIPO**"	the application for Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"**YELLOW** Application Form(s)"	the application form(s) to be completed in accordance with the instructions in section headed "How to apply for the Public Offer Shares" in this prospectus
"%"	per cent

This glossary contains explanations of certain terms used in this prospectus. These terms and their meanings may or may not correspond to standard industry meaning or usage of these terms.

"backfilling"	refill an excavated hole with the approved material
"civil engineering"	the construction of structures, infrastructures, roads and railways, bridges and tunnels; utilities installations; geotechnical and underground works; industrial plants, and refineries (all excluding major electrical and mechanical works); public amenities and facilities with structural or aforementioned content
"civil engineering utilities"	works or services relating to the design, construction, maintenance and repair of structures and facilities for utilities supply and distribution
"distribution of electricity"	the supply process for distributing electricity from the lower voltage power sub-station to buildings
"HDD"	horizontal directional drilling, a construction technique whereby a tunnel is drilled under a waterway or other designated area, and a pipeline or other utility is pulled through the drilled underground tunnel
"ISO"	an acronym for a series of quality management and quality assurance standards published by International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
"ISO 14001"	requirements set by the ISO for assisting a company to manage their environmental responsibilities
"ISO 9001"	requirements set by the ISO for quality management system where an organisation needs to ensure that its products and services consistently meet customer's requirement and that quality is consistently improved
"ISP works"	cable laying works in indoor applications from existing manhole fibre network to the main distribution server room inside a building
"main contractor"	in respect of a construction project, a contractor appointed by the project employer or its construction consultant, who generally oversees the progress of the entire construction project and delegate different work tasks of the construction to other contractors

"OHSAS"	Occupational Health and Safety Assessment Series, an international assessment specification for occupational health and safety management systems
"OHSAS 18001"	Occupational Health and Safety Assessment Series, and internationally applied standard for occupational health and safety management systems. It exists to help all kinds of organisations put in place demonstrably sound occupational health and safety performance
"OSP works"	construction of connectivity from existing fibre network to buildings in outdoor applications
"pipe jacking"	method for installing jacking pipes that serves as initial construction lining and excavation support, installed for stability and safety during construction. The pipe is shoved forward (or jacket) as the excavation is advanced. It is generally guided by a laser and most often used for undercrossing existing canals and drains where open trenching is not viable
"public sector projects"	works contracts of which the ultimate project end-user is a Singapore government department or related agency, or government owned entity
"private sector projects"	works contracts that are not public sector projects
"PVC"	polyvinyl chloride, which is a plastic material
"sewerage"	a drain or pipe, especially one that is underground, used to carry away surface water or sewerage
"subcontractor"	in respect of a construction project, a subcontractor appointed by the main contractor or another subcontractor involved in the construction, who generally carries out specific work tasks of the construction
"transmission of electricity"	the process in which electricity is transmitted from the higher voltage power sub-station to the lower voltage power sub-station
"utilities"	refers to all underground services such as power cables, telecommunication lines, water mains, sewerage, gas main, etc.

"variation order(s)"	an order placed by customer for specifications not included in the original contracts during the course of project execution concerning variation to part of the works, which may include (i) additions, omissions, substitutions, alternations, and/or changes in the quality, form, character, kind, position, dimension or other aspect of the works; (ii) changes to any sequence, method or timing of construction specified in the main contract; and (iii) changes to the site or entrance to and exit from the site

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. In some cases the words such as "aim", "anticipate", "believe", "estimate", "expect", "going forward", "intend", "may", "plan", "potential", "predict", "propose", "seek", "should", "will", "would" and other similar expressions are used to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our Group's business and operating strategies and plans of operation;
- the amount and nature of, and potential for, future development of our Group's business;
- our Company's dividend distribution plans;
- the regulatory environment as well as the general industry outlook for the industry in which our Group operates;
- future developments in the industry in which our Group operates; and
- the trend of the economy of Singapore, Hong Kong and the world in general.

These statements are based on several assumptions, including those regarding our Group's present and future business strategy and the environment in which our Group will operate in the future.

Our Group's future results could differ materially from those expressed or implied by such forward-looking statements. In addition, our Group's future performance may be affected by various factors including, without limitation, those discussed in the sections headed "Risk factors" and "Financial information" in this prospectus.

Should one or more risks or uncertainties stated in the aforesaid sections materialise, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. Prospective investors should therefore not place undue reliance on any of the forward-looking statements. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements as set out in this section.

In this prospectus, statements of, or references to, our Group's intentions or those of any of the Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

In preparation for the Share Offer, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and exemption from strict compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance:

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. The principal business operations and office of our Group are primarily located, managed and conducted in Singapore, and our senior management members are and will be based in Singapore. For the purpose of the Listing, our Company has established a principal place of business in Hong Kong and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance. However, all the executive Directors are not Hong Kong residents nor based in Hong Kong. Since the business operations of our Group are located in Singapore, and all the executive Directors and senior management of our Company play very important roles in our business operations, we believe that it is in the best interests of our Company that they are based in the places where our Group has significant operations. Our Company does not and will not in the foreseeable future have two executive Directors residing in Hong Kong for the purposes of satisfying the requirement under Rule 8.12 of the Listing Rules.

As a result, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 8.12 of the Listing Rules, on the following conditions to ensure that regular communication is maintained between the Stock Exchange and our Company:

1. our Company will appoint two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. Our Company will appoint Mr. Cheung Ka Chun, the company secretary of our Company, who is ordinarily resident in Hong Kong, and Mr. Ng TS, an executive Director, as the two authorised representatives of our Company. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by their respective mobile phone number, office phone number, email address or facsimile number. Each of the two authorised representatives has been duly authorised to communicate on our behalf with the Stock Exchange;

2. both of the authorised representatives of our Company will have means to contact all members of the Board (including the independent non-executive Directors) and of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors and senior management team for any matters;

3. to enhance the communication between the Stock Exchange, the authorised representatives and the Directors, our Company will implement a policy whereby (a) each executive Director will have to provide his mobile phone number, office phone number, fax number and email address to the authorised representatives; (b) each executive Director will endeavour to provide valid phone number or means of communication to the authorised representatives

when he is travelling; and (c) each Director will provide his mobile phone number, office phone number, fax number and email address to the Stock Exchange and notify the Stock Exchange from time to time of any changes thereof;

4. our Company shall promptly inform the Stock Exchange of any changes on the authorised representatives and/or the compliance adviser in accordance with the requirements of the Listing Rules;

5. our Company will appoint a compliance adviser pursuant to Rule 3A.19 of the Listing Rules, who will have access at all times to our authorised representatives, Directors and senior management to ensure that they are in a position to provide prompt responses to any query or request from the Stock Exchange in respect of our Company and will act as an additional channel of communication with the Stock Exchange for a period commencing on the Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year after the Listing Date in accordance with Rule 13.46 of the Listing Rules; and

6. each of the Directors (including the independent non-executive Directors) who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

WAIVER FROM STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Rule 4.04(1) of the Listing Rules (“**Rule 4.04**”) requires that the accountant’s report to be included in this prospectus must include the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus or such shorter period as may be acceptable to the Stock Exchange.

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the “**Ordinance**”) requires all prospectuses to include an accountant’s report which contains the matters specified in the Third Schedule to the Ordinance.

According to paragraph 27 of Part I of the Third Schedule to the Ordinance (“**Paragraph 27**”), our Company is required to include in this prospectus a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group during each of the three financial years immediately preceding the issue of this prospectus, including an explanation of the method used for the computation of such income or turnover, and a reasonable break-down between the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Ordinance (“**Paragraph 31**”), our Company is required to include in this prospectus a report by our auditor with respect to the profits and losses and assets and liabilities of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

According to section 342A(1) of the Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from strict compliance with the relevant requirements under the Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

The accountant's report of our Group for each of the three years ended 31 December 2018 and the eight months ended 31 August 2019 has been prepared and is set out in Appendix I to this prospectus.

Pursuant to the relevant requirements set forth above, our Company is required to produce three full years of audited accounts for the years ended 31 December 2019. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 4.04(1) of the Listing Rules, subject to the following conditions:

(a) this prospectus shall be issued on or before 28 February 2020 and our Company's Shares will be listed on the Stock Exchange on or before 31 March 2020; i.e. three months after the latest financial year end;

(b) our Company has obtained a certificate of exemption from the SFC on strict compliance with the requirements of Section 342(1) of the Ordinance in relation to Paragraph 27 and Paragraph 31;

(c) a profit estimate for the year ended 31 December 2019 (which must comply with Rules 11.17 to 11.19 of the Listing Rules) is included in this prospectus; and

(d) a statement of our Directors is included in this prospectus that after performing all due diligence work which they consider appropriate, there is no material adverse change to our Company's financial and trading positions or prospect with specific reference to the trading results from the end of the stub period to the latest financial year end.

An application has also been made to the SFC for a certificate of exemption from strict compliance with the requirements under Paragraph 27 and Paragraph 31 and a certificate of exemption has been granted to us by the SFC under section 342A of the Ordinance subject to the following conditions:

(a) this prospectus will be issued on or before 28 February 2020 and our Company's Shares will be listed on the Stock Exchange on or before 31 March 2020; i.e. three months after the latest financial year end; and

(b) the particulars of the exemption are set out in this prospectus.

The applications to Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with the requirements under Paragraph 27 and Paragraph 31 were made on the grounds, among others, that strict compliance with the above requirements would be unduly burdensome and the exemption would not prejudice the interests of the investing public as:

(a) there would not be sufficient time for our Company and our Reporting Accountants to complete and finalise the audited financial statements for the full year ended 31 December 2019 for inclusion in this prospectus, which shall be issued on or before 28 February 2020. If the financial information for the year ended 31 December 2019 is required to be audited, our Company and our Reporting Accountants would have to undertake a considerable amount of work, costs and expenses to prepare, update and finalise the accountant's report and the relevant sections of this prospectus will also need to be updated to cover such additional period within a short period of time;

(b) our Directors are of the view that the benefits of such additional work to be done by our Reporting Accountants to the potential investors would not justify the additional amount of work, costs and expenses as (i) the accountant's report of our Group covering the three years ended 31 December 2018 and the eight months ended 31 August 2019, together with the profit estimate for the year ended 31 December 2019 (in compliance with Rules 11.17 to 11.19 of the Listing Rules) in Appendix III of this prospectus and the section headed "Financial Information" in this prospectus and other parts of this prospectus and information regarding the Group's recent development subsequent to the Track Record Period in this prospectus have already provided the potential investors with adequate and reasonably up-to-date information in the circumstances to form a view on the track record and earnings trend of our Company; and (ii) all information which is necessary for the investing public to make an informed assessment of our Group's business, assets and liabilities, financial position, trading position, management and prospects has been included in this prospectus; and

(c) our Directors and the Sponsor confirmed that after performing all due diligence work which they consider appropriate, other than the listing expenses incurred or to be incurred after 31 August 2019, there has been no material adverse change to our financial and trading positions or prospects since 1 September 2019 (immediately following the date of the latest audited statement of financial position in the accountant's report set out in Appendix I to this prospectus) to the date of this prospectus and there has been no event which would materially affect the information shown in the accountant's report as set out in Appendix I to this prospectus, the unaudited pro forma financial information as set out in Appendix II to this prospectus, the profit estimate for the year ended 31 December 2019 as set out in Appendix III of this prospectus and the section headed "Financial Information" in this prospectus and other parts of this prospectus.

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. The business, financial condition or results of operation of our Group could be materially and adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment.

A number of risks and uncertainties are inherent in our operations. We have categorised these risks and uncertainties into those relating to (i) our business, (ii) the industry, (iii) the Share Offer and (iv) this prospectus. Investors should carefully consider the following information in conjunction with the other information contained in this prospectus.

RISKS RELATING TO OUR BUSINESS

Our revenue is mainly derived from our civil engineering utilities works for which our engagements are non-recurrent in nature and there is no guarantee that we will be able to secure new projects

During the Track Record Period, we provided civil engineering utilities works to our customers on a project-by-project basis and our engagements are non-recurrent in nature. Therefore, our customers are under no obligation to continue to award projects to us and there is no guarantee that we will be able to secure new projects in the future. Accordingly, the number and scale of projects and the amount of revenue that we are able to derive therefrom are affected by a series of factors including but not limited to changes in our customers' businesses, poor market conditions and lack of funds on the part of project owners. Consequentially, our revenue may vary significantly from period to period, and it may be difficult to forecast the volume of our future business.

For each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, the quotation and tender success rate for our civil engineering utilities works was 59.0%, 33.3%, 32.1% and 37.7%, respectively. Our quotation and tender success rate is affected by a range of factors including our pricing and tendering strategy, competitors' tendering and pricing strategy, level of competition and our customers' evaluation standards. There is no guarantee that we will be able to achieve a quotation and tender success rate similar to those during the Track Record Period in the future. Depending on the then market condition and competitive landscape, we may have to lower our pricing or adjust our tendering strategy in order to maintain the competitiveness of our quotations and tenders. In the event that our Group fails to secure new projects from our customers with contract values, size and/or margins comparable to existing ones, our business and financial performance and results of operations will be materially and adversely affected.

We may not be able to capture consistent quotation and tender success rate

During the Track Record Period, our projects were generally obtained through quotations and tendering processes. For each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our quotation and tender success rate was approximately 59.0%, 33.3%, 32.1% and 37.7%, respectively. For details, please refer to the section headed "Business — Our business model — Our operation flow — Invitation for quotation and/or tendering, preparation and submission/being nominated for subcontracting" in this prospectus.

Subject to various factors, including but not limited to the uncontrollable considerations by our customers, change of the industry's climate or any other force majeure, we are not able to assure that we will be able to maintain the level of quotation and tender success rate in the future. In such instance, we may have to adjust our business strategy or orientation to adopt the change of circumstances and increase our competitiveness. Failure to maintain our success rate and to adopt our business approaches accordingly may materially or adversely affect our profitability and results of operations.

Our costs may deviate from the determined quotation/tender price, as such, any inaccurate cost estimation and cost overrun may adversely affect our financial results

When preparing our quotations and tenders, we evaluate our prices on a project-by-project basis. To estimate our costs of undertaking a project, we take into account the following factors: (i) the nature, scope and complexity of the work involved; (ii) the project schedule; (iii) the availability of our manpower and resources; and (iv) the estimated material and subcontracting costs. There is no guarantee as to the accuracy of our estimations determined in the projects. The actual time and costs to accomplish our projects may vary considerably from our initial plan due to (i) shortage or cost escalation of materials or labour during the project period; (ii) unexpected technical problem or scenario arisen; and (iii) falling short of performance by our subcontracts which subsequently forces us to incur additional costs in substituting the defaulting subcontractor or carrying out rectification works.

During the Track Record Period, our revenue was generally derived from our works done under the contract which were determined on a project-by-project basis upon the signing of the contract. As we are unable to convey to our customers any increase in costs, if we cannot maintain our costs within our initial estimations throughout the course of actualising the contract, our business, financial condition and results of operation may be materially and adversely affected.

We face liquidity risks in relation to possible cash flow mismatch and possible failure by customers to make timely or full payments

To commence the new projects, we are generally required to incur significant upfront costs in the early stage before such costs can be recovered from our customers. Historically, for projects with a contract sum of approximately S$5.0 million, we may generate positive cumulative cash flow on average after approximately 12 months. The upfront costs of our projects generally include raw material costs, subcontracting charges, staff costs and other project-related costs. Based on our operating history during the Track Record Period, the upfront costs of our projects would generally amount to approximately 9.7% of the total contract sum. There are often time lags between making payment to our suppliers and receiving payment from our customers when undertaking civil engineering utilities projects, resulting in possible cash flow mismatch. In addition, contracts undertaken by us may have retention money requirements, which also affect our liquidity position. If we fail to properly manage our cash flows and liquidity position, our cash flows, business operation, and financial position may be materially and adversely affected.

If we fail to properly manage our liquidity position in view of the possible cashflow mismatch associated with undertaking civil engineering utilities projects and provision of retention money, our cash flow and financial position could be materially and adversely affected.

Our revenue may experience fluctuation due to variation orders which affects our results of operations

Variation orders, which include additional works, omissions or any changes raised by the customer for specifications, are not included in the initial contract. By their very nature, variation orders are typically unpredictable, as they may arise due to additional work scope required during or near completion of a project. It may also be because of the changes of project specifications as required by the property owner (that is, to our customer, the main contractor). Additional value of these variation orders agreed and issued by the customer may lead us to experience fluctuations of our revenue over the financial periods. Hence, it may in turn affect our results of business operations and operating cash flows to a considerable extent.

The amount of revenue that we are able to derive from a project may be higher or lower than the original contract sum due to factors including recoverability of contract assets

The aggregate amount of revenue that we are able to derive from a project may be different from the original contract sum specified in the relevant contract for the project due to factors including the recoverability of contract assets. A contract asset is recognised when our Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. The value of contract assets we recognised may not be the same as the payment set out in the payment certificates after negotiation with our customers. During the Track Record Period, we recorded approximately S$10.7 million, S$17.0 million, S$17.7 million and S$24.8 million as contract assets respectively, in which the contract assets for FY2016 and FY2017 had been fully billed and settled as at the Latest Practicable Date, whereas approximately 99.4% and 39.5% of the contract assets for FY2018 and the eight months ended 31 August 2019 had been billed and settled respectively as at the Latest Practicable Date.

There is no assurance our Group's contract assets could be billed to and settled by our customers on a timely basis, subject to factors, including among others, the agreement between our Group and our customers on the completed milestone, the financial condition of the customers as well as the time taken by the customers' internal procedure of processing the billing. In the event our Group could not bill to our customers as scheduled and/or our customers delay or fail to settle the outstanding billings, our financial performance and position could be materially and adversely affected.

A significant portion of our revenue was generated from projects 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

A significant portion of our revenue was derived from a limited number of customers during the Track Record Period. Our five largest customers for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019 accounted for approximately 79.5%, 79.6%, 77.6% and 73.0% of our revenue respectively. During the Track Record Period, we secured new businesses mainly through direct invitation for quotation or tender by our customers, and projects are normally awarded to us by our customers through a tendering process. There is no assurance that we will continue to obtain projects from our major customers in the future. If there is a significant decrease in the number of projects awarded by our major customers, and we are unable to secure suitable projects of a comparable size and quantity as replacements from other customers, our financial condition and operating results would be materially and adversely affected.

Our gross trade receivables (excluding retention receivables) which were aged (by invoice date) over 120 days were approximately S$1.0 million as at 31 December 2016, S$0.6 million as at 31 December 2017, S$0.3 million as at 31 December 2018 and S$0.6 million as at 31 August 2019, which was mainly attributable to the relevant customers' longer internal procedures as indicated by such customers, which delayed the settlement to us. In the event that our major customers experience any liquidity problem, this may result in delay or default of payments to us, in which case the business, financial position and prospects of our Group could be materially and adversely affected.

Failure to complete our projects on a reliable and timely basis could materially affect our reputation, our financial performance or may subject us to claim

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the project works within the time specified in or in accordance with the purchase order or formal contract. Liquidated damages are generally determined on the basis of a fixed sum per day and/or according to certain damages calculating mechanism as stipulated under the contract on a per working day basis.

Delay in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents, and delay in delivery of raw materials and consumables. If there is any delay on our part in completion of a project, we may be liable to pay liquidated damages under the contract. There is no assurance that there will not be any delay in our existing and future projects resulting in claims in relation to liquidated damages, which in turn will have adverse impact on our reputation, business, financial condition and results of operations.

Unsatisfactory performance and/or unavailability of our suppliers (including subcontractors) may adversely affect our operations and profitability

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 raw materials and consumables; and (iii) suppliers of other miscellaneous services.

In particular, there is no assurance that the quality of work of our subcontractors can meet the requirements of our Group or our customers. We may not be able to monitor the performance of our subcontractors as directly and efficiently as with our own labours. Therefore, the engagement of subcontractors exposes us to the risks associated with non-performance, late performance or sub-standard performance of our subcontractors. Since we remain accountable to our customers for the performance and quality of work rendered by our subcontractors, we may incur additional costs or be subject to liability under the relevant contracts between us and our customers for our subcontractors' unsatisfactory performance. Such events could adversely affect our reputation, business operation, and financial position. We generally do not require our subcontractors to indemnify our Group for the works performed by them. Therefore, if our Group suffers any loss or damages arising from the works performed by our subcontractors, we will have to proceed with general contractual and/or negligence claims against the subcontractors for recovering our compensations from the subcontractors.

Further, we did not enter into any long-term contract or commit to any minimum purchases with our suppliers. As such, there is no assurance that our suppliers will continue to provide goods and services at prices acceptable to our Group. In the event that any of our major suppliers is unable to provide the goods and services required by our Group and we are unable to locate alternative suppliers on comparable terms and prices, our business, operating results and profitability may be adversely affected.

Fluctuations in prices for raw material and consumables may affect our profit margins substantially

During the Track Record Period, the raw materials and consumables used by our Group generally include asphalt premix, concrete and PVC pipes. For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, the materials costs represent accumulatively 17.4%, 13.6%, 18.0% and 18.0%, respectively, of our total cost of sales. However, we are unable to guarantee that the prices for such raw materials and consumables will stay at the same or near level as it is for the future. The mutability in the cost of these raw materials and consumables makes our Group difficult to manage pricing for us to remit the increases to our customers in a timely manner, provided that our contract price has been fixed. Subsequently, our gross profit and margins could be adversely affected.

We are subject to credit risk in relation to the collectability of our trade receivables from our top customers

The credit term granted by us to our customers generally ranged from approximately 30 to 45 days from the issue of invoices. There can be no assurance that our customers will settle our invoices on time and in full. As at 31 December 2016, 2017, 2018 and 31 August 2019, we recorded gross trade receivables (excluding retention receivables) by invoice date of approximately S$14.0 million, S$9.0 million, S$7.4 million and S$6.9 million respectively, of which approximately S$1.0 million, S$0.6 million, S$0.3 million and S$0.6 million respectively were aged over 120 days. In particular, approximately 73.1%, 48.8%, 51.3% and 48.2% of our gross trade and retention receivables outstanding as at 31 December 2016, 2017, 2018 and 31 August 2019, respectively, were due from five largest customers. Further, for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our trade receivables turnover days were approximately 87.0 days, 57.7 days, 46.2 days and 46.1 days respectively. Any difficulty in collecting a substantial portion of our trade receivables from our top customers could materially and adversely affect our cash flows and financial position.

Any significant cost overruns may materially and adversely affect our business operations and financial performance

Our revenue is largely derived from our civil engineering utilities projects. The contract sum quoted in the quotation or tender is determined after evaluation of our scope of work and taking into account all related costs involved including estimated costs for raw materials and consumables, manpower required and subcontracting services (if necessary). For further details on our pricing strategy, please refer to the section headed "Business — Sales and marketing — Pricing strategy" in this prospectus.

There is no specific clause in relation to price adjustment in our contracts with our customers which allow us to pass on any substantial increase in our cost of services to our customers. Our profitability is therefore dependent on our ability to obtain competitive quotations from our suppliers at or below our estimated costs, and our ability to execute the projects efficiently.

There is no assurance that our actual costs incurred will not exceed the estimated costs, due to under-estimation of costs, excessive wastage, inefficiency, damage or unforeseen additional costs incurred during the course of the project. Any under-estimation of costs, delay or other circumstances resulting in cost overruns may adversely affect our profitability, business operation and financial performance.

Inability to attract and/or retain management staff and/or qualified personnel for our various licences and registrations with the BCA will adversely affect our operations and financial performance

Our Directors believe that our success, to a large extent, is attributable to, among other things, the contribution of our management team led by our Directors. Details of their background and experience of our management team are set out in the section headed "Directors and senior management" in this prospectus.

Our key personnel together with their operational and management experience in the construction industry have provided significant contributions to various key aspects of our business, including maintenance of customer relationships, pricing strategy, technical skills involved in project execution, etc. We also rely on our experienced senior management team to ensure the smooth operation of our projects, including adhering to the quality and safety standards.

Further, in order to maintain our General Builder Licences and various registrations under the CRS with the BCA, we are required to appoint individuals with appropriate qualifications and/or experience for fulfilling the relevant personnel requirements. For further details of such requirements, please refer to the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" in this prospectus.

There is no assurance that our existing qualified personnel will not resign or otherwise cease to serve our Group in the future. In such event, if we are unable to appoint appropriate individual as replacement in a timely manner or at all, our ability to maintain our General Builder Licences and/or various registrations under the CRS with the BCA will be adversely affected.

Our Group's success and growth therefore depends on our ability to identify, hire, train and retain suitable management staff and qualified personnel for our various licence and registrations with the BCA. If any of our management staff or qualified personnel ceases to serve our Group in the future and we are unable to find suitable replacements in a timely manner, our business, operations, financial performance and prospect will be materially and adversely affected.

We may be involved in personal injury or other civil claims, legal and other proceedings arising from our operations from time to time and may face significant legal liabilities as a result

We may be involved in disputes with our customers, suppliers, subcontractors, employees or other third parties from time to time in respect of various matters, including delay or failure in making payments, personal injury claims, possible complaints about the quality of our services and other matters arising from our daily operation.

During the Track Record Period and up to the Latest Practical Date, we had been or was involved in certain claims and litigation arising in the ordinary and usual course of our business. For further details, please refer to the section headed ‘‘Business — Litigation and claims’’ in this prospectus.

Should any future claims against us fall outside the scope and/or limit of insurance coverage, our financial position may be adversely affected. Regardless of the merits, legal proceedings can be time-consuming and costly, and may divert our management's attention away from our business operation, thereby adversely affecting our business operation and financial position. Legal proceedings which result in unfavourable judgment against us may cause financial losses and damages to our reputation and prospects of securing future projects, thereby materially and adversely affecting our business, financial position, results of operations and prospect.

Under BCISPA, we may be subjected to adjudication proceedings if relevant circumstances arise

In order to protect the rights of construction industry stakeholders, the BCISPA was introduced and enacted to assure any individual who has undertaken any construction work or supplied any goods or services under a contract is entitled to a progress payment within a designated period of time. Our trade payables turnover days were approximately 55.4 days, 49.1 days, 67.9 days and 64.8 days for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively, which were longer than the payment terms stipulated under the BCISPA. Our suppliers will therefore be reserving and exercising their rights to make an adjudication application in relation to the relevant payment claims when they fail to receive payment by the due date. On the other hand, we also have the right to make an adjudication application in relation to the relevant claims when our customers fail to make payment by the due date. Please refer to the section headed ‘‘Regulatory overview’’ for details of the BCISPA. To the best of our Directors' knowledge and belief, during the Track Record Period and up to the Latest Practicable Date, our suppliers had not made any adjudication applications in relation to amounts payable by us. Nevertheless, we are exposed to risk of adjudication application proceedings to be commenced against us, which is very time and cost consuming. It may thus adversely affect our reputation, relationships with the related parties and our liquidity and financial performance.

Our business plan may not be implemented successfully which may adversely affect our prospect

Our Directors are of the view that the future plan of our Group has been prepared after due enquiry by reference to the expected future prospect of the infrastructure developments and policies of the Singapore Government and the continuation of our competitive advantages and other factors considered relevant. Some of our future business strategies are based on certain assumptions, as discussed in the section headed ‘‘Future plans and use of proceeds’’ in this prospectus. The successful implementation of our business plan may be affected by a number of factors including the availability of sufficient funds, Singapore Government policies relevant for our industry, the economic conditions, our ability to maintain our existing competitive advantages, our relationships with our customers, the threat of substitutes and new market entrants as well as other factors disclosed elsewhere in this section headed "Risk factors" in this prospectus. There is no assurance that our business plan can be successfully implemented. Should there be any material adverse change in our operating environment which results in our failure to implement our business plan or any part thereof, our business and financial position and prospect may be adversely affected.

Increased staff expenses could affect our financial performance

It is part of our business strategies to expand our capacity by recruiting additional staff. For details, please refer to the sections headed "Business — Business strategies" and "Future plans and use of proceeds" in this prospectus. According to the Ipsos Report, the construction industry (including the civil engineering utilities works segment) in Singapore is facing recruitment challenges due to the shortage of construction labour as a result of an aging workforce supply and a declining rate of young Singaporeans entering the industry. As such, we may not be able to recruit additional staff according to our expansion plan. Nevertheless, any additional staff may increase our staff expenses and may therefore adversely affect our future results of operations and financial performance. In relation to the recruitment of additional staff under our expansion plan, it is estimated that we will incur additional staff expenses of approximately HK$16.6 million and HK$2.6 million for the recruitment in FY2020 and FY2021, respectively. Our staff expenses will increase upon recruitment of additional staff, there is no assurance that our revenue or gross profit would increase accordingly. Should we be unable to obtain more projects and increase our profitability after such planned investment, our business and financial positions and prospect may be adversely affected.

The preferential tax treatments granted by tax authorities in Singapore may not continue in the future

During the Track Record Period, we enjoyed preferential tax treatments including tax incentives related to corporate Income Tax Rebates and Productivity and Innovation Credit Scheme (PIC) by Inland Revenue Authority of Singapore (IRAS) which allowed our Group to claim 400% tax deduction on qualifying expenditures from the years of assessment 2011 to 2018. For details of preferential tax treatments enjoyed by our Group, please refer to note 2 to the Accountant's Report as set out in Appendix I to this prospectus. We recorded tax incentives of approximately S$0.9 million, S$0.7 million, S$0.2 million and S$45,000 for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively. We cannot assure you that we can continue to enjoy similar preferential tax treatments in the future. No assurance can be given that the current policies in Singapore with respect to such preferential tax treatments will not be abolished or unfavorably amended, or that the approval for such preferential tax treatment will be granted to our Group in a timely manner, or at all.

We may not receive further government grants and the loss of which may affect our financial performance

During the Track Record Period, we received government grants of approximately S$395,000, S$255,000, S$216,000, S$179,000 and S$165,000 for FY2016, FY2017, FY2018, the eight months ended 31 August 2018 and the eight months ended 31 August 2019, respectively, from the Singapore Government. For details, please refer to the section headed "Financial information — Principal components of results of operations — Other income and other (losses)/gains, net" in this prospectus.

There is no assurance that the government grants will be recurring in the future and our Group will maintain or receive further government grants, especially if the government grants are of non-recurring nature. If a smaller amount or no government grants is received by our Group in the future, our financial performance may be adversely affected.

We are subject to risk of recoverability of deferred income tax assets

During the Track Record Period, our deferred income tax assets amounted to approximately S$544,000, S$579,000, S$261,000 and S$209,000, respectively, as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. We cannot guarantee that taxable profits will be available in the foreseeable future against which all recognised deferred income tax assets can be utilised. Hence, depending on the amount of unrecoverable deferred income tax assets, such risk of recoverability could adversely affect our financial condition and results of operation in future years.

We recorded negative operating cashflow for the eight months ended 31 August 2019

Our Group recorded net cash used in operating activities of approximately S$0.8 million for the eight months ended 31 August 2019, which was mainly resulted from (i) the increase in net contract assets by approximately S$7.0 million mainly due to the substantial amount of work we performed for Project No. 12 during the eight months ended 31 August 2019 as discussed under the section headed "Financial information — Period-to-period comparison of results of operations" in this prospectus; (ii) the increase in deposits, prepayments and other receivables by approximately S$0.6 million; (iii) the decrease in trade payables by approximately S$0.5 million; and partly offset by (iv) the positive adjustments for depreciation of property, plant and equipment of approximately S$3.0 million. Please refer to the section headed "Financial information — Liquidity and capital resources — Cash flows — Cash flows from operating activities" in this prospectus for further details. We cannot assure that we will not experience periods of net cash outflow from operating activities in the future. In the event that we are unable to generate sufficient cashflow for our operations or otherwise unable to obtain sufficient funds to finance our business, our liquidity and financial condition will be materially and adversely affected.

Our joint ventures recorded a loss during the Track Record Period, our Group's financial performance and results of operations may be affected and we may also incur a certain degree of liquidity risk if no dividend is declared by these joint ventures

Our Group invested in joint ventures during FY2017, being SAP and FCP as to 40.0% each. During the Track Record Period, we recorded our share of loss in these joint ventures of approximately S$13,000, S$201,000 and S$334,000 for FY2017, FY2018 and the eight months ended 31 August 2019, respectively, mainly due to certain initial operating costs being incurred. For further details, please refer to the sections headed "History, development and reorganisation — Our corporate structure" and "Financial information — Principal components of results of operations — Share of loss of joint ventures, net of tax" in this prospectus. If our investment in these joint ventures continues to generate losses, our Group's financial performance and results of operations may be adversely affected. Furthermore, given that our investment in SAP and FCP would involve commitment for a certain period of time, in the event there is no dividend declared by these joint ventures due to loss making, the cash flow and financial position of our Group could also be adversely affected.

Failure to renew or any suspension or cancellation of any of our existing licences and registrations could materially affect our operations and financial performance

Our principal operating subsidiary, WGC, is registered under the workheads of CW01 (General Building) with Grade C3, CW02 (Civil Engineering) with Grade C1, CR07 (Cable/Pipe Laying & Road Reinstatement) with Grade L6, ME02 (Building Automation, Industrial & Process Control Systems) with Grade L1, ME04 (Communication & Security Systems) with Grade L4, ME08 (Internal Telephone Wiring for Telecommunications) with Grade L1, SY05 (Electrical & Electronic Materials, Products & Components) with Grade L1 under the CRS maintained by the BCA. WGC also holds a GB1 Licence granted by the BCA.

Our ability to maintain our aforesaid licences and registrations is crucial to our business operations. There are certain financial, personnel, track record, certification and/or other requirements that we have to comply with in order to maintain such licences and registrations. For further details on our licences and registrations, please refer to the sections headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Licensing regime for contractors in Singapore" and "Business — Our licences and qualifications" in this prospectus.

If we fail to comply with the applicable requirements or any required conditions, our licences and registrations may be downgraded, suspended, cancelled or denied renewal upon their respective expiry. In such an event, we may be unable to tender for certain projects or undertake certain types of building works, thereby materially and adversely affecting our business, financial position, results of operations and prospect.

Our insurance coverage may not be sufficient to cover all losses or potential claims and insurance premiums may increase

Certain risks disclosed elsewhere in this section such as risks in relation to our ability to maintain and renew our licences and registrations, our ability to obtain new projects, our ability to retain and attract personnel, customer concentration, performance of subcontractors, project and cost management, credit risk and liquidity risk, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Insurance policies covering losses from acts of war, terrorism, or natural catastrophes are also either unavailable or cost prohibitive.

We have taken out third party liability insurance on our motor vehicles and contractors' all risks insurance policy to cover against loss or damage to materials and third party liability for accidental bodily injury in connection with the performance of the project works. We have also maintained the required insurance policies for our staff, including work injury compensation insurance and foreign worker medical insurance. Even so, we may be subject to liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured. Should any significant liabilities arise due to accidents, natural disasters, or other events which are not covered or are inadequately covered by our insurance, our business may be adversely affected, potentially lead to a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss.

Although we believe our insurance coverage is sufficient for the needs of our operations and appropriate for our current risk profile, we cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. In addition, we cannot guarantee that we can renew our policies or can renew our policies on similar or other acceptable terms. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospect.

We experienced a fluctuation in our total revenue in FY2018

Our total revenue decreased from approximately S$72.8 million for FY2017 to approximately S$64.7 million for FY2018. Please refer to the section headed "Financial information — Period-to-period comparison of results of operations — FY2018 compared with FY2017" in this prospectus for a detailed discussion on the reasons for such decline. There is no assurance that our operating and financial performance in the future will remain at a level comparable to those recorded during the Track Record Period and will not decline in the future. Our financial conditions and prospects may be adversely affected by any future decrease in our total revenue.

The security bonds furnished by us may be forfeited if our foreign workers are missing or in breach of any conditions of their work permits

For each non-Malaysian foreign worker who is successfully granted with a work permit, a security bond of S$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished 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. The security bonds furnished by us may be forfeited if, among other things, our foreign workers go missing or violate any of the conditions of the work permits.

We have implemented internal control measures to manage our foreign workers. Please refer to the section headed "Business — Risk management and internal control systems" in this prospectus for details. However, we cannot assure that our foreign workers, who are subject to the aforesaid security bonds requirements, will not go missing or violate the conditions in their work permits. Occurrence of any of the aforesaid events may result in forfeiture of security bonds furnished by us in respect of the relevant workers, which in turn may adversely affect our business and financial performance.

Approximately 82% of our workforce is made up of foreign labour and any difficulties in recruiting and/or retaining foreign labour could materially affect our operations and financial performance

As at the Latest Practicable Date, 513 out of 628 of our employees are foreign labour, representing approximately 82% of our total workforce. During the Track Record Period, we recruited our foreign labours from India, Myanmar, China, Bangladesh, Thailand and Malaysia. There is no assurance that we can continually recruit sufficient foreign labour to support our business operation for the following reasons:

- possible shortage in the supply of foreign labour;
- possible increase in the salaries and wages of foreign labour; and

- possible changes in the relevant laws and regulations relating to the employment of foreign labour in Singapore, such as (i) a substantial increase in foreign worker levy and security bond; (ii) decrease in dependency ratio ceiling for the construction industry; (iii) decrease in Man-year entitlements or work permit allocations by the MOM; and/or (iv) a more stringent approval process for work permit.

The employment of foreign labour in Singapore is subject to the laws and regulations summarised in the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Employment of foreign manpower" in this prospectus. Any material difficulties in recruiting and/or retaining foreign labour or any material adverse change in the relevant laws and regulations in relation to the employment of foreign labour in Singapore could significantly increase our recruitment and employment costs and hinder our recruitment of foreign labour, thereby materially affect our business and financial position and prospects.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

An occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse effect on our business, financial condition and results of operations

Our business could be materially and adversely affected by natural disasters or the outbreak of a widespread health epidemic, such as swine flu, avian influenza, severe acute respiratory syndrome (SARS) or coronavirus. The occurrence of a natural disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in Singapore could materially disrupt our business and operations. For example, the recent outbreak of novel coronavirus (COVID-19) could significantly affect our industry and cause temporary suspension of projects and shortage of labour and raw materials, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could also be disrupted if any of our employees or employees of our subcontractors were suspected of contracting or contracted an epidemic disease, since this could require us and our subcontractors to quarantine some or all of these employees and disinfect our construction sites and facilities used for our operations. In addition, our revenue and profitability could also be materially reduced to the extent if any natural disaster, health epidemic or other virus outbreak harms the overall economy in Singapore.

We are dependent on the capital expenditure of utilities infrastructure in Singapore

Most of our revenue during the Track Record Period was derived from providing civil engineering utilities works in Singapore. Consequentially, our business would be adversely affected should there be any slowdown in the growth and development of the infrastructure sector in Singapore, resulting in a reduction in capital expenditure and budgets of the service providers in Singapore, thereby adversely affecting our business, financial condition, results of operations and prospects.

We are affected by the Singapore Government policies in relation to population and development of underground utilities network

According to the Ipsos Report, the market drivers for civil engineering utilities works segment in Singapore include (i) government's initiative to develop a comprehensive underground utilities network; (ii) advancement in digital technologies providing a conducive environment for the development of underground utilities network; and (iii) government's initiatives to increase overall population. There is no assurance that the Singapore Government will continue to pursue development and continual support in underground utilities network. If the Singapore Government reduces its expenditure or continual support on the underground utilities network, our business, results of operations and prospects may be adversely affected.

A reduction in the pipeline of civil engineering utilities projects could materially affect our financial performance

Our business is highly dependent on the pipeline of civil engineering utilities projects involving electricity and telecommunications industries. Part of the mentioned projects are subject to the impact by the general economic conditions, construction industry, and government policies and expenditure on the industries concerned. All of the aforesaid are beyond our monitor and control. A decline in new projects will then cause us to operate in a more intense and competitive environment in providing quotations and tenders given that we may face increased competition, together with the need to be more competitive in our pricing. This will therefore adversely affect our business, financial performance, prospects and liquidity.

The civil engineering utilities works segment which we run is highly competitive

The civil engineering utilities works segment that we operate in is very competitive, and some of our competitors may have more resources, manpower, higher gradings in various construction and construction-related workheads, or a more solid track record in terms of the size and/or complexity of the projects undertaken by them. As at the Latest Practicable Date, there were 14 contractors registered under the workheads of CR07 (Cable/Pipe Laying & Road Reinstatement) with Grade L6. There is no guarantee that there will not be a rising trend of the number in contractors who may possess relevant workhead, or contractors who might have developed significant expertise and track record for the projects of a similar content and scale as our track record.

Should we face increased competition or if we cannot react effectively to market conditions, industry developments, customer preferences and/or the evolving competitive environment, our Group and our quotation/tender proposals may not be attractive enough to maintain or boost our quotation and tender success rate, our revenue and our profitability will be materially and adversely affected. Our competitors may also adopt aggressive pricing strategies or develop relationships with our customers in a way that could substantially harm our ability to capture new projects. We may also compete in other realms including safety control standards, quality control and technical proposal. If we cannot attain their services or fail to compete in such other realms, our business, financial condition, financial performance and prospects may be materially and adversely affected.

There is labour shortage in the construction industry in Singapore

According to the Ipsos Report, one of the potential challenges to the construction industry (including the civil engineering utilities works segment) in Singapore is labour shortage. Even without such shortage, we generally compete with similar businesses for such workers. We are in a labour intensive industry and we rely on our workers for our business operations. If we are unable to recruit or retain sufficient workers, we may be forced to increase our reliance on subcontractors or otherwise be unable to maintain the quality of our services. We cannot assure you that we will be able to maintain a sufficient labour force necessary for us to execute our business, nor can we guarantee that our staff costs will not increase in order to attract or retain workers. If this occurs, it could have a material and adverse effect on our results of operations and inhibit our future growth and expansion plans.

Any changes in existing laws, regulations and policies in relation to employment of foreign workers may cause us to incur additional expenditure

Recruitment of foreign workers in Singapore is governed by various laws and regulations and Singapore Government policies. Under the Singapore laws, employers of the construction sector are required to pay prescribed foreign worker levies according to the qualification of the foreign workers employed. For details, please refer to the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Employment of foreign manpower" in this prospectus. There is no guarantee that the Singapore Government will not further increase the foreign worker levy rate in the future, thereby increases our costs and adversely affects our operating results and financial position.

The requirements in respect of the granting and/or renewal of work permits, quota and other legal requirements in relation to the employment of foreign workers may change from time to time, and there is no assurance that we will be able to respond to such changes in a timely manner. Such changes may also increase our costs and burden in complying with them, which may materially and adversely affect our business, financial condition and results of operation.

There is no guarantee that regulatory requirements applicable to the industries in which we operate will not change in the future

Our operations are subject to laws and regulations that relate to matters such as contractors' licensing and registrations, employment of foreign workers, workplace health and safety, and environmental public health and environmental pollution control. In order to comply with such laws and regulations, we have established relevant risk management and internal control systems, as disclosed in the section headed "Business — Risk management and internal control systems" in this prospectus. Nevertheless, there is no guarantee that regulatory requirements applicable to our operation will not change in the future. For instance, there will be an increase in the foreign worker levy as discussed in the paragraph headed "Risk factors — Risks relating to our business — Approximately 82% of our workforce is made up of foreign labour and any difficulties in recruiting and/or retaining foreign labour could materially affect our operations and financial performance" above.

Any changes in applicable laws and regulations may result in time-consuming and costly changes to our risk management and internal control systems and may increase our cost and burden in order for us to comply with them, thereby adversely affecting our business and financial position and prospect.

RISKS RELATING TO SHARE OFFER

There has not been any prior public market for our Shares and an active trading market may not develop

An active trading market for our Shares may not develop and the trading price of our Shares may fluctuate significantly. Prior to the Share Offer, there has been no public market for our Shares. The Offer Price was the result of negotiation between our Company and the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters), and the Offer Price may not be indicative of the price at which our Shares will be traded following completion of the Share Offer. In addition, we cannot assure you that an active trading market for our Shares will develop, or, if it does develop, that it will be sustained following completion of the Share Offer, or that the trading price of our Shares will not fall below the Offer Price.

Shareholders' interest in our Company's share capital may be diluted in the future

We may need to raise additional funds in the future to finance further expansion of our business. If additional funds are raised through the issuance of new equity or equity-linked securities of our Group other than on a pro rata basis to existing Shareholders, the percentage of ownership of such Shareholders in our Company may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by our Shares.

In addition, we may issue additional Shares upon exercise of options to be granted under the Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

The trading volume and price of our Shares may fluctuate. Further, any disposal of a substantial number of Shares by our Controlling Shareholders in the public market may adversely affect market price of our Shares

The trading volume and price of our Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow, announcements of business development, strategic alliances or acquisitions, new projects, industrial or environmental accidents suffered by us, loss of key personnel, changes in ratings by financial analysts and credit rating agencies or litigation may cause large and sudden changes in the volume and price at which our Shares will trade. In addition, the Stock Exchange and other securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of our Shares.

Further, we cannot assure you that our Controlling Shareholders will not dispose of, in part or in whole of, their Shares following the expiration of their respective lock-up periods after the Listing. We cannot predict the effect, if any, of any future sale of our Shares by any of our Controlling Shareholders on the market price of the Shares. Sale of our Shares by any of our Controlling Shareholders may materially and adversely affect the prevailing market price of our Shares.

The Joint Bookrunners and Joint Lead Managers are entitled to terminate the Underwriting Agreements

Prospective investors should note that the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters) is entitled to terminate its obligations under the Underwriting Agreements by giving notice in writing to us upon the occurrence of any of the events set out in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination of the Public Offer Underwriting Agreement" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Such event may include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, economic sanction, epidemic, fire, flood, explosions, acts of terrorism, earthquakes, strikes or lock-outs.

Difficulties in enforcing Shareholder rights due to difference in jurisdictions

Our Company may grant share options under the Share Option Scheme in the future. The fair value of the options on the date on which they are granted with reference to the valuer's valuation will be charged as share-based compensation, which may adversely affect our Group's results of operation. Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme will also increase the number of Shares in issue after such issuance and thus may result in the dilution to the percentage of ownership of the Shareholders and the net asset value per Share. No option has been granted pursuant to the Share Option Scheme as at the Latest Practicable Date. For a summary of the terms of the Share Option Scheme, please refer to the section headed "D. Share Option Scheme" in Appendix VI to this prospectus.

RISKS RELATING TO STATEMENTS IN THIS PROSPECTUS

We cannot assure you that we will declare or distribute any dividend in the future

Any decision to declare and pay any dividends would require the recommendations of our Board and approval of our Shareholders. Any decision to pay dividends will be made having regard to factors such as the results of operation, financial condition and position, and other factors deemed relevant. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operation. We cannot assure you that we will be able to declare or distribute any dividend. Our future declarations of dividends will be at the absolute discretion of our Board.

Certain facts, statistics and data contained in this prospectus have not been independently verified and may not be reliable

Certain facts, statistics and data in this prospectus are derived from various sources including various official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted rendering such information false or misleading. Nevertheless, such information has not been independently verified by us, the Sponsor, the Joint Bookrunners and Joint Lead Managers, the Underwriters or any of their respective directors, affiliates or advisers and therefore, none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in press articles, other media and/or research reports

There may be press and media coverage regarding our Group or the Share Offer, which may include certain events, financial information, financial projections and other information about our Group that do not appear in this prospectus. We have not authorised the disclosure of any other information not contained in this prospectus. We do not accept any responsibility for any such press or media coverage and make no representation as to the accuracy or completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, our Group disclaims responsibility for them. Accordingly, investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties

This prospectus contains certain statements and information that are "forward-looking" and uses forward-looking terminologies such as "anticipate", "believe", "could", "estimate", "expect", "may", "ought to", "should" or "will" or similar terms. Those statements include, among other things, the discussion of our growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of our Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include, but are not limited to, those identified in this section, many of which are beyond our control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. We do not undertake any obligation to update publicly or release any revisions of any forward-looking statements, whether as a result of new information, future events or otherwise.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Company Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in this prospectus misleading.

INFORMATION ON THE SHARE OFFER

This prospectus is published solely in connection with the Share Offer. Details of the terms of the Share Offer are described in the section headed "Structure and conditions of the Share Offer" in this prospectus and in the related Application Forms.

The Listing is sponsored by the Sponsor and the Share Offer is managed by the Joint Bookrunners and Joint Lead Managers. The Public Offer is fully underwritten by the Public Offer Underwriters and the Placing is expected to be fully underwritten by the Placing Underwriters.

OFFER SHARES ARE FULLY UNDERWRITTEN

This prospectus is published in connection with the Public Offer for which Grande Capital Limited is the Sponsor. The Public Offer is fully underwritten by the Underwriters. For further information about the Underwriters and underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any such circumstances such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The distribution of this prospectus or the related Application Forms and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly, in the PRC or the United States, except in compliance with the relevant laws and regulations of each of such jurisdictions.

No action has been taken to register or qualify the Offer Shares or the Share Offer, or otherwise to permit a public offering of the Offer Shares, in any jurisdiction outside Hong Kong. The distribution of this prospectus and the related Application Forms in jurisdictions outside Hong Kong may be restricted by law and therefore persons into whose possession this prospectus or any of the related Application Forms comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the applicable securities laws.

Each person subscribing for the Offer Shares will be required to confirm, or be deemed by his/her/its subscription of the Offer Shares to have confirmed, that he/she/it is aware of the restrictions on offer of the Offer Shares described in this prospectus and the Application Forms, and that he/she/it is not subscribing for, and has not been offered, any Share in circumstances that contravene any such restrictions.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme).

No part of the share or loan capital of our Company is listed, traded or dealt in on any stock exchange and save as disclosed herein, no such listing or permission to deal is being or proposed to be sought.

Under Section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential applicants for the Share Offer are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in the Shares or exercising their rights thereunder. It is emphasised that none of our Company, the Directors, the Sponsor, the Underwriters, their respective directors or any other person involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in the Offer Shares or the exercise of their rights thereunder.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

The principal register of members of our Company will be maintained by our principal share registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands. All the Offer Shares will be registered on the Hong Kong branch register of members to be maintained by Computershare Hong Kong Investor Services Limited in Hong Kong. Dealings in the Offer Shares registered on our Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty. Unless our Directors otherwise agree, all transfers and other documents of title of shares must be lodged for registration with and registered in Hong Kong and may not be lodged in the Cayman Islands.

OFFER SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares and our Company's compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. If investors are unsure about the details of CCASS settlement arrangement and how such arrangements will affect their rights and interests, they should seek the advice of their stockbroker or other professional adviser.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on or about Thursday, 12 March 2020. The Shares will be traded in board lots of 5,000 Shares each.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. If there is any inconsistency between the Chinese names of the Chinese entities mentioned in this prospectus and their English translation, the Chinese names shall prevail.

CURRENCY TRANSLATIONS

Solely for your convenience, this prospectus contains translations of certain S$ or US$ into HK$, respectively at specified rates. For illustration purpose only, you may make conversion of US$ and S$ into HK$ in this prospectus based on the exchange rate as at the Latest Practicable Date set out below:

US$1.00 : HK$7.83
S$1.00 : HK$5.73

Such conversion shall not be construed as representations that amount of such currency was or may have been converted into HK$ and vice versa at such rates or any other exchange rates.

ROUNDING

Certain amounts or percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of individual items. Where information is presented in thousands or millions of units, amounts may have been rounded up or down. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Ng Tian Soo (伍天送先生)	172 Yunnan Crescent Singapore 638007	Malaysian
Mr. Ng Tian Fah (伍沺華先生)	78 Yunnan Crescent Singapore 638300	Singaporean
Independent non-executive Directors		
Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) (黃晨東先生)	15 Yio Chu Kang Drive Singapore 786286	Singaporean
Ms. Lee Wing Yin Jessica (李頴然小姐)	Flat B, 25/F, Block T23 Hsia Kung Mansion 24 Taikoo Shing Road Quarry Bay Hong Kong	Chinese
Mr. George Christopher Holland	11 Sophia Road, #08–26 Singapore 228194	American

For detailed information of our Directors, please refer to the section headed "Directors and senior management" in this prospectus.

PARTIES INVOLVED

Sponsor	**Grande Capital Limited** *A licensed corporation to carry on type 6 (advising on corporate finance) regulated activities under the SFO* Room 2701, 27/F Tower One, Admiralty Center 18 Harcourt Road Admiralty, Hong Kong
Joint Bookrunners and Joint Lead Managers	**Chuenman Securities Limited** *A licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO* Office A 10/F Sang Woo Building, 227–228 Gloucester Road, Wan Chai, Hong Kong
	GLAM Capital Limited *A licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO* Rooms 908–11, 9/F, Nan Fung Tower, 88 Connaught Road Central & 173 Des Voeux Road Central, Central, Hong Kong

Grand China Securities Limited
A licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
Room 503, 5/F, Loke Yew Building,
50–52 Queen's Road Central, Central, Hong Kong

Kam Fai Securities Co., Limited
A licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
21/F Champion Building,
287–291 Des Voeux Road Central, Hong Kong

Orient Securities (Hong Kong) Limited
A licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
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Unless otherwise indicated, the information presented in this section is derived from the Ipsos Report, which was commissioned by us and is prepared primarily as a market research tool. References to Ipsos should not be considered as its opinion as to the value of any security or the advisability of investing in our Group. Our Directors believe that the sources of information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. Our Directors have no reason to believe that such information and statistics is false or misleading or that any material fact has been omitted that would render such information and statistics false or misleading in any material respect. The information set out in this section has not been independently verified by our Group, the Sponsor, the Joint Bookrunners and Joint Lead Managers, the Underwriters or any other party involved in the Share Offer (except Ipsos) or their respective directors, officers, employees, advisers and agents, and no representation is given as to its accuracy and completeness. Accordingly, such information should not be unduly relied upon. Our Directors confirm that, after making reasonable enquiries, there is no adverse change in the market information since the date of the Ipsos Report which may qualify, contradict or have an impact on the information in this section.

THE IPSOS REPORT

We commissioned Ipsos, an independent market research consulting firm, to conduct an analysis of, and to report on, the construction industry (including civil engineering works such as utilities and road works) in Singapore. A total fee of S$69,550 was charged by Ipsos for the preparation of the Ipsos Report. The payment of such amount was not conditional on our Group's successful listing or on the results of the Ipsos Report. The Ipsos Report has been prepared by Ipsos independent of our Group's influence. The information and statistics set forth in this section have been extracted from the Ipsos Report.

Ipsos has been engaged in a number of market assessment projects in connection with initial public offerings in Hong Kong. Ipsos is part of a group of companies which employs approximately 16,664 personnel worldwide across 89 countries. Ipsos conducts research on market profiles, market sizes and market shares and performs segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

The Ipsos Report includes information on the construction industry in Singapore. The information contained in the Ipsos Report is derived by means of data and intelligence gathering methodology which include: (i) desktop research; and (ii) primary research, including interviews with leading industry participants, key stakeholders (including civil engineering construction service providers) and industry experts in Singapore, etc.

Information gathered by Ipsos has been analysed, assessed and validated using Ipsos in-house analysis models and techniques. According to Ipsos, this methodology ensures a full circle and multilevel information sourcing process, where information gathered can be cross-referenced to ensure accuracy. All statistics are based on information available as at the date of the Ipsos Report. Other sources of information, including government, trade associations or marketplace participants, may have provided some of the information on which the analysis or data is based.

Ipsos developed its estimates and forecasts on the following principal bases and assumptions:

(i) it is assumed that the global economy remains a steady growth across the forecast period; and

(ii) it is assumed that there is no external shock such as financial crisis or natural disasters to affect the demand and supply of the construction industry in Singapore over the forecast period.

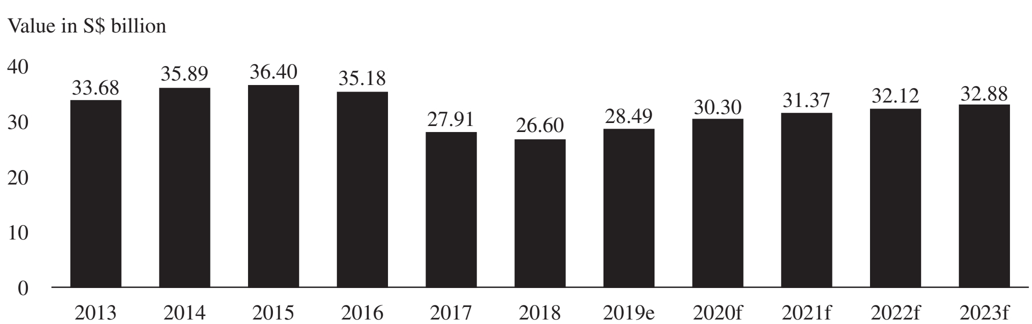
OVERVIEW OF THE CONSTRUCTION INDUSTRY IN SINGAPORE

1. Construction output by value of certified payments in Singapore

Construction output by certified payments recorded a negative CAGR of approximately 4.61% from approximately S$33.68 billion in 2013 to approximately S$26.60 billion in 2018. The construction output decreased by approximately 4.69% year-on-year from 2017 in 2018, largely due to the continued shortfall and slowdown in construction activities since 2015. As advised by Ipsos, the total construction demand was lower than expected as several major projects such as the North-South Corridor were rescheduled to commence either in or after 2018 to enable longer preparation time prior to the implementation of such large scale and complex projects.

Despite the slowdown of the Singapore's construction industry in recent years, the industry is anticipated to improve in terms of demand over the next five years. The increase in construction demand is projected to be driven by continuous public housing developments, healthcare and educational facilities and other major infrastructure projects which include major developments for Changi Airport Terminal 5, land transport projects such as the Cross Island Line, and developments at Jurong Lake Districts. Further, private sector construction demand is expected to boost demand gradually with the redevelopment progress of en-bloc sale sites and the spill-over benefits generated by the improved performance and outlook of other economic sectors. The industry is also expected to benefit from the adoption of effective construction methods such as Design for Manufacturing and Assembly (DfMA) technologies to improve productivity, quality and efficiency of output overall. As such, the construction output value is expected to increase from approximately S$28.49 billion in 2019 to approximately S$32.88 billion by the end of 2023 at a CAGR of approximately 3.64%.

Construction output by value of certified payments in Singapore, 2013–2023f



CAGR 2013–2018: -4.61%   CAGR 2019e–2023f: 3.64%

Notes: The letter "e" denotes estimated figure and the letter "f" denotes forecast figures. Based on official release/ publication, it is estimated that the figure for the first half of 2019 is S$13.85 billion.

Sources: Building Construction Authority (BCA); Department of Statistics, Singapore (SINGSTAT); Ipsos analysis

2. The Civil Engineering Segment in Singapore

Civil engineering output by certified payments increased by a CAGR of approximately 5.01% from approximately S$5.88 billion in 2013 to approximately S$7.51 billion in 2018. The demand was substantiated by major infrastructure projects, which include the construction of Jurong Island-Pioneer undersea cable tunnel, replacement of high tension cables at Changi Airport, cable installation at Sub-Zone South and Sub-Zone North, power supply upgrading for North-South & East-West Lines, construction of a new National Cancer Centre, construction of State Courts' new building at Havelock Square, construction of JTC's Integrated Logistics Hub, Public Utilities Board (PUB) water reclamation and sewerage projects, Changi Airport's 3-runway system (package 2), improvement works to the Kranji

Expressway and Pan-Island Expressway over the same period. However, the total output for the civil engineering sector in 2018 decreased by approximately 2.36% year-on-year to approximately S$7.51 billion, largely due to the reschedule of several large scale and complex projects that involving certain civil engineering works including civil engineering utilities works to commence either in or after 2018, which reflected the general trend of the construction industry.

Over the next five years, the civil engineering works in the construction industry is anticipated to improve in terms of demand. To support Singapore's growing population, notably with the government initiative to increase the overall population in Singapore to a range of 6.5 to 6.9 million by 2030 under the Singapore Population Whitepaper, the Singapore government plans various infrastructure projects ahead to meet the future needs of its growing society. Some of these projects include (i) land expansion of more than 5,000 hectares to meet growing needs for land through reclamation from 2013 to 2030; (ii) public residential developments and major industrial buildings projects; and (iii) major infrastructure projects including the Cross Island line and Changi Airport Terminal 5.

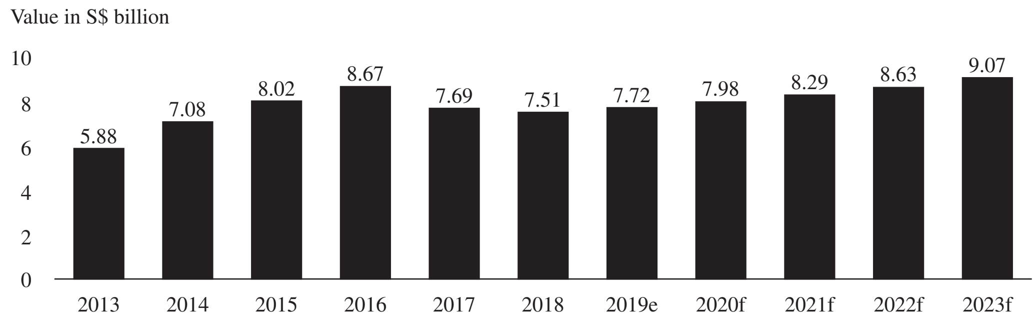
To ensure that there will be sufficient space for the growing population and infrastructures, the government has put into motion various projects involving underground works in order to clear up the spaces above ground that is occupied by infrastructures such as cables and pipes. The second phase of the Deep Tunnel Sewerage System (DTSS phase 2) and the Underground Transmission Cable Tunnel Project are some of these recent underground works projects. Several upcoming underground developments have been planned up till 2030 to further the objective of optimisation of land use, including Thomson-East Coast Line, Deep Tunnel Sewerage System Phase 2, Four-in-One Depot at Changi, North-South Corridor, and Cross Island Line.

These underground works projects are expected to progress in line with the expected overall developments of the construction works industry, notably with the development of private, public, commercial and industrial buildings which would require proper infrastructures such as electricity, telecommunication and water to meet the needs of society.

For instance, the announcement of a new township in the masterplan for Tengah is anticipated to drive the demand for civil engineering works further, as underground civil engineering utilities works such power and telecommunication are necessary for new townships. In addition, development such as the construction of North-South Corridor the first integrated transport corridor in Singapore that is largely underground and features a comprehensive underground pedestrian network will increase the number of private sector projects in the industry, as cables and pipes diversion are necessary for the construction of this largely underground transport corridor. This will in turn drive the demand in the civil engineering segment further.

As such, the demand for civil engineering works in Singapore is expected to experience a stronger growth with the total output for the civil engineering sector being forecasted to increase from approximately S$7.72 billion in 2019 to approximately S$9.07 billion by the end of 2023 at a CAGR of approximately 4.08%.

Civil engineering output by value of certified payments, 2013–2023f



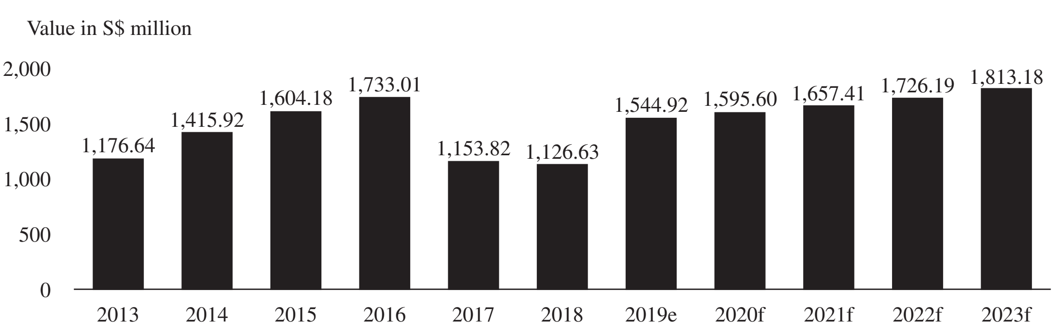
CAGR 2013–2018: 5.01%   CAGR 2019e–2023f: 4.08%

Notes: The letter "e" denotes estimated figure and the letter "f" denotes forecast figures. Based on official release/publication, it is estimated that the figure for the first half of 2019 is S$4.31 billion.
Source: BCA; SINGSTAT; Ipsos analysis

2.1 Civil Engineering Utilities Works in Singapore

The civil engineering utilities works segment of the civil engineering construction industry (with scope of work activities include cables installation and pipelines construction) mainly includes the following: (i) Power and telecommunication; (ii) Water and sewerage; (iii) Gas; and (iv) Others. Civil engineering utilities works segment was valued at approximately S$1,176.64 million in 2013, and contracted at a CAGR of approximately 0.86% to S$1,126.63 million in 2018. The contraction of the civil engineering utilities works segment in 2017 and 2018 reflected the general trend of the civil engineering segment. Moving forward, it is anticipated that the civil engineering utilities works will experience a stronger growth, in line with the anticipated growth of the civil engineering segment following the Singapore government's plan to increase the overall population to a range of 6.5 to 6.9 million by 2030 and to optimise land use. Furthermore, the announcements of new township and development of infrastructure projects (e.g. North-South Corridor) are anticipated to drive demand for civil engineering works further. As such, the civil engineering utilities works segment is anticipated to grow at a CAGR of approximately 4.08% to reach S$1,813.18 million in 2023.

Civil engineering utilities works output by value of certified payments in Singapore, 2013–2023f



CAGR 2013–2018: -0.86%   CAGR 2019e–2023f: 4.08%

Notes: The letter "e" denotes estimated figure and the letter "f" denotes forecast figures.
Source: BCA; SINGSTAT; Ipsos analysis

COMPETITIVE LANDSCAPE OF THE CONSTRUCTION INDUSTRY IN SINGAPORE

Our market share and comparable companies

The civil engineering utilities work segment is highly fragmented and competitive in Singapore as there are almost 1,000 contractors registered under the BCA construction workhead of CW02 (Civil Engineering). In 2018, the civil engineering utilities work output by value of certified payments in Singapore was estimated to value at approximately S$1,126.63 million. For the same period, our revenue generated from civil engineering utilities works segment was recorded at approximately S$64.73 million. As such, our market share was estimated to be approximately 5.7% in the civil engineering utilities works segment based on our revenue by the end of 2018.

Ipsos has identified 7 key active contractors involved in civil engineering utilities works based on desktop and primary research, including (i) the results of the interviews conducted with building construction and civil engineering works industry players; (ii) the research results from various construction industry reports and news articles; and (iii) the research results from various databases such as those of the Accounting and Corporate Regulatory Authority and the Building and Construction Authority. The metrics used to determine the 7 key industry players in the market was a consolidation of (i) the ranking provided by the civil engineering works industry players during the Ipsos interviews; (ii) the total number of contracts awarded to the civil engineering works industry players which were publicly disclosed during the Track Record Period; and (iii) the total contract value awarded to the civil engineering works industry players which were publicly disclosed during the Track Record Period. Such 7 key active contractors in the civil engineering utilities works segment include:

Civil engineering works contractors (specialising in utilities works) in Singapore, 2018[1]

Rank	Comparable competitors	Estimated market share	Products and services
1	A contractor based in Singapore, listed on the Singapore Stock Exchange	11.9%	The company specialises in infrastructure construction and maintenance works, including road construction, pipeline rehabilitation and maintenance works.
2	A contractor based in Singapore	10.8%	The company carries out communications and power line constructions, particularly in cable laying works.
3	Our Group	5.7%	Our group specialises in infrastructural cable and pipeline constructions particularly in power cables and telecommunication networks.
4	A contractor based in Singapore, a subsidiary of a company listed on the Singapore Stock Exchange	5.6%	The company specialises in the construction of infrastructure system including drainage and roads among others.
5	A contractor based in Singapore	5.2%	The company is mainly involved in the construction of communications and power line.
6	A contractor based in Singapore	3.4%	The company supplies and installs piping and equipment for various utilities including water, sewage, gas, and telecommunication.
7	A contractor based in Singapore	1.4%	The company specialises in the installation of 22kV, 66kV, 230kV and 400kV power cables.

Source: Annual reports and financial statements of market players; Grading under BCA's Contractors Registration System; Stakeholder interviews; Ipsos analysis

[1] *Total sum may differ due to variance in rounding of decimals*

Market drivers

Singapore government's initiatives to develop a comprehensive underground utilities network

The scarcity of land is a pressing issue that the Singapore government is committed to address. The Government is seen exploring the potential of the underground space in Singapore to further their goal of striking a balance between the country's growth and the people's quality of life. By utilising underground space, more land space could be freed up, thus allowing more room for the residents to live, play, and work.

In the Cities of Tomorrow Programme spearheaded by the Ministry of National Development (MND), research focus is placed on exploring the possibilities of increasing the space capacity in Singapore by developing new spaces such as underground space and through land reclamation. Particularly, the MND has invested in research and development efforts to facilitate the growth of the underground city movement in Singapore. Besides directing its resources to enhance the accuracy of underground mapping technologies, the MND is also dedicated to lowering the costs associated with underground development.

In light of the government initiatives to promote underground development in an attempt to improve the liveability of the country, there will be a growing demand in the construction industry and civil engineering segment as public-sector projects relating to underground works continue to grow rapidly. Some of these initiatives include the Underground Transmission Cable Tunnel Project, a project to shift high tension cables into underground deep tunnels and the Deep Tunnel Sewerage System Phase 2.

As the basic machineries required for underground utilities installation may be used across the board for the installation of different utilities, industry players who currently specialise in the installation of one or a few specific underground utilities and infrastructure may expand their current operations with relative ease, creating a conducive environment for the growth of the industry in the process. For instance, there are five types of underground utilities installed at the three metres depth in Singapore: power cables, telecommunication cables, sewerage pipes, water pipes, and gas pipes. Industry players currently specialising in the installation of power cables and telecommunication cables may expand their operations to include other utilities and infrastructure such as sewerage pipes and water pipes. While more specialised machineries such as pipe jacking machine is needed for underground pipes installation, the basic machineries required remain the same.

As such, the Singapore government's initiative to develop a comprehensive underground utilities network coupled with the ease of transition will increase the demand for civil engineering utilities works, driving the growth of the civil engineering segment further.

Advancement in digital technologies provides a conducive environment for the development of underground utilities network

In the context of civil engineering utilities works, one of the few challenges faced by the industry is the lack of a comprehensive underground utilities map. In the absence of a detailed underground map identifying the cables, pipes, and other infrastructures installed at varying depths, the efficiency of underground utilities and infrastructures installation is significantly lowered. In turn, the costs and risks of underground installation are amplified as existing underground utilities and infrastructures such as utility lines may be damaged during the excavation works for the repair of existing utilities or the installation of new utilities and infrastructure.

In Singapore, the Ministry of National Development (MND) is working on enhancing the accuracy of underground mapping technologies. With underground mapping technologies, redundancies and costs of underground installation may be reduced significantly. The advancement in underground mapping technologies allow the underground space to be fully utilised through enhancing the space planning process. It is anticipated that this will increase the momentum of the underground city movement, promoting the growth of the civil engineering industry and increasing the demand for civil engineering utilities works in the process.

Singapore Government's initiatives to increase overall population

As stated in the Singapore Population Whitepaper, the Singapore government has various initiatives to increase the overall population in Singapore to a range of 6.5 to 6.9 million in 2030 from 5.3 million in 2012, which include encouraging marriage and parenthood amongst Singaporeans, remaining open to immigration and enhancing integration efforts of new immigrants to the nation. A country that is highly urbanised is also typically a good platform to spur demand for building and infrastructure development, as urban areas are typically densely populated and demand for housing, commercial buildings, proper infrastructure, proper connectivity (i.e. road networks) and social amenities are crucial to achieving quality of life. Particularly, basic infrastructure such as power cables and telecommunication networks are necessities of modern life. This is expected to drive the demand for construction projects, which will in turn provide opportunities for building construction and civil engineering construction activities in Singapore, especially for civil engineering works relating to power and telecommunication.

In addition, new Housing Development Board ("HDB") projects have also been developed to support the population growth in Singapore over the last ten years. For instance, new HDB projects have been developed in residential areas such as Sengkang, Bukit Batok, Hougang, Punggol, Bishan, Sembawang and Bukit Panjang. The number of public residential units ready for occupation is expected to increase substantially over the next few years due to a government plan to roll out at least 700,000 new housing units by 2030; most of which will be built in the central region that includes areas such as the former Bukit Turf Club, Kallang Riverside, Bukit Brown, and the waterfront area around Keppel. This would drive construction demand for the residential sector and infrastructure projects, which will in turn provide opportunities for construction activities indirectly. As such, these factors serve as a positive note to the construction industry and will drive activities within building construction and civil engineering construction works segments in Singapore.

Entry barriers

Proven track record and capabilities

Civil engineering works contractors with years of experience, building reliable and skilled construction workforce, are capable of handling sizeable construction projects. Such networks and skilled workforce grew over the years with significant investments and management. In addition, timely delivery of projects and the capability to provide a comprehensive scope of work (e.g. the ability to design, budget, plan and carry out works in a cost and time effective manner) would be difficult without sufficient industry experience. New industry players will have to compete against industry players with mature company setups and networks and will likely not be able to develop solid design and installation experience in a short period. Furthermore, in terms of construction project tenders, one of the key tender evaluation criteria of both public and private sector projects is the contractors' track record and experience in projects with similar nature and complexity. This makes it difficult for new entrants with little track record in civil engineering construction works to compete for tenders in Singapore.

Sizeable pool of trained operators and construction equipment required to be competitive with the current industry players

Generally, established market players enjoy the advantage of strong financial position. Over the years, they have invested in their fleet of machinery/equipment and their workers to sustain existing operations and initiate new ones. These would include investing in machinery such as excavation machines, pipe jacking machinery and training workers on site. On the other hand, new industry players will less likely have the proper infrastructure, machinery/equipment, setup and adequate investment in place to compete with the current established building construction and civil engineering works contractors. Contrasted with the strong financial position of established market players, new market entrants will find it difficult to procure contracts with potential customers in the industry as a result of their weaker financial position.

Furthermore, new entrants to the building construction and civil engineering works segments may not be able to attract and retain a sizeable pool of skilled workers or equipment to cater for the different requirements of customers. As a result of their smaller workforce, those new entrants may find it difficult to meet the different needs and requirements of their potential customers due to the limitation in equipment available and services rendered or lack of trained/experienced on-site workers and may face difficulties in obtaining contracts or to gain confidence from potential customers.

High upfront costs for projects

The upfront costs needed to commence a construction project include the cost for construction equipment, insurance, raw materials and workers and subcontracting services among others. The high upfront costs coupled with the long payment terms can pose as an entry barrier for potential new entrants to the construction industry including the civil engineering utilities works industry. The need for new entrants to sustain their business operation between the initial stage of project up till the first payment is received put these new entrants at a disadvantaged, especially when pitted against the seasoned market players who are well equipped financially to deal with the capital-intensive nature of the industry.

Potential challenges

Regional competition

Although the construction industry in Singapore is one of the most structured and well- managed systems in the region, its position is subsequently threatened by the growth and entry of other construction companies from countries like China. Foreign companies awarded with projects usually have more advanced construction methods, lower labour cost, and stronger shareholder background and financial resources. Therefore, the government constantly urges local construction firms to keep up with the change and advancement in technologies. As such, Singapore's contractors are constantly adapting to competition not only from local but foreign companies at large.

Rising foreign worker levies

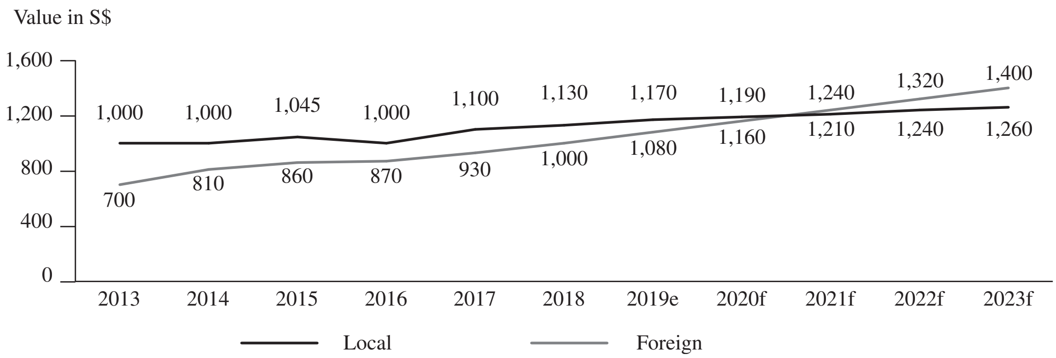
The construction industry in Singapore relies on the supply of foreign labour as the local construction labour force in Singapore is limited and more costly than foreign labour. Based on the latest available information, the monthly rate of foreign worker levy for basic skilled workers in the construction sector has since increased from S$650 in 2016 to $700 in 2017. Rising foreign worker levy will increase the contractors' costs of operations and will therefore be one of the challenges faced by the industry as the profit margin of building construction and civil engineering works contractors will be negatively affected if such increased costs cannot be passed onto their customers.

Labour shortage

According to the Ipsos Report, the construction industry (including the civil engineering utilities works segment) in Singapore is facing recruitment challenges due to the shortage of construction labour as a result of an aging workforce supply and a declining rate of young Singaporeans entering the industry.

Labour cost in Singapore has been generally on an increasing trend in the past few years as a result of labour shortage, as well as the increased foreign worker levies that have been applied as a part of the government's initiative to reduce dependency on foreign workers. On average, the monthly basic wages for local construction workers in Singapore increased from approximately S$1,000 in 2013 to an estimated S$1,130 in 2018, at CAGR of approximately 2.47%, reflecting the shortage in local workforce in the construction industry. Average monthly basic wages for foreign workers on the other hand, increased from about S$700 in 2013 to an estimated S$1,000 in 2018, representing a CAGR of approximately 7.39%. In general, basic wages paid to foreign workers were on average 20% lower compared to wages paid to local workers. In line with the government's effort to reduce reliance on foreign workforce, the average monthly basic wages for foreign workers are expected to increase from the estimated amount of S$1,000 in 2018 to approximately S$1,080 in 2019, and will further increase to approximately S$1,400 in 2023 at a CAGR of approximately 6.70%. Meanwhile, the average monthly basic wages for local workforce is estimated to be S$1,130 in 2018 and will further increase from S$1,170 in 2019 to S$1,260 in 2023 at a CAGR of approximately 1.87%.

Average monthly basic wages, local vs. foreign workforce, 2013–2023f

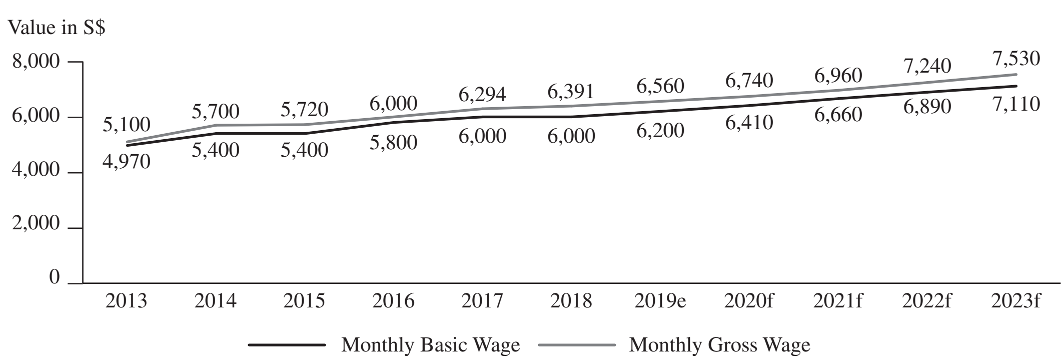


Local CAGR 2013–2018: 2.47% CAGR 2019e–2023f: 1.87%
Foreign CAGR 2013–2018: 7.39% CAGR 2019e–2023f: 6.70%

Notes: The letter "e" denotes estimated figure and the letter "f" denotes forecast figures
Sources: MOM; SINGSTAT; Ipsos interviews; Ipsos analysis

In the context of construction industry, specifically looking at the role of building and construction project manager, an upward salary trend has been observed. The median monthly basic wage for building and construction project manager increased from S$4,970 in 2013 to S$6,000 in 2018 at a CAGR of approximately 3.84%, while the median monthly gross wage for building and construction project manager increased from S$5,100 in 2013 to S$6,391 in 2018 at a CAGR of approximately 4.62%. This is largely due to the labour-related challenges faced by the construction industry in general, such as an aging workforce supply and a declining rate of young Singaporeans entering the industry. Moving forward, Ipsos estimates that the monthly basic wage and gross wage will reach approximately S$7,110 and S$7,530 respectively by 2023, at a CAGR of approximately 3.48% and 3.51% respectively.

Median monthly basic wage and monthly gross wage of building and construction project manager, 2013–2023f



Monthly Basic Wage CAGR 2013–2018: 3.84% CAGR 2019e–2023f: 3.48%
Monthly Gross Wage CAGR 2013–2018: 4.62% CAGR 2019e–2023f: 3.51%

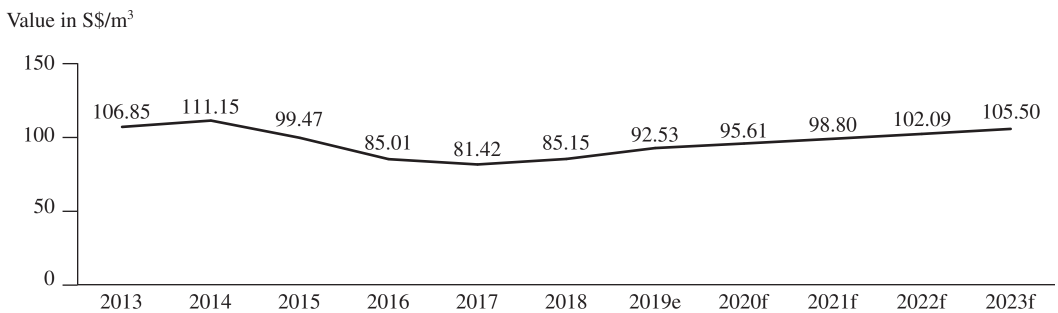
Notes: The letter "e" denotes estimated figure and the letter "f" denotes forecast figures
Sources: MOM; SINGSTAT; Ipsos analysis

Fluctuating cost of raw materials in Singapore

The main raw materials in the civil engineering segment in Singapore include concrete and general pipes. Raw materials are mostly imported and the prices are influenced by the demand for such materials within the country.

Ready mixed concrete prices fell from approximately S$106.85 per cubic metre in 2013 to approximately S$85.15 per cubic metre in 2018 at a negative CAGR of 4.44%. The decrease is largely attributed to the slowdown of demand for such materials in the country in line with the contraction of Singapore's construction industry. However, ready mixed concrete prices are forecasted to remain stable and generally in line with forecasted growth in construction activities in Singapore.

Ready mixed concrete prices, Singapore, 2013–2023f

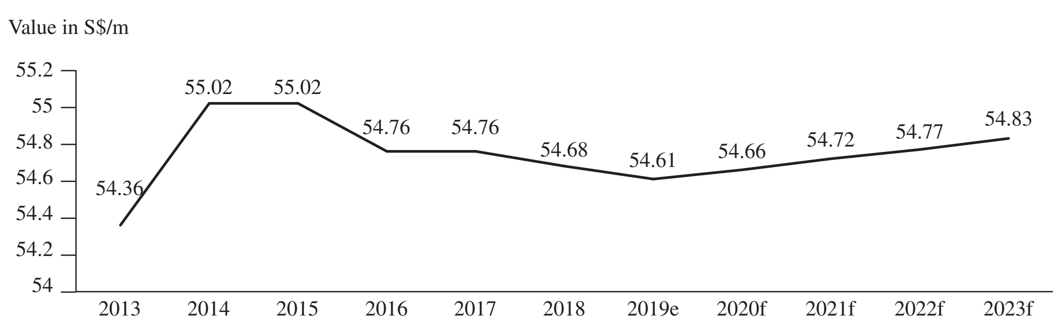


CAGR 2013–2018: -4.44%   CAGR 2019e–2023f: 3.33%

Notes: The letter "e" denotes estimated figure and the letter "f" denotes forecast figures
Sources: BCA; SINGSTAT; Ipsos analysis

General pipes prices rose from approximately S$54.36 per metre in 2013 to approximately S$54.68 per metre in 2018 at a CAGR of approximately 0.12%. During 2014 to 2016, general pipes prices rose and maintained at S$55.02 per metre, largely attributed to the supply constraint in the plastic industry globally during the aforementioned period. Moving forward, the general pipes prices are forecasted to remain stable at a similar CAGR of approximately 0.10% from 2019 to 2023.

General pipes prices, Singapore, 2013–2023f

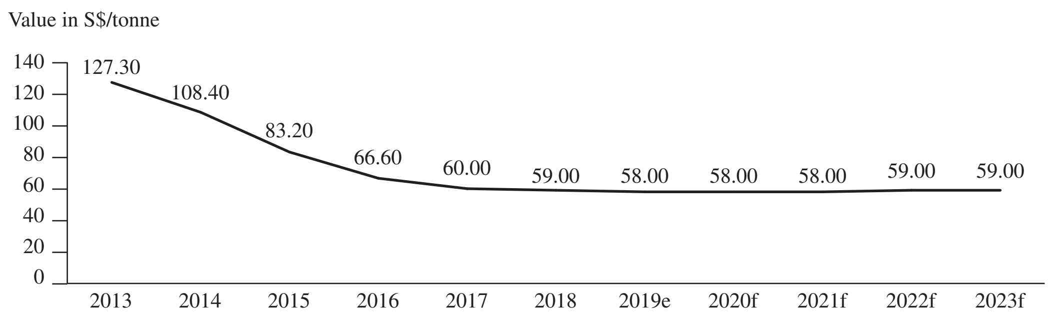


CAGR 2013–2018: 0.12%   CAGR 2019e–2023f: 0.10%

Notes: The letter "e" denotes estimated figure and the letter "f" denotes forecast figures
Sources: BCA; SINGSTAT; Ipsos analysis

Asphalt mix prices declined from approximately S$127.30 per tonne in 2013 to approximately S$59.00 per tonne in 2018 at a CAGR of approximately 14.26%, largely influenced by the trend of the crude oil prices. Moving forward, asphalt mix prices are expected to remain stable (at a CAGR of approximately 0.43%) assuming that there is no huge impact to the global economy.

Asphalt mix prices, Singapore, 2013–2023f



CAGR 2013–2018: -14.26%   CAGR 2019e–2023f: 0.43%

Notes: The letter "e" denotes estimated figure and the letter "f" denotes forecast figures
Sources: Secondary research; Ipsos analysis

This section of the prospectus contains a summary of certain laws and regulations material to our Group's business operations. As this is only a summary, it does not contain detailed analysis of all the applicable laws which are relevant to our business.

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN SINGAPORE

Licensing regime for contractors in Singapore

The building and construction industry in Singapore is regulated by the Building and Construction Authority ("**BCA**"), which is an agency under Singapore's Ministry of National Development. The BCA's primary role is to develop and regulate Singapore's building and construction industry and the primary legislation is the Building Control Act, Chapter 29 of Singapore (the "**Building Control Act**").

The BCA administers the Builder's Licensing Scheme ("**BLS**"), while the Building Control Act and its subsidiary legislation, particularly, the Building Control (Licensing of Builders) Regulations 2008, sets out the requirements for licensing of builders. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control ("**CBC**") and builders who work in specialist areas which have a high impact on public safety will require a builder's licence. The requirement applies to both public and private construction projects.

There are two types of builder's licences, namely, (i) the general builder's licence for builders undertaking general building works ("**GB Licence**"), which exclude works that have been designated as specialist works to be carried out by a specialist builder, and (ii) the specialist builder's licence for builders undertaking any of the six types of specialist building works ("**SB Licence**"), namely: (a) piling works; (b) ground support and stabilisation works; (c) site investigation work; (d) structural steelwork; (e) pre-cast concrete work; and (f) in-situ post-tensioning work.

GB Licences are further sub-divided into two classes, namely the Class 1 General Builder Licence ("**GB Class 1 Licence**") and the Class 2 General Builder Licence ("**GB Class 2 Licence**"). A GB Class 1 Licence authorises the holder thereof to carry on the business of a general builder generally without any restriction as to the estimated final price, while a GB Class 2 Licence authorises the holder thereof to carry on the business of a general builder restricted to contracts or engagements for an estimated final price each of not more than S$6.0 million.

Under Section 29E(6) of the Building Control Act, every builder's licence shall, unless earlier revoked, be valid for such period as may be specified therein (being not longer than three years), and upon its expiry, the licence may be renewed. An application for the renewal of licence shall be submitted online to the CBC not later than one month before the date of expiry of the licence and accompanied by the relevant renewal fee. The CBC may refuse to renew any licence for which the renewal application is submitted 14 days or less before the date of expiry of the licence.

Under Section 29B of the Building Control Act, no person shall, amongst others, advertise or hold himself out or conduct himself in any way or by any means as a person who is authorised to carry on the business of a general builder or a specialist builder in Singapore unless he is in possession of a general builder's licence or a specialist builder's licence respectively. Further, no person shall carry on the business of a general builder in Singapore or carry on a business carrying out, or undertaking to carry out, (whether exclusively or in conjunction with any other business) general building works and minor specialist building works or minor specialist building works only, unless he is in possession of a general builder's licence, and no person shall carry on the business of a specialist builder in Singapore unless he is in possession of a specialist builder's licence.

On 7 August 2018, the Ministry of National Development and the BCA issued a circular seeking feedback on proposed amendments to the Building Control Act. The proposed key amendments are to (i) introduce a mandatory facade regime for buildings more than 20 years old; and (ii) update other provisions in building control related areas, including builder licensing and accessibility. In addition, several amendments are also being proposed to clarify that subcontractors appointed by general builders or specialist builders do not have to hold a licence for these works and that where a licensed builder is a corporation, an "approved person" responsible for the management of the licensed builder's business in relation to general building works must be a director or a member of the board of management of the corporation. Such new requirements will only apply to an application for a licence or renewal of licence after the amendments come into force, which has not been announced as at the Latest Practicable Date.

As at the Latest Practicable Date, our Group holds various builder's licences, including the builder's licence which enable us to undertake pre-cast concrete work comprising fabrication of pre-cast structural elements. The following conditions must be met in order to maintain the builder's licences:

Financial Minimum Paid-up Capital	**Approved Person[(1)]**		**Technical Controller[(2)]**	
	Course	**Practical Experience**	**Course**	**Practical Experience**
GB Class 1 Licence				
S$300,000	A course leading to a diploma in a construction and construction related fields, or a Bachelor's degree or post-graduate degree in any field.	At least five or 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 postgraduate degree in a construction and construction-related fields.	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 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.		

Financial Minimum Paid-up Capital	Approved Person[(1)]		Technical Controller[(2)]	
	Course	Practical Experience	Course	Practical Experience
GB Class 2 Licence				
S$25,000	A course leading to a diploma in a construction and construction-related fields, 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 postgraduate degree in a construction and construction-related fields.	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 BCA known as "Essential Knowledge in Construction Regulations & Management for Licensed Builders".	At least eight years (in aggregate) of practical experience of construction projects in Singapore.		
SB Licence				
S$25,000	A course leading to a diploma in a construction and construction-related fields, 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 Bachelor's degree or post-graduate degree in the field of civil or structural engineering from a recognised institution.	At least five years (in aggregate) of practical experience in the execution of specialist building works of that class (whether in Singapore or elsewhere) after attaining the corresponding qualification.
		OR		
	A course conducted by 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.		

Notes:

(1) The approved person appointed will take charge and direct the management of the business in building works. The approved person 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 of 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 licensee whose licence has been revoked in the 12 months preceding the date of application. The approved person is not acting, and for so long as he is the approved person for the builder that he does not intend to act, as a technical controller for any other holder of a licence (this criterion is applicable for all business entities except sole-proprietorships). The approved person must give his consent that he is to carry out the duties of an approved person for the licensee.

(2) The technical controller appointed will oversee the execution and performance of any building works undertaken by the builder. 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 of 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 licensee whose licence has been revoked in the 12 months preceding the date of application. The appointed technical controller is not acting, and for so long as he is the technical controller for the licensee that he does not intend to act, as a technical controller for any other holder of licence. The technical controller must give his consent that he is to carry out the duties of a technical controller for the licensee.

Please refer to the section headed ''Business — Our licences and qualifications — Qualifications and licences in Singapore'' in this Prospectus for further information on the specific builder's licences held by each member of our Group.

*Contractors Registration System (''**CRS**'')*

The CRS is administered by the BCA and registration with the CRS is a pre-requisite to tendering for projects in the public sector in Singapore. A company involved only in private sector projects need not register with the CRS and will only require a builder's licence under the BLS. At present, there are seven major categories of registration: Construction (CW), Construction-Related (CR), Mechanical and Electrical (ME), Maintenance (MW), Trade Heads for Subcontractors (TR), Regulatory Workhead (RW) and Supply (SY). These seven categories are further divided into a total of 64 workheads. Each major category of registration is also subject to up to seven financial grades.

Registration is dependent on the fulfilment of specific requirements, including the value of previously completed projects, personnel resources, and consistent and continuous good performance. In order to qualify for a particular grade, companies must satisfy the respective grade requirements in terms of (i) financial capability (such as valid audited accounts, paid-up capital and net worth); (ii) relevant technical personnel (such as full-time employed, recognised professional, technical qualifications and valid licences); (iii) management certifications (such as Singapore Accreditation Council accredited ISO 9000, ISO 14000 and OHSAS 18000); and (iv) track record (valid projects with documentary proof, endorsed and assessed by clients).

Each grade corresponds to a tendering limit which is valid for one year from 1 July to 30 June. The tendering limit may be adjusted every year by the BCA depending on the economy driving the construction industry in Singapore. As at the Latest Practicable Date, the tendering limits for the construction workheads (CW01 and CW02) and the specialist workheads (CR, ME, MW and SY) are as follows:

Tendering Limit (S$ million)	**A1**	**A2**	**B1**	**B2**	**C1**	**C2**	**C3**
Construction Workheads							
1 July 2018 to 30 June 2019	Unlimited	85	40	13	4.0	1.3	0.65
1 July 2019 to 30 June 2020	Unlimited	85	40	13	4.0	1.3	0.65
	Single Grade	**L6**	**L5**	**L4**	**L3**	**L2**	**L1**
Specialist Workheads							
1 July 2018 to 30 June 2019	Unlimited	Unlimited	13.0	6.5	4.0	1.3	0.65
1 July 2019 to 30 June 2020	Unlimited	Unlimited	13.0	6.5	4.0	1.3	0.65

As at the Latest Practicable Date, our Group is registered with the BCA under the certain workheads under the CRS. Below is a summary of the scopes of the workheads which were relevant to our operations during the Track Record Period:

Workhead Reference	**Workhead Description**	**Scope of Work**
CW01	General Building	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; addition and alteration works on buildings involving structural changes; installation of roofs.
CW02	Civil Engineering	Works involving concrete, masonry and steel in bridges, sewers, culverts, reservoirs, retaining walls, canals, drainage systems, underground structures, cutting and filling of embankment, river banks, excavation of deep trenches, scraping of sub-soil, surface drainage works, flexible pavement, rigid pavement or laterite roads, bus bays, open car-parks and related works such as kerbs and footways; Works involving dredging in canal, river and offshore for the purpose of deepening and extraction of mineral or construction material; Works involving marine piling and the construction of marine structures such as jetties, wharves, sea and river walls.
ME02	Building Automation, Industrial & Process Control Systems	Installation and maintenance of microprocessor or computer-based building control systems (e.g. integrated environmental control, fire and security computer control system), industrial process control systems.
ME04	Communication & Security Systems	Installation and maintenance of communications system (e.g. intercom & wireless radio) and security systems (e.g. CCTV, security alarm, car park security control and card access system); Installation and maintenance of Central Antenna Television (CATV) systems.

Workhead Reference	Workhead Description	Scope of Work
ME08	Internal Telephone Wiring for Telecommunications	Wiring work within a building for telecommunications purposes.
SY05	Electrical & Electronic Materials, Products & Components	Supply of electrical and electronic products and materials such as batteries, electrical cables and wires, lightings, and includes control and measuring instruments.
CR07	Cable/Pipe Laying & Road Reinstatement	Installation of underground cables/pipes and the subsequent reinstatement of roads and other surfaces including detection of underground services.
CR14	Asphalt Works & Road Marking	Supply and laying of asphalt, marking and painting of roads.

Registration under these workheads and gradings under the CRS enables our Group to tender for public sector projects for building works under the relevant workheads, subject to the applicable tendering limits determined based on the relevant grading obtained for each workhead.

Please refer to the section headed "Business — Our licences and qualifications — Qualifications and licences in Singapore" in this Prospectus for further information on the specific workheads registered by each member of our Group.

In order to maintain the above workheads and gradings under the CRS, the following requirements must, amongst others, be complied with:

Workhead/ Grade		Requirements
CW01/C3	Minimum paid-up capital and minimum net worth	S$25,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$100,000.(1)
	Personnel	Employ at least one RP/P/T with BCCPE.

Workhead/ Grade		Requirements
CW02/C1	Minimum paid-up capital and minimum net worth	S$300,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$3,000,000. Only the value of the civil engineering projects will be accepted.
	Personnel	Employ at least one RP/P and one T, of which one RP/P/T with BCCPE.
CW02/C3	Minimum paid-up capital and minimum net worth	S$25,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$100,000. Only the value of the civil engineering projects will be accepted.(1)
	Personnel	Employ at least one RP/P/T with BCCPE.
ME02/L1	Minimum paid-up capital and minimum net worth	S$10,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$100,000. Ongoing projects are acceptable for renewal and L1.
	Personnel	Employ one T, and at least one RP/P/T with BCCPE.
ME04/L5	Minimum paid-up capital and minimum net worth	S$500,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$10,000,000, of which $1,000,000 is the minimum size for a single main contract or subcontract.
	Personnel	Employ one RP/P or two T, of which one T has at least eight years of relevant experience, and at least one RP/P/T with BCCPE

Workhead/ Grade		Requirements
ME08/L1	Minimum paid-up capital and minimum net worth	S$10,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$100,000. Ongoing projects are acceptable for renewal and L1.(1)
	Personnel	Employ one T, and at least one RP/P/T with BCCPE.
SY05/L1	Minimum paid-up capital and minimum net worth	S$10,000
	Track record	No track record is required.
	Personnel	Employ at least one T with BCCPE.
CR07/L1	Minimum paid-up capital and minimum net worth	S$10,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$100,000.
	Personnel	Employ at least one T with BCCPE.
CR07/L5	Minimum paid-up capital and minimum net worth	S$500,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$10 million, of which S$1.0 million is the minimum size for a single main contract or subcontract.
	Personnel	Employ at least one P or two T, one with at least eight years of relevant experience of which at least one P/T with BCCPE.

Workhead/ Grade		Requirements
CR07/L6	Minimum paid-up capital and minimum net worth	S$1,500,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$30,000,000, of which the contractor is expected to complete (i) a minimum of S$7,500,000 in projects executed in Singapore; (ii) a minimum of S$3,000,000 in main contracts (nominated subcontracts may be included); and (iii) S$3,000,000 being the minimum size for a single main contract or subcontract.
	Personnel	Employ at least two P, both with at least five years of relevant experience, of which at least one P with SDCP.
CR14/L3	Minimum paid-up capital and minimum net worth	S$150,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$3,000,000.
	Personnel	Employ at least two T of which minimum one T with BCCPE.
CR14/L4	Minimum paid-up capital and minimum net worth	S$250,000
	Track record	Secure, over a three year period, projects with an aggregate contract value of at least S$5,000,000, of which $500,000 is the minimum size for a single main contract or subcontract.
	Personnel	Employ at least two T, one with at least five years of relevant experience, of which at least one T with BCCPE.

Notes:

1. Based on the Specific Registration Requirements under the CRS as provided by the BCA, from October 2019 onwards, no track record is required as a registration requirement.

2. A registrable professional ("**RP**") must have a minimum professional qualification in architecture, civil/structural engineering or equivalent recognised by the Professional Engineers Board (PEB), BCA or Board of Architects Singapore (BOA).

3. A professional ("**P**") must have a minimum professional qualification with a recognised degree in civil/structural, mechanical or electrical engineering, architecture, building or equivalent qualifications approved by BCA.

4. A technician ("**T**") must have a minimum qualification of (i) a technical diploma in architecture, building, civil/structural mechanical, electrical engineering 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 (NCCS) or Advance National Building Qualification (NBQ) or Specialist Diploma in M&E Coordination awarded by BCA Academy; or (iii) such other diplomas or qualifications as approved by BCA from time to time.

5. "**BCCPE**" shall mean Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by BCA Academy. A director with BCCPE (Certificate of Attendance) is acceptable for one company only.

6. A five month Specialist Diploma in Construction Productivity ("**SDCP**") conducted by the BCA Academy to keep participants abreast of the latest productive technologies and trends, and encourage adoption of such technologies and processes.

7. The BCA Certified Construction Productivity Professional ("**CCPP**") Scheme accords recognition and grooms a pool of competent construction professionals who would lead the push for sustained productivity improvement within the construction industry. As part of the registration criteria, the professional must be able to demonstrate his capability and dedicated efforts in improving productivity of construction project sites. These efforts can include contribution and applications of ideas, management/technical skills which lead to significant productivity growth for the project sites.

Building plans

Under the Building Control Act which is administered by the BCA, "building" includes any permanent or temporary building or structure and includes, amongst others, an earth retaining or stabilising structure, whether permanent or temporary, and "building works" includes, amongst others, the erection, extension or alteration of a building and includes site formation works carried out for such purpose. The plans of any building works must be submitted to the CBC for approval and in the case of structural works, a permit must be granted by the CBC prior to carrying out of such structural works. Before an application to the CBC for approval of the plans of the building works is made, every person for whom any relevant building works are or are to be carried out, or the builder of such building works, shall appoint either a registered architect or professional engineer ("**Qualified Person**") to prepare the said plans, and to supervise the building works. The construction of earth retaining and stabilising structures or other critical structural works of a prescribed class of building works would also require the supervision of a Qualified Person or a site supervisor appointed by him.

Under the Building Control Act, a builder undertaking any building works shall, amongst others: (i) ensure that the building works are carried out in accordance with the provisions of the Building Control Act, the plans approved by the CBC and supplied to it by a Qualified Person and with any terms or conditions imposed by the CBC; (ii) notify the CBC of any contravention of the Building Control Act or the building regulations relating to those building works; (iii) keep at the premises on which the building works are carried out and make available on request (at a reasonable time) by any specialist builder appointed in respect of specialist building works comprised in those same building works, all plans of those building works approved by the CBC and supplied to him by a Qualified Person; and (iv) within seven days from the completion of the building works, certify that the new building has been erected or the building works have been carried out in accordance with the Building Control Act and the building regulations and deliver such certificate to the CBC.

Minimum buildability and productivity standards are also prescribed under the Building Control (Buildability and Productivity) Regulations and the Code of Practice on Buildability. The Building Control Regulations 2003 sets out certain requirements of the BCA relating to, amongst others, submission and approval of plans of building works, design and construction of buildings and installation of external features.

If the CBC is of the opinion that any building works are carried out in such a manner as (i) will cause, or will be likely to cause, a risk of injury to any person or damage to any property; (ii) will cause, or will be likely to cause, or may have caused a total or partial collapse of the building in respect of which building works are or have been carried out or any building, street or natural formation opposite, parallel, adjacent or in otherwise close proximity to those building works, or any part of such building, street or land; or (iii) will render, or will be likely to render, or may have rendered the building in respect of which the building works are or have been carried out or any building, street, slope or natural formation opposite, parallel, adjacent or in otherwise close proximity to those building works so unstable or so dangerous that it will collapse or be likely to collapse (whether totally or partially), he may, by order, direct the developer of those building works to immediately stop the building works or to take such remedial or other measures as he may specify.

Building and Construction Industry Security of Payment Act

The Building and Construction Industry Security of Payment Act, Chapter 30B of Singapore ("**BCISPA**") is administered by the BCA and facilitates payments for construction work done or for related goods or services supplied in the building and construction industry.

Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. The provisions of the BCISPA shall 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 BCISPA 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.

The BCISPA also contains provisions relating to, amongst 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. In addition, the BCISPA endorses the following rights:

(i) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The BCISPA has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;

(ii) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, or to enforce the adjudication determination as if it were a judgment debt, if, amongst others, such claimant is not paid after the adjudicator has determined that the respondent shall pay an adjudicated amount to the claimant; and

(iii) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

In June 2018, the Ministry of National Development and the BCA invited members of the public to provide feedback on the proposed amendments to the BCISPA. The proposed key amendments (after taking into account the feedback received) include: (i) revising the limitation period for serving payment claims to 30 months from when the work was last carried out, or a document certifying completion of the works has been issued under the contract or the issuance of the last temporary occupation permit at the time the payment claim is served, whichever is later; (ii) extending the default period for the respondent to provide a payment response from seven to 14 days; and (iii) clarifying that respondents who have objections pertaining to a payment claim under a supply contract must provide their reasons for withholding payment in writing.

An amendment bill to the BCISPA has been passed by the Singapore Parliament in October 2018. With effect from 15 December 2019, some of the key amendments to the BCISPA are as follows: (a) expanding and clarifying the scope of application of the BCISPA to clarify that (i) claims for works done or goods supplied before contract termination are valid and (ii) adjudicators are to consider claims on damages, losses and expenses only when the quantum of such claims can be supported by documents; (b) enhancing requirements on handling payment claims and responses, including prescribing a shorter time limit for service of payment claims, and clarifying that a payment claim will be valid even if it is served before the date/period specified in the contract and allowing unpaid payment claims to be repeated under the BCISPA; and (c) improving the adjudication process by allowing claimants (and not just respondents) to apply for adjudication review, allowing adjudicators to disregard specific circumstances where claimants have failed to provide certain documents or information in adjudication proceedings so long as the respondents were not materially prejudiced and clarifying that any belated objections by respondents will be disregarded by adjudicators or the Singapore courts unless respondents can prove that their objections could not have been made known earlier.

Licences for telecommunication systems and services

The Telecommunications Act, Chapter 323 of Singapore ("**Telecommunications Act**") is administered by the Info-communications Media Development Authority ("**IMDA**"), and provides for, amongst others, the operation and provision of telecommunication systems and services in Singapore. Under the Telecommunications Act, the IMDA has the exclusive privilege for the operation and provision of telecommunication systems and services in Singapore, and the power to grant licences for the running of telecommunication systems and services either unconditionally or subject to such conditions as the IMDA may impose and specify in such licences.

Under Regulation 5(1) of the Telecommunications (Internal Wiring) Regulations 2005, no other person other than a holder of a Telecommunication Wiring Contractor's (Class) Licence shall (i) act as a telecommunication wiring contractor; (ii) advertise, notify or state that he carries on or is willing to carry on the business of a telecommunication wiring contractor; or (iii) in any way hold himself out as ready to undertake for payment or other remuneration (whether monetary or otherwise) any of the functions of a telecommunication wiring contractor. The Telecommunication Wiring Contractor's (Class) Licence is meant for an ACRA registered entity, including companies, and the Telecommunication Wiring Installer's Licence is only granted to qualified individuals. These licences are required to perform internal telecommunication wiring works.

The holder of a Telecommunication Wiring Contractor's (Class) Licence shall at all times have in its employment a telecommunication wiring installer who holds a valid Telecommunication Wiring Installer's Licence, and shall ensure that only such licensed telecommunication wiring installer carries out any telecommunication wiring works in the course of its trade or business, which includes the installation, maintenance or repair of any internal telecommunication wiring works.

Environmental laws and regulations

The Environmental Public Health Act, Chapter 95 of Singapore ("**EPHA**") is administered by the National Environment Agency ("**NEA**"). Under the EPHA, a person who, during the erection, alteration, construction or demolition of any building or at any time, fails 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 shall be guilty of an offence.

The EPHA also regulates, amongst others, the disposal and treatment of industrial waste and public nuisances. Under the EPHA, the Director-General of Public Health and authorised officers may, on receipt of any information respecting the existence of a nuisance liable to be dealt with summarily under the EPHA 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 EPHA include any factory or workplace which is not kept in a clean state, any place where there exists or is likely to exist any condition 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 EPHA also requires the occupier of any construction site to employ a competent person to act as an environmental control officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, amongst others, the EPHA and any regulations made thereunder.

The Environmental Protection and Management Act, Chapter 94A of Singapore ("**EPMA**") is administered by the NEA and relates to environmental pollution control, and seeks to provide for the protection and management of the environment and resource conservation. It is an offence under the EPMA to discharge, or cause or permit to be discharged, any toxic substance or hazardous substance into any inland water so as to be likely to cause pollution of the environment.

Pursuant to the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations ("**EPMNCR**"), the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site does not exceed the maximum permissible noise levels as set out in the Second Schedule to the EPMNCR.

In addition, pursuant to the Control of Vectors and Pesticides Act, Chapter 59 of Singapore, which is administered by the NEA, no person shall create or cause or permit to be created any condition favourable to the propagation or harbouring of vectors.

Workplace safety

The Workplace Safety and Health Act, Chapter 354A of Singapore ("**WSHA**") is administered by the MOM and provides that 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, but are not limited to: (i) providing and maintaining for employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work; (ii) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees; (iii) 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; (iv) developing and implementing procedures for dealing with emergencies that may arise while employees are at work; and (v) ensuring that the employees at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Any person who breaches his duty under the WSHA shall be guilty of an offence and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S$500,000 and if the contravention continues after the conviction, the body corporate shall be guilty of a further offence and shall be liable to a fine not exceeding S$5,000 for every day or part thereof during which the offence continues after conviction. For repeat offenders, where a person has on at least one previous occasion been convicted of an offence under the WSHA that causes the death of any person and is subsequently convicted of the same offence that causes the death of another person, the court may, in addition to any imprisonment if prescribed, punish the person, in the case of a body corporate, with a fine not exceeding S$1.0 million and, in the case of a continuing offence, with a further fine not exceeding S$5,000 for every day or part thereof during which the offence continues after conviction.

Under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health ("**CWSH**") may, amongst others, enter, inspect and examine any workplace, inspect and examine any machinery, equipment, plant, installation or article at any workplace, make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and take into custody any article in the workplace which is relevant to an investigation or inquiry under the WSHA.

The CWSH 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 WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to, amongst others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work or process indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

*Workplace Safety and Health (Registration of Factories) Regulations 2008 (“**WSHRFR**”)*

Under the WSHRFR, any person who wishes to occupy or use any premises where any building operation or works of engineering construction is or are being carried out by way of trade or for the purposes of gain is required to register the premises (or work site) as a “factory” with the CWSH.

A certificate of registration that is issued under the WSHRFR in respect of any premises where any building operation or works of engineering construction is or are being carried out by way of trade or for purposes of gain shall remain in force from the date of its issue until such time as it is revoked in accordance with the WSHRFR.

Health and safety management systems

Pursuant to the Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009, the occupier of every worksite shall implement a safety and health management system for the purpose of ensuring the safety and health of persons at work in the work place. Where a workplace is, amongst others, a worksite with a contract sum of S$30.0 million or more, the occupier must appoint a workplace safety and health auditor to audit the safety and health management system of the workplace at least once every six months. Where a workplace is, amongst others, a worksite with a contract sum of less than S$30.0 million, the occupier shall conduct an internal review of the safety and health management system of the workplace at least once every six months.

The Workplace Safety and Health (Construction) Regulations 2007 sets out specific duties relating to, amongst others, the duty of the occupier of every worksite to appoint a workplace safety and health coordinator in respect of every worksite, where the contract sum of the building operation or works of engineering construction carried out therein is less than S$10.0 million, 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.

More specific duties imposed on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations. Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health.

Pursuant to the Workplace Safety and Health (Risk Management) Regulations, an employer is required to, amongst 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/safety procedures to address the risks and to inform employees of the same, maintain records of such risk assessments and measures/safety procedures for a period of not less than three years, and submit such records to the CWSH from time to time when required by the CWSH.

Demerit points system

The MOM has also introduced a single-stage Demerit Points System ("**DPS**") for the building and construction industry. All contractors in the building and construction industry will be issued with demerit points for breaches under the WSHA and its subsidiary legislation. Under the DPS, accumulation of a minimum of 25 demerit points but not more than 49 demerit points within a period of 18 months would trigger debarment of the contractor for a period of three months. Applications from the contractor 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. A list of contractors with demerit points is published on the MOM's website.

The number of demerit points issued to contractors will depend on the severity of the offence committed:

Type of incident	**Number of demerit points**
Composition fines	1 point per fine, from the fourth fine onwards
Stop work order (Partial)	5
Stop work order (Full)	10
Prosecution action taken for any accident which led to serious injuries to any person	18
Prosecution action taken for dangerous occurrence (potential for multiple fatalities)	18
Prosecution action taken for accident that led to death of one person	25
Prosecution action taken for accident that led to death of more than one person	50

Demerit points for a contractor are calculated by adding the points accumulated from all the worksites under the same contractor. Contractors, including all main and subcontractors who accumulate a pre-determined number of demerit points within an 18-month period, will be debarred from employing foreign workers. The following table indicates the scope and duration of debarment for the accumulated demerit points:

Phase	Demerit points accumulated within the 18-month period	Allowed to hire new workers	Allowed to renew the work passes of existing foreign employees	Duration of debarment
1	25 to 49	No	Yes	3 months
2	50 to 74	No	Yes	6 months
3	75 to 99	No	Yes	1 year
4	100 to 124	No	Yes	2 years
5	125 and above	No	No	2 years

Work Injury Compensation Act

The Work Injury Compensation Act, Chapter 354 of Singapore ("**WICA**"), which is regulated by the MOM, applies to employees who are engaged under a contract of service or apprenticeship, regardless of their level of earnings. The WICA does not cover self-employed persons or independent contractors. However, as the WICA provides that, where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the subcontractor employer), the principal shall be liable to compensate those employees of the subcontractor employer who were injured while employed in the execution of work for the principal.

The WICA provides that if an employee dies or sustains injuries in a work-related accident or contracted occupational diseases in the course of the employment, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. An injured employee is entitled to claim medical leave wages, medical expenses and lump sum compensation for permanent incapacity or death, subject to certain limits stipulated in the WICA.

An employee who has suffered an injury arising out of and in the course of his employment can choose to either:

(i) submit a claim for compensation through the MOM without needing to prove fault or negligence on anyone's part. There is a fixed formula in the WICA on amount of compensation to be awarded; or

(ii) commence legal proceedings to claim damages under common law against the employer for breach of duty or negligence.

Damages under a common law claim are usually more than an award under WICA and may include compensation for pain and suffering, loss of wages, medical expenses and any future loss of earnings. However, the employee must show that the employer has failed to provide a safe system of work, or breached a duty required by law or that the employer's negligence caused the injury.

Under the WICA, every employer is required to insure and maintain insurance under approved policies with an insurer against all liabilities which he may incur under the provisions of the WICA in respect of all employees employed by him, unless specifically exempted. Work injury compensation insurance is required for all employees doing manual work, regardless of salary level, and all employees doing non-manual work in factories, earning S$1,600 or less a month.

The Work Injury Compensation Bill 2019 was passed on 3 September 2019 and pursuant therewith, the eventual Act, called the Work Injury Compensation Act 2019 ("**WICA 2019**"), will take into effect on 1 September 2020. Certain of the key amendments include:

(i) preventing injuries from happening in the first place. This is driven by the fact that there is currently no information sharing between insurers of their clients' past claims record, which has resulted in safer companies subsidising the less safe companies as there is little premium differentiation between these companies. Under the WICA 2019, all employers' policies and past claims data will be made available to all designated Work Injury Compensation ("**WIC**") insurers. With this shared information, employers with good safety records would be able to enjoy lower premiums while those with poor safety records would face higher premiums;

(ii) expediting and streamlining WICA claims processing. The WICA 2019 will allow compensation to be based on the prevailing state of incapacity (termed "current incapacity", or "CI") at the earliest opportunity six months from the date of accident. In addition, under the WICA 2019, designated WIC insurers (as opposed to WIC insurers and/or the MOM, depending on types of claims) will process all insured claims. A licensing framework will be introduced to ensure checks and balances are in place to process claims fairly and expeditiously;

(iii) enhancement of protection for employees. The WICA Subsidiary Legislation will be amended to extend mandatory insurance to non-manual employees ("**NME**") in regardless of where they work, and update the NME monthly salary threshold from S$1,600 to S$2,100, which will take effect on 1 April 2020. The NME monthly salary threshold will be further raised to S$2,600 on 1 April 2021. Additionally, with effect from 1 January 2020, compensation limits for death and permanent incapacity has increased by about 10% to S$225,000 and S$289,000, respectively, and by about 25% for medical expenses from S$36,000 to S$45,000; and

(iv) providing more certainty for employers. There will be a prescribed core set of standard terms for WICA-compliant insurance policies to ensure adequate coverage. This is in response to situations where employers who buy WIC insurance policies find some work scenarios that are excluded from the coverage.

Employment Act

The Employment Act, Chapter 91 of Singapore ("**Employment Act**") is the main legislation governing employment in Singapore and is administered by the MOM. The Employment Act sets out the basic terms and conditions at work for employees covered under the Employment Act, such as payment of salary, paid public holidays, sick leave and maternity leave. Pursuant to amendments to the Employment Act introduced with effect from 1 April 2019, the Employment Act covers every employee who is under a contract of service with an employer including (i) persons employed in a management or executive position; or (ii) a workman as defined in the Employment Act. A workman is defined under the Employment Act to include 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, or any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and through the performance of his work. Persons who are seafarers, domestic workers, statutory board employees or civil servants are not covered by the Employment Act.

Part IV of the Employment Act contains provisions relating to, amongst others, working hours, overtime, rest days, annual leave, payment of retrenchment benefit, priority of retirement benefit, annual wage supplement and other conditions of work or service and applies to: (i) workmen earning basic monthly salaries of not more than S$4,500; and (ii) employees (excluding workmen) earning basic monthly salaries of not more than S$2,600 ("**Part IV Employee**"). Section 38(8) of the Employment Act provides that an employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) of the Employment Act limits the extent of overtime work that an employee can perform to 72 hours a month. Employers must seek prior approval of the Commissioner for Labour ("**Commissioner**") for exemption if they require an employee or class of employees to work for more than 12 hours a day or work overtime for more than 72 hours a month. The Commissioner may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by order in writing exempt such employees from the overtime limits subject to such conditions as the Commissioner thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

An employer who breaches any provision of Part IV of the Employment Act shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000, and for a second or subsequent offence to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or to both.

Part X of the Employment Act provides that paid public holidays and sick leave apply to all employees who are covered by the Employment Act regardless of salary levels.

From 1 April 2016, all employers are required to issue to its employees who are covered by the Employment Act and who are employed for 14 days or more a written record of the key employment terms ("**KETs**") of the employee. The KETs required to be provided (unless inapplicable to such employee) include, amongst others, working arrangements (such as daily working hours, number of working days per week and rest day(s)), salary period, basic salary, fixed allowances and deductions, overtime rate of pay, types of leave and other medical benefits.

Under Regulation 7 of the Employment (Employment Records, Key Employment Terms and Pay Slips) Regulations 2016 ("**Employment Regulations 2016**"), for the purposes of Section 96(1)(a) of the Employment Act, employers must also issue to all their employees itemised pay slips at least once a month on the date of salary payment or not more than three working days after the date of salary payment. In the event of termination of employment or dismissal, the pay slip must be given to the employee together with the final payment of salary or the employee's last day of employment. The pay slip must include details such as payments and deductions for each salary period, and overtime pay, if applicable.

Under the Employment Regulations 2016, for the purposes of Section 95(1) of the Employment Act, employers must maintain detailed employment records for each employee in two categories: (i) salary records, with the same information as required in the itemised pay slips; and (ii) employee records, with information such as address of the employee, identity card or foreign identification number, date of birth, gender, date of starting and leaving employment, working hours including duration of meals and breaks, dates and other details of public holidays and leave taken. For current employees, such records must be kept for the latest two years. For ex-employees, records of the last two years are to be kept for one year after the employment ended.

Employment of foreign manpower

The policies and regulations relating to the employment of foreign employees and manpower are set out, amongst others, under the Employment of Foreign Manpower Act, Chapter 91A of Singapore ("**EFMA**") and relevant government gazettes to regulate the availability and cost of foreign employees, both skilled and unskilled, in the domestic labour market. The Employment of Foreign Manpower (Work Passes) Regulations 2012 ("**EFMR**") prescribes that the categories of work passes include, among other things, a work permit, an S pass and an employment pass.

The EFMA provides that no person shall employ a foreign employee unless the foreign employee has obtained a valid work pass from MOM in accordance with the Employment of Foreign Manpower (Work Passes) Regulations 2012, which allows the foreign employee to work for him. A work pass includes the following: (i) the work permit for, amongst others, semi-skilled foreign workers; (ii) the S pass for mid-level skilled workers who earn at least S$2,400 per month; and (iii) the employment pass, for foreign professionals, managers and executives earning at least S$3,600 per month and who have acceptable qualifications. In addition, legally married spouses and/or unmarried children under 21 years of eligible employment pass or S pass holders are also permitted to work in Singapore under a dependent's pass, subject to certain requirements.

Any person who fails to comply with or contravenes this provision of the EFMA shall be guilty of an offence and shall: (i) be liable on conviction to a fine not less than S$5,000 and not more than S$30,000 or to imprisonment for a term not exceeding 12 months or to both; and (ii) on a second or subsequent conviction, in the case of an individual be punished with imprisonment for a term of not less than one month and not more than 12 months and also be liable to a fine not less than S$10,000 and not more than S$30,000 and in any other case, be punished with a fine not less than S$20,000 and not more than S$60,000.

The availability of the foreign workers for the construction sector is also regulated by the MOM through the following policy instruments:

(i) approved source countries;

(ii) the imposition of security bonds and levies;

(iii) dependency ratio ceiling or quota, calculated based on the ratio of local to foreign workers; and

(iv) quotas based on the man year entitlements ("**MYE**") requirements in respect of foreign workers from Non-Traditional Sources ("**NTS**") as well as the People's Republic of China ("**PRC**").

The approved source countries for construction workers are Malaysia, the PRC, NTS countries and North Asian Sources ("**NAS**") countries. The NTS countries include India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines. The NAS countries are Hong Kong, Macau, South Korea and Taiwan.

Construction companies must have prior approval ("**PA**") from the MOM in order to employ foreign workers from NTS countries and the PRC. The PA indicates the number of foreign workers a company is allowed to employ from NTS countries and the PRC. It also determines the number of workers whose work permits can be renewed, or whose employment can be transferred from another company in Singapore. PAs 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 man-years allocated to the company (for main contractors) or the man-years directly allocated from the company's main contractor (for subcontractors); and (iv) the remaining quota (dependency ratio ceiling) available.

Requisite certification and safety courses

Work permit holders in the construction industry would be required to obtain the following before they are allowed to work in Singapore.

Certificates	**Source countries**
Skills Evaluation Certificate ("**SEC**") or Skills Evaluation Certificate (Knowledge) ("**SEC(K)**")*(Note)*	NTS, PRC and NAS
Sijil Pelajaran Malaysia or its equivalent, the SEC or SEC(K)	Malaysia

Note: Both the SEC and SEC(K) are initiatives by the BCA to raise skills, productivity and safety in the construction sector.

In addition, work permit holders in the construction industry must attend the Apply Workplace Safety and Health in Construction Sites (formerly known as the Construction Safety Orientation Course (CSOC)). Work permit holders should take the course within two weeks of arriving in Singapore and their work permits cannot be issued until they take the course. Work permit holders must pass the course within three months of arrival or their work permits could be revoked. If a work permit holder has worked in the construction sector for less than six years, he needs to pass the safety course once every two years. If a work permit holder has worked in the construction sector for six years or more, he needs to pass the safety course once every four years. When renewing a work permit, the work permit holder's safety course certificate must be valid for more than one month on the day of renewal.

Security bonds and levies

The employment of foreign workers in Singapore is also subject to the payment of levies. As at the Latest Practicable Date, the levy rates payable for workers in the construction sector are set out in the table below:

Tier	**Monthly** *(S$)*	**Daily**[(Note 1)] *(S$)*
Malaysians and NAS — Higher-Skilled[(Note 2)]	300	9.87
Malaysians and NAS — Basic-Skilled[(Note 3)]	700	23.02
NTS and PRC — Higher-Skilled, on MYE	300	9.87
NTS and PRC — Basic-Skilled, on MYE	700	23.02
NTS and PRC — Higher-Skilled, MYE waiver[(Note 4)]	600	19.73
NTS and PRC — Basic-Skilled, MYE waiver[(Note 4)]	950	31.24

Notes:

1. The daily levy rate only applies to work permit holders who did not work for a full calendar month. The daily levy rate is calculated as follows: (Monthly levy rate × 12)/365 = rounding up to the nearest cent.

2. Employers can upgrade their construction workers from "Basic-Skilled" to "Higher-Skilled" by fulfilling criteria in relation to, amongst others, the worker's minimum years of experience, the obtaining of relevant skills or certifications and a minimum fixed monthly salary.

3. All foreign workers in the building and construction sector are required to attain "Basic-Skilled" status to work in Singapore.

4. MOM allows employers in the building and construction industry to renew the work permits of experienced foreign workers without the need for MYE. To qualify for MYE waiver, a foreign worker must have at least three years of working experience in the building and construction sector in Singapore.

From 1 January 2018, at least 10% of an employer's construction work permit holders must be Higher-Skilled ("**R1 Minimum Criteria**") before such employer can hire any new Basic-Skilled construction workers or renew the work permits of existing Basic-Skilled construction workers. From 1 January 2019, firms that do not meet the R1 Minimum Criteria will not be able to hire or renew any Basic-Skilled construction workers and will also have the work permits of any excess Basic-Skilled construction workers revoked.

In addition, an employer is required to place a security bond of S$5,000 with the Singapore Government prior to the employment of each non-Malaysian work permit holder. The bond is discharged when the employer has (i) cancelled the work permit for the foreign worker; (ii) such foreign worker has returned home; and (iii) the employer has not breached any of the conditions of the security bond.

Dependency ratio ceilings

As at the Latest Practicable Date, our Group is an employer in the construction sector. The number of foreign workers (S pass and work permit holders) that an employer can hire is limited by the dependency ratio ceiling or quota. As at the Latest Practicable Date, the quota for the construction sector is currently seven foreign workers for every local employee who earns the local qualifying salary

("**LQS**") and the quota for S pass holders is capped at 20% of the employer's total workforce (which is counted within the total quota for foreign workers). The LQS determines the number of local employees who can be used to calculate an employers' quota entitlement. A Singaporean or Permanent Resident employee employed under a contract of service, including the company's director, is counted as (i) one local employee if they earn the LQS of at least S$1,200 per month; and (ii) 0.5 local employee if they earn half the LQS of at least S$600 to below S$1,200 per month. From 1 July 2019, a Singaporean or Permanent Resident employee employed under a contract of service, including the company's director, is counted as (i) one local employee if they earn the LQS of at least S$1,300 per month; and (ii) 0.5 local employee if they earn half the LQS of at least S$650 to below S$1,300 per month. To determine the number of local workforce, the MOM takes the average of three months' CPF contributions of the employer. If an employer exceeds its quota entitlement, new applications and renewals for work permits and S passes may be rejected and such employer may also need to cancel its excess work permit and S pass holders.

MYE

The MYE is a work permit allocation system for workers from NTS countries and the PRC. The MYE reflects the total number of work permit holders a main contractor is entitled to employ based on the value of projects or contracts awarded by developers or owners. It is allocated in the form of the number of "man-years" required to complete a project. One man-year is equivalent to one year's employment under a work permit. Only main contractors can apply for MYE.

All subcontractors must get their MYE allocation from the main contractor. Main contractors cannot allocate their MYE to other contractors not involved in the same project or sell their MYE to any contractors. Main contractors that do so will be barred from applying for new work permits in the future. An MYE will expire on the stated project completion date. However, a main contractor can request to extend the MYE if the project's completion date has been extended.

At the time of MYE application: (i) the main contractor must have a valid CPF account for construction work permit applications in the company's name; (ii) the project must have a balance period of at least one month; and (iii) the total remaining contract value must be at least $500,000. The main contractor is allowed to combine projects to meet the minimum contract value requirement, provided each of the combined projects has a remaining value of less than S$500,000 and a balance period of at least one month.

MYE entitlements are allocated during the application for prior approval. MYE deductions are made according to the number of foreign employees and type of work permits applied for and approved by the Work Pass Division of the MOM.

Housing of foreign workers

Employers are required to comply with the conditions of the work permits, such as the requirement to provide acceptable accommodation for their foreign workers. In accordance with the EFMA, employers must ensure that their foreign employees live in proper housing which complies with the various statutory requirements, and provide the foreign employees' residential addresses to the MOM. Operators of foreign employees' dormitories are required to obtain the requisite approvals or permits and have to comply with applicable laws and regulations, including but not limited to, the Building Control Act, the Control of Vectors and Pesticides Act, Chapter 59 of Singapore, the EPHA, the Fire Safety Act, Chapter 109A of Singapore, the Planning Act, Chapter 232 of Singapore and the Foreign Employee Dormitories Act 2015 (No. 3 of 2015) (in the case of dormitories housing 1,000 or more foreign employees).

Additional conditions

Other conditions of the work permits which employers of foreign construction workers are also required to comply with include the following: (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; (iv) insuring and maintaining workmen's compensation insurance in respect of the foreign worker; and (v) purchasing and maintaining medical insurance with coverage of at least S$15,000 per 12 month period of the foreign worker's employment (or for such shorter period where the worker's period of employment is less than 12 months) for the foreign worker's in-patient care and day surgery except as the Controller of Work Passes may otherwise provide by notification in writing.

Central Provident Fund Act

The CPF system is a mandatory social security savings scheme funded by contributions from employers and employees. 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 by an employer (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold employment passes, S passes or work permits. 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 is dependent on, amongst 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 by deducting it from their wages when the contributions are paid for that month.

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 for years of assessment 2010 to 2019; 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. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. Further, companies were granted a corporate income tax rebate of 50% of the tax payable for the year of assessment 2017, subject to a cap of S$25,000 for year of assessment 2017. Companies were also be granted a corporate income tax rebate of 40% of the tax payable for year of assessment 2018, subject to a cap of S$15,000 and 20% of tax payable for year of assessment 2019, subject to a cap of S$10,000. From year of assessment 2020 onwards, the partial tax exemption scheme applies on the first S$200,000 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$190,000 is exempt from corporate tax.

Dividend distributions

One Tier Corporate Taxation System

Singapore adopts the one-tier corporate taxation system (the "**One-Tier System**"). Under the One-Tier 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.

Withholding taxes

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Goods and Services Tax ("GST")

GST 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 7.0%.

OVERVIEW

The history of our Group can be traced back to 1991 when WGC was co-founded by Mr. Ng TS, his father and another family member in Singapore. Mr. Ng TS came to Singapore in 1977 and worked in the construction industry since then. Drawing on his years of experience, expertise and insight into the construction industry, Mr. Ng TS incorporated WGC with his own savings accumulated from his previous employments together with his family members with a view to capture the opportunities in civil engineering utilities works segment in Singapore. In 1992, Mr. Ng TS co-founded WGT (under its former name of Lee Ann Construction Pte Ltd) with one of his family members and an Independent Third Party to further capture the opportunities in civil engineering utilities works in Singapore. WGE was incorporated in 1998 to broaden our scope of business to capture opportunities in road milling and resurfacing services. In 2004, WGL started focusing on logistics businesses for supporting our operations.

Over the years, our Group had developed into a civil engineering works provider specialising in the civil engineering utilities works by applying different methods including open cut excavation method and trenchless methods such as cable tunnel installation, horizontal directional drilling, pipe jacking and guided auger boring to perform contract works in relation to installation of power cables, telecommunication and fiber optic networks, sewage pipelines, as well as road milling and resurfacing services, and ancillary support and other services.

Under the leadership and efforts of our Directors and senior management, we have undergone expansion in business operations, establishing ourselves as a reputable contractor within the civil engineering utilities works segment in Singapore.

BUSINESS MILESTONES

The following are the major developments and milestones of our Group:

Year	**Events**
1991	WGC was incorporated in Singapore.
1992	WGC established a capacity to commence works in cable installation, pipe laying and road reinstatement works.
	WGT was incorporated in Singapore (under its former name Lee Ann Construction Pte Ltd).
1996	WGC employed new technique to install cable TV wiring, being one of the first construction companies in Singapore to employ such technique.
1999	WGE commenced business in road milling and resurfacing services.
	We were accredited with the ISO 9001 certification for civil engineering construction, cable installation and road reinstatement services.
2000	We purchased a milling machine amounting to approximately S$495,000 from a sizeable Italian equipment manufacturer.

Year	Events
2004	WGL commenced business in logistics services for supporting our operations.
2008	WGC was awarded project with total contract sum of approximately S$56 million for, among others, supply, delivery and installation of optical fibre cables, cable splicing, accessories and manhole construction, pipe duct installation, excavation and road reinstatement for outside plant.
	WGC was awarded a project involving installation services for the national broadband network project of Singapore.
2011	We were accredited with the OHSAS 18001 certification for civil engineering construction, cable installation and road reinstatement services.
2014	We moved to our current headquarters with workers' dormitory.
	RBS was incorporated in Singapore and owned as to 55% by WGC.
	GCM was incorporated in Singapore.
2016	We were accredited with the ISO 14001 certification for civil engineering construction, cable installation and road reinstatement services.
2017	We have started to act as a nominated subcontractor representing an acknowledgment of our quality works and reputation.
2018	HDJ was incorporated in Singapore and owned as to 51% by WGC.
	WG Corp was incorporated in Singapore.
	WGC had obtained the bizSafe Enterprise Exemplary Award for three consecutive years (including bizSafe Enterprise Exemplary (Gold) Award in 2018).

OUR CORPORATE HISTORY

Our Group has a number of direct and indirect subsidiaries incorporated in the BVI and Singapore. Details of the members of our Group and their respective corporate history are set out below.

OUR COMPANY

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 May 2019 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of par value HK$0.01 each. On 15 May 2019, one fully-paid Share was allotted and issued to the initial subscriber to the memorandum and articles of association of our Company, which was subsequently transferred to WG International on the same day.

Immediately after completion of the Reorganisation and before completion of the Share Offer, our Company became the holding company of our Group with its business being conducted through the principal operating subsidiaries of our Group. The corporate history of our major subsidiaries is set out below.

OUR MAJOR SUBSIDIARIES

(1) WGC

WGC is a private company limited by shares incorporated in Singapore on 14 February 1991, and currently has an issued and paid up share capital of S$3,000,000 divided into 3,000,000 shares of S$1.00 each. On 14 February 1991, WGC allotted and issued 25,000 shares and 25,000 shares, being the entire issued share capital of WGC at the relevant time, as fully paid to two initial subscribers, each a family member of Mr. Ng TS, respectively. On 18 April 1991, WGC allotted and issued 50,000 shares as fully paid to Mr. Ng TS. After such allotment, WGC was owned as to 50%, 25% and 25% by Mr. Ng TS and each of the two initial subscribers, respectively.

There were subsequent changes in the shareholding structure of WGC among the family members of Mr. Ng TS over the years. As at 1 January 2016 (being the commencement of the Track Record Period), WGC was owned as to 26%, 22%, 22%, 22%, 6% and 2% by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Mr. Ho Teck Hong (a family member of Mr. Ng TS), Ms. Ng ML and Mr. Chai KL, respectively.

On 1 August 2016, 140,000 shares, 120,000 shares, 120,000 shares and 60,000 shares in WGC, being 22% of the issued share capital of WGC at the relevant time, were transferred from Mr. Ho Teck Hong to Mr. Ng TS, Mr. Ng TF, Mr. Ng TK and Ms. Ng ML, respectively, at a total consideration of S$2,310,000, which was determined with reference to the adjusted net asset value of WGC as at 31 December 2015. Therefore, since 1 August 2016 and up to immediately prior to the Reorganisation, WGC was beneficially owned as to 33%, 28%, 28%, 9% and 2% by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, respectively.

WGC commenced business in 1992. As at the Latest Practicable Date, WGC has been principally engaged in cable installation, pipe laying and road reinstatement works.

WGC was co-founded as a family business. It is the first subsidiary our Group has incorporated and is the principal operating subsidiary of our Group.

(2) WGT

WGT is a private company limited by shares incorporated in Singapore under its former name Lee Ann Construction Pte Ltd on 4 March 1992 and currently has an issued and paid up share capital of S$750,000 divided into 750,000 shares of S$1.00 each. On 4 March 1992, WGT allotted and issued 50,000 shares, 25,000 shares and 25,000 shares, being the entire issued share capital of WGT at the relevant time, as fully paid to Mr. Ng TS, Mr. Ho Teck Hong (a family member of Mr. Ng TS) and another initial subscriber (an Independent Third Party), respectively.

There were subsequent changes in the shareholding structure of WGT among the family members of Mr. Ng TS and certain Independent Third Parties over the years. As at 1 January 2016 (being the commencement of the Track Record Period), WGT was legally owned as to 210,000 shares, 165,000 shares, 165,000 shares, 165,000 shares and 45,000 shares (being 28%, 22%, 22%, 22% and 6% of the issued share capital of WGT at the relevant time) by Ms. Pang Kip Moi, Ms. Phang May Lan, Ms. Tang Siaw Tien, Mr. Ho Teck Kooi (a family member of Mr. Ng TS) and Mr. Chen Teck Men, respectively. Ms. Pang Kip Moi, Ms. Phang May Lan, Ms. Tang Siaw Tien and Mr. Chen Teck Men are the spouse of Mr. Ng TS, Mr. Ng TF, Mr. Ng TK and Ms. Ng ML, respectively.

On 1 August 2016, Mr. Ho Teck Kooi transferred 52,500 shares, 45,000 shares, 45,000 shares and 22,500 shares in WGT, being 22% of the issued share capital of WGT at the relevant time, to Ms. Pang Kip Moi, Ms. Phang May Lan, Ms. Tang Siaw Tien and Mr. Chen Teck Men, respectively, at a total consideration of S$165,000, which was determined with reference to the adjusted net asset value of WGT as at 31 December 2015. After such transfer, WGT was legally owned as to 35%, 28%, 28% and 9% by Ms. Pang Kip Moi, Ms. Phang May Lan, Ms. Tang Siaw Tien and Mr. Chen Teck Men, respectively.

Pursuant to the respective deeds of declaration and confirmation of trust, (i) Ms. Pang Kip Moi (spouse of Mr. Ng TS) declared that she had been holding her shares in WGT on behalf of Mr. Ng TS and Mr. Chai KL (nephew of Mr. Ng TS and Ms. Pang Kip Moi) since 31 December 2010; (ii) Ms. Phang May Lan (spouse of Mr. Ng TF) declared that she had been holding her shares in WGT on behalf of Mr. Ng TF since 31 December 2010; (iii) Ms. Tang Siaw Tien (spouse of Mr. Ng TK) declared that she had been holding her shares in WGT on behalf of Mr. Ng TK since 31 December 2010; and (iv) Mr. Chen Teck Men (spouse of Ms. Ng ML) declared that he had been holding his shares in WGT on behalf of Ms. Ng ML since 1 June 2001. Ms. Pang Kip Moi, Ms. Phang May Lan, Ms. Tang Siaw Tien and Mr. Chen Teck Men are family members of Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL. Each of the trust arrangement had taken place because the family members believe that could achieve better risk diversification for the family business. Therefore, since 1 August 2016 and up to immediately prior to the Reorganisation, WGT was beneficially owned as to 33%, 28%, 28%, 9% and 2% by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, respectively.

WGT commenced business in 1994. WGT was established as part of our Group's risk management policy to separate the operational risks among principal subsidiaries with a view to capture more business opportunities. As at the Latest Practicable Date, WGT has been principally engaged in power cable-related contract works.

(3) WGE

WGE is a private company limited by shares incorporated in Singapore on 26 August 1998 and currently has an issued and paid up share capital of S$1,600,000 divided into 1,600,000 shares of S$1.00 each. On 26 August 1998, WGE allotted and issued one share, one share and one share, being the entire issued share capital of WGE at the relevant time, as fully paid to Mr. Ng TS, Mr. Ng TK and Mr. Ho Teck Hong (a family member of Mr. Ng TS), respectively.

There were subsequent changes in the shareholding structure of WGE among the family members of Mr. Ng TS and an Independent Third Party, namely Mr. Steven Lim Kee Thuan, over the years. As at 1 January 2016 (being the commencement of the Track Record Period), WGE was legally owned as to 432,000 shares, 336,000 shares, 336,000 shares, 336,000 shares, 96,000 shares and 64,000 shares (being 27%, 21%, 21%, 21%, 6% and 4% of the issued share capital of WGE at the relevant time) by Ms. Pang Kip Moi, Ms. Phang May Lan, Ms. Tang Siaw Tien, Mr. Ho Teck Kooi, Ms. Ng ML and Mr. Steven

Lim Kee Thuan, respectively. Ms. Pang Kip Moi, Ms. Phang May Lan and Ms. Tang Siaw Tien are the spouse of Mr. Ng TS, Mr. Ng TF and Mr. Ng TK, respectively, whilst Mr. Steven Lim Kee Thuan is an Independent Third Party.

On 1 August 2016, Mr. Ho Teck Kooi transferred 96,000 shares, 96,000 shares, 96,000 shares and 48,000 shares in WGE, being 21% of the issued share capital of WGE at the relevant time, to Ms. Pang Kip Moi, Ms. Phang May Lan, Ms. Tang Siaw Tien and Ms. Ng ML, respectively, at a total consideration of S$825,000, which was determined with reference to the adjusted net asset value of WGE as at 31 December 2015. After such transfer, WGE was legally owned as to 33%, 27%, 27%, 9% and 4% by Ms. Pang Kip Moi, Ms. Phang May Lan, Ms. Tang Siaw Tien, Ms. Ng ML and Mr. Steven Lim Kee Thuan, respectively. On 30 July 2018, Mr. Steven Lim Kee Thuan transferred 32,000 shares, 16,000 shares and 16,000 shares in WGE, being 4% of the issued share capital of WGE at the relevant time, to Ms. Pang Kip Moi, Ms. Phang May Lan and Ms. Tang Siaw Tien, respectively, at a total consideration of S$200,000, which was determined with reference to the net asset value of WGE and its subsidiaries as at 31 December 2017. After such transfer, WGE was legally owned as to 35%, 28%, 28% and 9% by Ms. Pang Kip Moi, Ms. Phang May Lan, Ms. Tang Siaw Tien and Ms. Ng ML, respectively.

Pursuant to the respective deeds of declaration and confirmation of trust, (i) Ms. Pang Kip Moi (spouse of Mr. Ng TS) declared that she had been holding her shares in WGE on behalf of Mr. Ng TS and Mr. Chai KL (nephew of Mr. Ng TS an Ms. Pang Kip Moi) since 31 December 2010; (ii) Ms. Phang May Lan (spouse of Mr. Ng TF) declared that she had been holding her shares in WGE on behalf of Mr. Ng TF since 31 December 2010; and (iii) Ms. Tang Siaw Tien (spouse of Mr. Ng TK) declared that she had been holding her shares in WGE on behalf of Mr. Ng TK since 31 December 2010. Ms. Pang Kip Moi, Ms. Phang May Lan and Ms. Tang Siaw Tien are family members of Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL. Each of the trust arrangements has been taken place because the family members believe that could achieve better risk diversification for the family business. Therefore, since 30 July 2018 and up to immediately prior to the Reorganisation, WGE was beneficially owned as to 33%, 28%, 28%, 9% and 2% by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, respectively.

WGE commenced business in 1999. As at the Latest Practicable Date, WGE has been principally engaged in leasing of vehicles and construction of other civil engineering utilities projects.

(4) WGL

WGL is a private company limited by shares incorporated in Singapore on 11 November 2003 and currently has an issued and paid up share capital of S$100,000 divided into 100,000 shares of S$1.00 each. On 11 November 2003, WGL allotted and issued 100,000 shares, being the entire issued share capital of WGL at the relevant time, as fully paid to WGE. Since its incorporation and up to immediately prior to the Reorganisation, WGL was a direct wholly-owned subsidiary of WGE.

WGL focused on logistic businesses, which our Directors believe would enable our Group to build in-house logistics capability to support our operations. As at the Latest Practicable Date, WGL did not carry on any material business operations.

(5) RBS

RBS is a private company limited by shares incorporated in Singapore on 21 February 2014 and currently has an issued and paid up share capital of S$500,000 divided into 500,000 shares of S$1.00 each. On 21 February 2014, RBS allotted and issued 275,000 shares, 112,500 shares and 112,500 shares, being the entire issued share capital of RBS at the relevant time, as fully paid to WGC, and Mr. Ng Choon Tiong and Mr. Ng Choon Hoe, each an Independent Third Party, respectively. Since its incorporation and up to immediately prior to the Reorganisation, RBS was owned as to 55% by WGC, 22.5% by each of Mr. Ng Choon Tiong and Mr. Ng Choon Hoe, each an Independent Third Party.

RBS commenced business in 2014. RBS was incorporated with a view to complement our Group's existing operations. Our Directors believe that through this subsidiary, we could leverage on the business networks of our business partners to capture the customer base in the private sector. As at the Latest Practicable Date, RBS has been principally engaged in road milling and resurfacing services.

(6) GCM

GCM is a private company limited by shares incorporated in Singapore on 27 May 2014 and currently has an issued and paid up share capital of S$500,000 divided into 500,000 shares of S$1.00 each. On 27 May 2014, one subscriber share, being the entire issued share capital of GCM at the relevant time, was allotted and issued to Geetel Pte. Ltd., a company then owned as to 100% by Mr. Ho Teck Hong (a family member of Mr. Ng TS). On 8 August 2014, GCM further allotted and issued 49,999 shares as fully paid to Geetel Pte. Ltd..

As at 1 January 2016 (being the commencement of the Track Record Period), GCM was owned as to 100% by Geetel Pte. Ltd., a company then owned as to 28% by Mr. Ng TS, 22% by Mr. Ng TF, 22% by Mr. Ng TK, 22% by Mr. Ho Teck Hong and 6% by Mr. Chen Teck Men, respectively. On 31 October 2016, Geetel Pte. Ltd. transferred 16,500 shares, 14,000 shares, 14,000 shares, 4,500 shares and 1,000 shares in GCM, being the entire issued share capital of GCM at the relevant time, to Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, respectively, at a consideration of S$1 from each new shareholder as Mr. Ng TS regarded it as the share transfers among family members. Therefore, since 31 October 2016 and up to immediately prior to the Reorganisation, GCM was beneficially owned as to 33%, 28%, 28%, 9% and 2% by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, respectively.

GCM commenced business in 2014. As at the Latest Practicable Date, GCM has been principally engaged in telecommunication and fiber optic network installation.

(7) HDJ

HDJ is a private company limited by shares incorporated in Singapore on 6 February 2018 and currently has an issued and paid up share capital of S$500,000 divided into 500,000 shares of S$1.00 each. On 6 February 2018, HDJ allotted and issued 51 shares and 49 shares, being the entire issued share capital of HDJ at the relevant time, as fully paid to WGC and L.C.H. Construction & Trading Pte. Ltd., an Independent Third Party, respectively. On 5 March 2018, HDJ further allotted and issued 254,949 shares and 244,951 shares as fully paid to WGC and L.C.H. Construction & Trading Pte. Ltd., respectively. Since its incorporation and up to immediately prior to the Reorganisation, HDJ was owned as to 51% by WGC and 49% by L.C.H. Construction & Trading Pte. Ltd..

HDJ commenced business in 2018. HDJ was incorporated with a view to develop our technical capability in pipe jacking and sewerage works. Our Directors believe that such additional capability would enable our Group to provide a broader spectrum of services. As at the Latest Practicable Date, HDJ has been principally engaged in sewerage pipe jacking.

(8) WG Corp

WG Corp is a private company limited by shares incorporated in Singapore on 8 August 2018 and currently has an issued and paid up share capital of S$100 divided into 100 shares of S$1.00 each. On 8 August 2018, WG Corp allotted and issued 33 shares, 28 shares, 28 shares, 9 shares and 2 shares, being the entire issued share capital of WG Corp at the relevant time, as fully paid to Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, respectively. Since its incorporation and up to immediately prior to the Reorganisation, WG Corp was beneficially owned as to 33%, 28%, 28%, 9% and 2% by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, respectively.

As at the Latest Practicable Date, WG Corp is an investment holding company.

The shareholding structure in each of WG Corp, WGC, WGT, WGE and GCM was determined by our Controlling Shareholders with reference to their respective job responsibilities, contributions and involvements in our Group over the years.

PARTIES ACTING IN CONCERT

On 23 July 2019, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL entered into the Concert Parties Confirmatory Deed to acknowledge and confirm that:

(a) they are parties acting in concert with one another in respect of all major affairs concerning each of the members of our Group (the "**Relevant Companies**") since the incorporation of or the date they became interested in and possessed voting rights in the Relevant Companies, and shall continue to do the same as at and after the date of the Concert Parties Confirmatory Deed.

(b) they, whether by themselves or via any corporate vehicles, have been cooperating and acting in concert (for purpose of the Takeovers Code) with one another in respect of all material management matters, voting decision and/or business decision relating to our Group required to be approved by shareholders under the articles of association of the Relevant Companies.

(c) they have first communicated, discussed and come to a unanimous decision in all shareholders' meetings and had reached the unanimous decision and resolution in accordance with the consensus achieved among them.

(d) they undertake when exercising his/her respective voting rights at the shareholders' meetings of the Relevant Companies, and they shall vote, or procure any entities which were entitled to vote at the shareholders' meetings to vote, collectively and unanimously in accordance with consensus achieved among Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL.

(e) they undertake that prior to voting on any resolutions in shareholders' meeting and board meeting, they will collectively discuss the relevant matters with one another with a view to reaching consensus and a unanimous vote.

Hence, by virtue of the Concert Parties Confirmatory Deed, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL will be entitled to exercise and control 75% of the entire issued share capital of our Company upon completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme).

REORGANISATION

In preparation for the Listing, our Group underwent the Reorganisation through the following major steps:

1. Incorporation of WG International

On 30 April 2019, WG International was incorporated in the BVI. WG International is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.00 each. On the same day, WG International allotted and issued 16,500 shares, 14,000 shares, 14,000 shares, 4,500 shares and 1,000 shares (being the entire issued share capital of WG International) to Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL respectively, credited as fully paid.

2. Incorporation of our Company

On 15 May 2019, our Company was incorporated as a limited liability company under the laws of the Cayman Islands as the ultimate holding company of our Group. The authorised share capital of our Company is HK$380,000 divided into 38,000,000 Shares of a nominal value of HK$0.01 each.

On the same day, (i) one Share, being the entire issued share capital of our Company at the relevant time, was issued to a third party initial subscriber and subsequently transferred to WG International, credited as fully paid; and (ii) our Company allotted and issued 99 Shares to WG International, credited as fully paid. Upon the completion of the above share transfer and allotment, our Company became directly wholly-owned by WG International.

3. Incorporation of WG (BVI)

On 27 May 2019, WG (BVI) was incorporated in the BVI. WG (BVI) is authorised to issue a maximum of 50,000 ordinary shares of a single class with a par value of US$1.00 each.

On the same day, WG (BVI) allotted and issued 33 shares, 28 shares, 28 shares, nine shares, and two shares (being the entire issued share capital of WG (BVI)) to Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, respectively, credited as fully paid.

4. Transfer of 100% shareholding interest in WG Corp from the WG Corp Shareholders to WG (BVI)

On 18 July 2019, the WG Corp Shareholders transferred all of their respective shares of WG Corp to WG (BVI). The consideration for the transfers of shares of WG Corp from the WG Corp Shareholders to WG (BVI) was satisfied by the issue and allotment by WG (BVI) of 33 shares, 28 shares, 28 shares, nine shares and two shares, credited as fully paid, to Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL respectively. The proportion of shares of WG (BVI) issued and allotted to the WG Corp Shareholders was determined based on the WG Corp Shareholders' respective paid-up capital contribution in WG Corp.

Upon the completion of the above share transfers, WG Corp became directly wholly-owned by WG (BVI).

5. Transfer of 100% shareholding interest in each of GCM, WGC, WGE and WGT from the relevant Individual Shareholders to WG Corp

Pursuant to the Singapore Deed of Reorganisation, on 23 July 2019, the relevant Individual Shareholders transferred all of their respective shares of GCM, WGC, WGE and WGT to WG Corp:

(a) Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL transferred 165,000 shares, 140,000 shares, 140,000 shares, 45,000 shares and 10,000 shares in GCM to WG Corp, respectively. After such transfer, GCM was owned as to 100% by WG Corp.

(b) Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL transferred 990,000 shares, 840,000 shares, 840,000 shares, 270,000 shares and 60,000 shares in WGC to WG Corp, respectively. After such transfer, WGC was owned as to 100% by WG Corp.

(c) Ms. Pang Kip Moi, Ms. Tang Siaw Tien, Ms. Phang May Lan and Ms. Ng ML transferred 560,000 shares, 448,000 shares, 448,000 shares and 144,000 shares in WGE to WG Corp, respectively. After such transfer, WGE was owned as to 100% by WG Corp.

(d) Ms. Pang Kip Moi, Ms. Tang Siaw Tien, Ms. Phang May Lan and Mr. Chen Teck Men transferred 262,500 shares, 210,000 shares, 210,000 shares and 67,500 shares in WGT to WG Corp, respectively. After such transfer, WGT was owned as to 100% by WG Corp.

Pursuant to the Singapore Deed of Reorganisation, upon the transfer of their respective shares in GCM, WGC, WGE and WGT from the relevant Individual Shareholders to WG Corp, WG Corp issued and allotted 100 shares to WG (BVI) and WG (BVI) issued and allotted 33 shares, 28 shares, 28 shares, nine shares and two shares, credited as fully paid, to Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL respectively, for the satisfaction of the Individual Shareholders Consideration.

Pursuant to the Singapore Deed of Reorganisation, the Individual Shareholders Consideration was calculated based on nominal consideration amounting to an aggregate sum of US$100 for the transfer of all the shares in GCM, WGC, WGE and WGT to WG Corp and the proportion of the Individual Shareholder Consideration attributed to each Individual Shareholder was calculated based on his/her shareholding interest in each of GCM, WGC, WGE and WGT.

Upon the completion of the above share transfers, (i) GCM, WGC, WGE, and WGT became directly wholly-owned by WG Corp and indirectly wholly-owned by WG (BVI); (ii) WGL became indirectly wholly-owned by WG Corp and WG (BVI) through WGE; and (iii) HDJ and RBS became indirectly non-wholly-owned by WG Corp and WG (BVI) through WGC.

6. Transfer of the entire issued share capital of WG (BVI) to our Company

On 12 February 2020, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL (as vendors) and our Company (as purchaser) entered into a reorganisation agreement, pursuant to which Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL collectively transferred all issued shares of WG (BVI) to our Company, in consideration of and exchange for which our Company allotted and issued an aggregate of 100 Shares, credited as fully paid, to WG International.

Upon the above share transfers, WG (BVI) became directly wholly-owned by our Company.

7. Increase in authorised share capital of our Company

The authorised share capital of our Company will be increased from HK$380,000 divided into 38,000,000 shares in our Company to HK$20,000,000 divided into 2,000,000,000 shares in our Company by the creation of additional 1,962,000,000 new shares in our Company pursuant to a written resolution passed by our sole Shareholder on 18 February 2020.

8. Capitalisation Issue and Share Offer

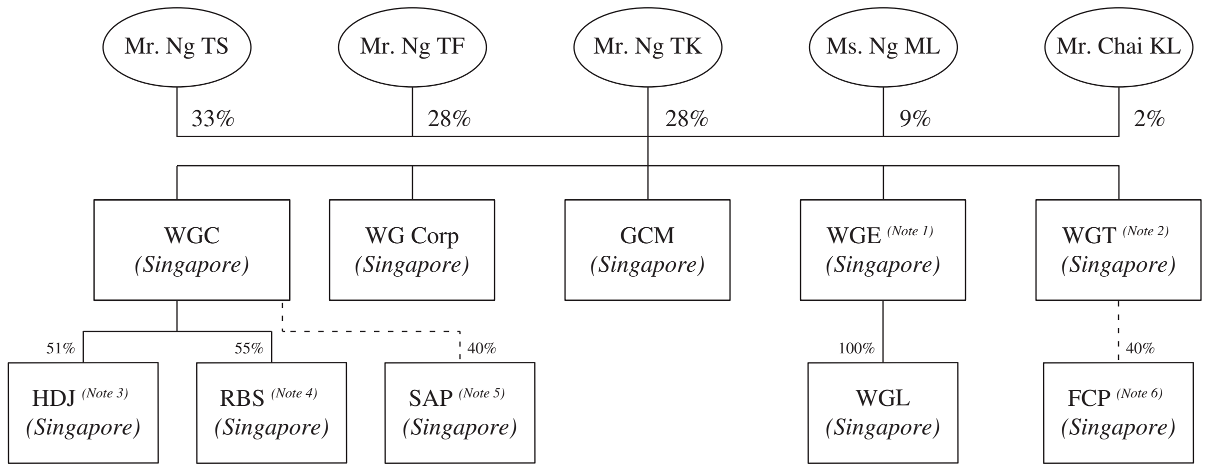
Subject to (i) our sole Shareholder passing the necessary shareholder's resolutions; and (ii) the Share Offer becoming unconditional and the share premium account of our Company having sufficient balance, our Directors were authorised to capitalise the amount of HK$7,979,998 standing to the credit of the share premium account of our Company by applying such sum in paying up a total at par of 797,999,800 Shares for allotment and issue to WG International.

Our Company will offer 26,600,000 Public Offer Shares under the Public Offer for subscription by the public of Hong Kong and 239,400,000 Placing Shares under the Placing for subscription by professional, institutional and other investors, representing a total of 25% of the enlarged issued share capital of our Company upon Listing.

OUR CORPORATE STRUCTURE

Immediately before the Reorganisation

Set out below is the corporate structure of our Group immediately before the Reorganisation:



Notes:

1. Pursuant to (i) a declaration and confirmation of trust dated 8 April 2019 by Ms. Pang Kip Moi in respect of the shares held in her name on behalf of Mr. Ng TS and Mr. Chai KL; (ii) a declaration of trust dated 8 April 2019 by Ms. Tang Siaw Tien in respect of the shares held in her name on behalf of Mr. Ng TK; and (iii) a declaration of trust dated 8 April 2019 by Ms. Phang May Lan in respect of the shares held in her name on behalf of Mr. Ng TF, WGE was beneficially owned by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL in the shareholding proportions of 33%, 28%, 28%, 9% and 2%, respectively, before the Reorganisation. It was a family decision to implement such a trust arrangement.

2. Pursuant to (i) a declaration and confirmation of trust dated 8 April 2019 by Ms. Pang Kip Moi in respect of the shares held in her name on behalf of Mr. Ng TS and Mr. Chai KL; (ii) a declaration and confirmation of trust dated 8 April 2019 by Ms. Tang Siaw Tien in respect of the shares held in her name on behalf of Mr. Ng TK; (iii) a declaration and confirmation of trust dated 8 April 2019 by Ms. Phang May Lan in respect of the shares held in her name on behalf of Mr. Ng TF; and (iv) a declaration and confirmation of trust dated 8 April 2019 by Mr. Chen Teck Men in respect of the shares held in his name on behalf of Ms. Ng ML, WGT was beneficially owned by Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML, Mr. Chai KL in the shareholding proportions of 33%, 28%, 28%, 9% and 2%, respectively, before the Reorganisation. It was a family decision to implement such a trust arrangement.

3. HDJ is owned as to 51% by WGC and 49% by L.C.H. Construction & Trading Pte. Ltd., as an exempt private company limited by shares incorporated in Singapore and an Independent Third Party. HDJ is a subsidiary of our Group and is principally engaged in sewerage pipe jacking.

4. RBS is owned as to 55% by WGC and 22.5% by each of Mr. Ng Choon Tiong and Mr. Ng Choon Hoe, each an Independent Third Party. RBS is a subsidiary of our Group and is principally engaged in road milling and resurfacing services.

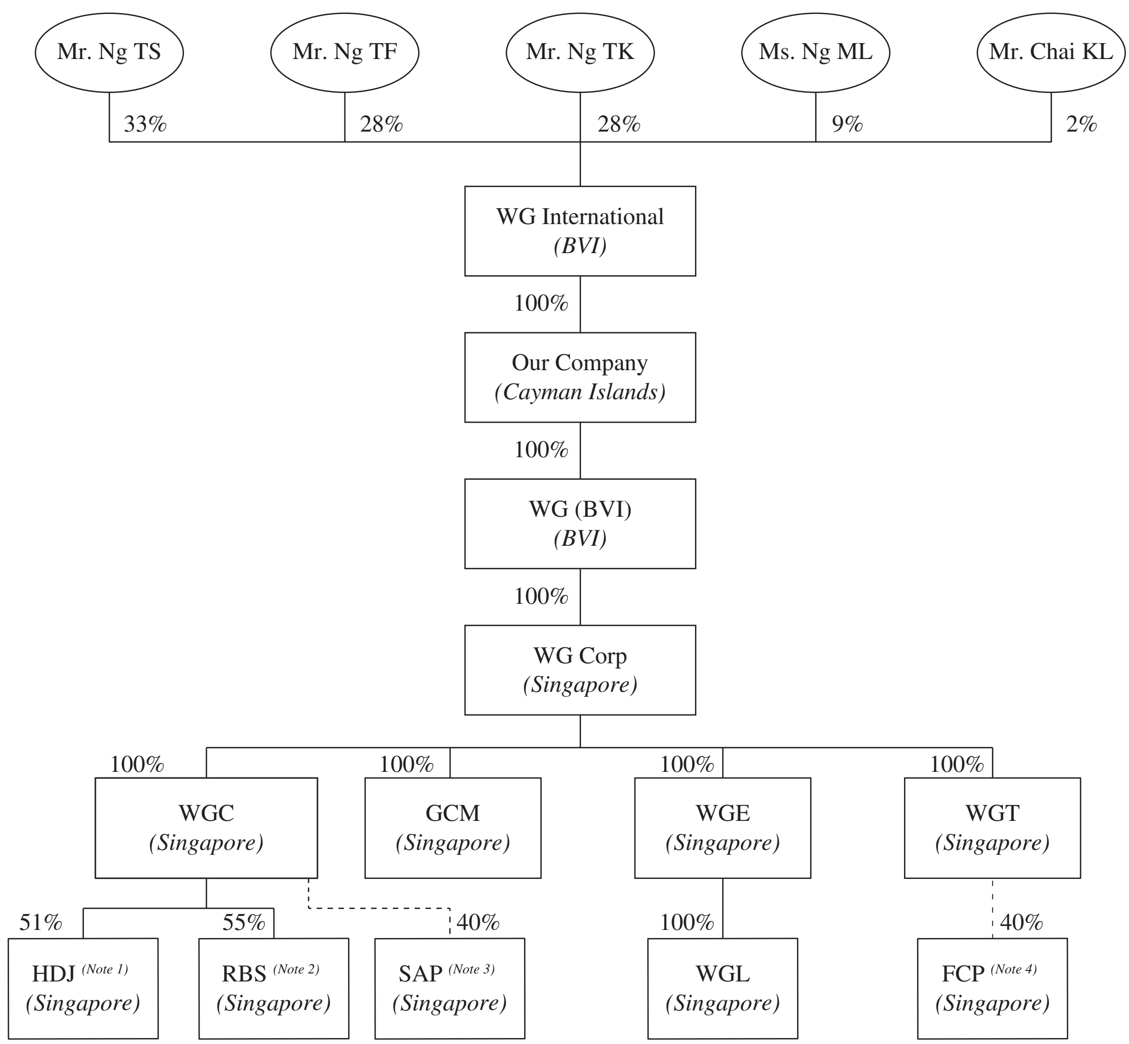
5. SAP is owned as to 40% by WGC and 60% by a private company limited by shares incorporated in Singapore, a member of Customer B and an Independent Third Party. Customer B, which is also our supplier, is a group of private companies comprising, among others, six companies which engage in the manufacturing of asphalt premix for road, communication and power line construction, runway pavement and road rehabilitation and supply of construction materials. SAP is a joint venture of our Group and it is an investment holding company whose subsidiaries are engaged in pre-cast concrete work in Singapore and the sale of quarry products in Malaysia. Our Directors believe that through this joint venture, we could leverage on the business networks of our business partner

to capture the customer base in the relevant market. For details of the financial performance of the joint venture, please refer to the section headed "Financial information — Principal components of results of operations — Share of loss of joint ventures, net of tax" in this prospectus.

6. FCP is owned as to 40% by WGT and 60% by a private company limited by shares incorporated in Singapore which is principally engaged in power cable installation works and general contractors, electrical & mechanical engineering, a member of Customer B and an Independent Third Party. Customer B, which is also our supplier, is a group of private companies comprising, among others, six companies which engage in the manufacturing of asphalt premix for road, communication and power line construction, runway pavement and road rehabilitation and supply of construction materials. FCP is a joint venture of our Group and is currently intended to engage in the business of distribution and leasing of machinery and equipment relating to the civil engineering industry. Our Directors believe that through this joint venture, we could leverage on the business networks of our business partner to capture the customer base in the relevant market. For details of the financial performance of the joint venture, please refer to the section headed "Financial information — Principal components of results of operations — Share of loss of joint ventures, net of tax" in this prospectus.

Prior to the Share Offer

The following chart sets out the shareholding and corporate structure of our Company immediately after completion of the Reorganisation but before completion of the Share Offer:



Notes:

1. HDJ is owned as to 51% by WGC and 49% by L.C.H. Construction & Trading Pte. Ltd., an exempt private company limited by shares incorporated in Singapore and an Independent Third Party. HDJ is a subsidiary of our Group and is principally engaged in sewerage pipe jacking.

2. RBS is owned as to 55% by WGC and 22.5% by each of Mr. Ng Choon Tiong and Mr. Ng Choon Hoe, each an Independent Third Party. RBS is a subsidiary of our Group and is principally engaged in road milling and resurfacing services.

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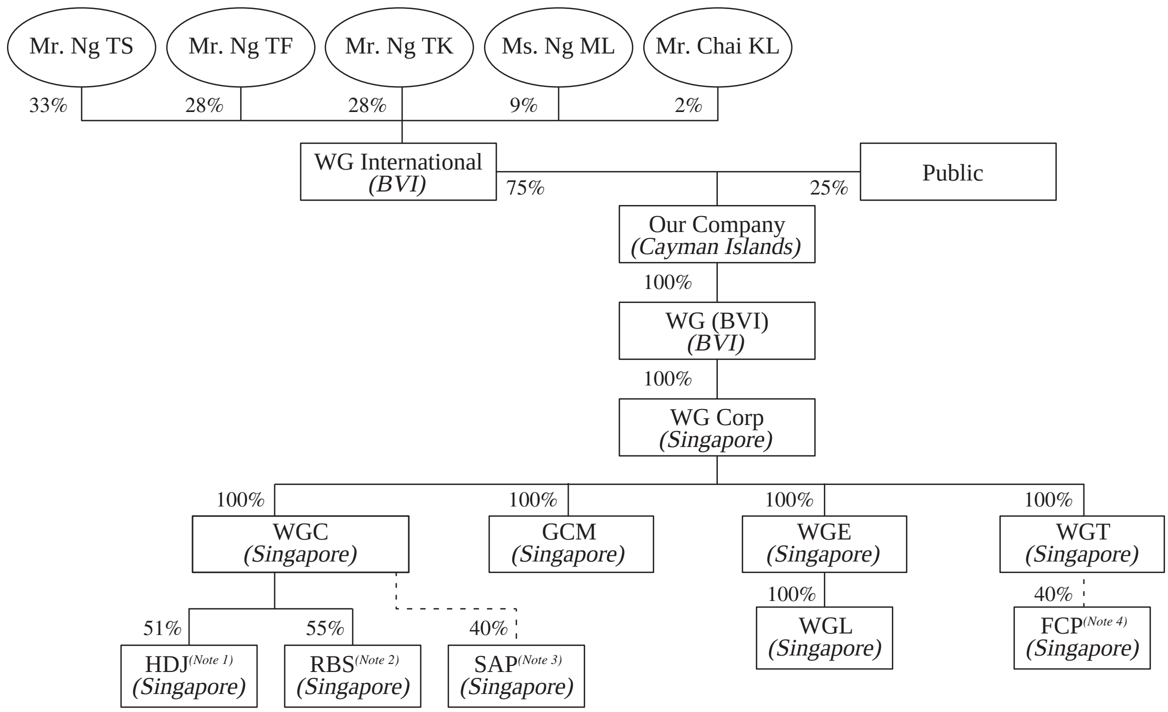
4. FCP is owned as to 40% by WGT and 60% by a private company limited by shares incorporated in Singapore which is principally engaged in power cable installation works and general contractors, electrical & mechanical engineering, a member of Customer B and an Independent Third Party. Customer B, which is also our supplier, is a group of private companies comprising, among others, six companies which engage in the manufacturing of asphalt premix for road, communication and power line construction, runway pavement and road rehabilitation and supply of construction materials. FCP is a joint venture of our Group and is currently intended to engage in the business of distribution and leasing of machinery and equipment relating to the civil engineering industry. Our Directors believe that through this joint venture, we could leverage on the business networks of our business partner to capture the customer base in the relevant market. For details of the financial performance of the joint venture, please refer to the section headed ''Financial information — Principal components of results of operations — Share of loss of joint ventures, net of tax'' in this prospectus.

Immediately following completion of the Share Offer

The following chart sets out the shareholding and corporate structure of our Company immediately following completion of the Share Offer (assuming no Over-allotment Option is exercised and without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme):



Notes:

1. HDJ is owned as to 51% by WGC and 49% by L.C.H. Construction & Trading Pte. Ltd., an exempt private company limited by shares incorporated in Singapore and an Independent Third Party. HDJ is a subsidiary of our Group and is principally engaged in sewerage pipe jacking.

2. RBS is owned as to 55% by WGC and 22.5% by each of Mr. Ng Choon Tiong and Mr. Ng Choon Hoe, each an Independent Third Party. RBS is a subsidiary of our Group and is principally engaged in road milling and resurfacing services.

3. SAP is owned as to 40% by WGC and 60% by a private company limited by shares incorporated in Singapore, a member of Customer B and an Independent Third Party. Customer B, which is also our supplier, is a group of private companies comprising, among others, six companies which engage in the manufacturing of asphalt premix for road, communication and power line construction, runway pavement and road rehabilitation and supply of construction materials. SAP is a joint venture of our Group and it is an investment holding company whose subsidiaries are engaged in pre-cast concrete work in Singapore and the sale of quarry products in Malaysia. Our Directors believe that through this joint venture, we could leverage on the business networks of our business partner to capture the customer base in the relevant market. For details of the financial performance of the joint venture, please refer to the section headed "Financial information — Principal components of results of operations — Share of loss of joint ventures, net of tax" in this prospectus.

4. FCP is owned as to 40% by WGT and 60% by a private company limited by shares incorporated in Singapore which is principally engaged in power cable installation works and general contractors, electrical & mechanical engineering, a member of Customer B and an Independent Third Party. Customer B, which is also our supplier, is a group of private companies comprising, among others, six companies which engage in the manufacturing of asphalt

premix for road, communication and power line construction, runway pavement and road rehabilitation and supply of construction materials. FCP is a joint venture of our Group and is currently intended to engage in the business of distribution and leasing of machinery and equipment relating to the civil engineering industry. Our Directors believe that through this joint venture, we could leverage on the business networks of our business partner to capture the customer base in the relevant market. For details of the financial performance of the joint venture, please refer to the section headed "Financial information — Principal components of results of operations — Share of loss of joint ventures, net of tax" in this prospectus.

OVERVIEW

We are a Singapore-based contractor specialised in the provision of civil engineering utilities works to customers for over 28 years. According to the Ipsos Report, we ranked third in the civil engineering utilities works segment in Singapore in FY2018 in terms of revenue.

Our Group was founded in 1991 and has grown from a contractor engaged in power cable installation and road reinstatement works into a civil engineering utilities works provider. We have accumulated experience in providing a range of civil engineering utilities works to our customers. During the Track Record Period, we were engaged in (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary support and other services; and (iv) sales of goods and milled waste. For further information relating to the services of our Group, please refer to the paragraph headed "Our services" in this section.

The following table sets out the breakdown of our revenue by goods and services types during the Track Record Period:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (Unaudited)	*%*	*S$'000*	*%*
Revenue from contract works										
— Power	29,445	55.4	49,341	67.8	46,002	71.1	26,787	66.6	28,370	75.4
— Telecommunication	12,573	23.7	8,406	11.5	8,883	13.7	6,485	16.1	3,077	8.2
— Sewerage	1,097	2.1	4,063	5.6	968	1.5	853	2.1	725	1.9
Subtotal	43,115	81.2	61,810	84.9	55,853	86.3	34,125	84.8	32,172	85.5
Road milling and resurfacing services	7,670	14.4	7,149	9.8	6,928	10.7	4,448	11.1	4,529	12.0
Ancillary support and other services	1,167	2.2	1,417	2.0	980	1.5	782	1.9	542	1.4
Sales of goods and milled waste	1,175	2.2	2,409	3.3	969	1.5	875	2.2	396	1.1
	53,127	100.0	72,785	100.0	64,730	100.0	40,230	100.0	37,639	100.0

We may be engaged in the role of a main contractor or subcontractor in our projects. We subcontract certain activities in our capacity of main contractor and subcontractor. During the Track Record Period, we primarily acted as a subcontractor in our contract works projects or, to a lesser extent, as a main contractor. For the projects we acted as main contractor, we were also responsible for the overall management, implementation and supervision of projects. The following table sets out the number of projects and breakdown of our revenue from contract works during the Track Record Period by reference to our role in the project:

	FY2016			FY2017			FY2018			For the eight months ended 31 August 2018			For the eight months ended 31 August 2019		
	Number of projects	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects* (Unaudited)	*S$'000*	*%*
Subcontractor	20	27,928	64.8	29	38,493	62.3	33	42,666	76.4	23	23,948	70.2	38	26,364	81.9
Main contractor	37	15,187	35.2	23	23,317	37.7	15	13,187	23.6	16	10,177	29.8	12	5,808	18.1
Total	57	43,115	100.0	52	61,810	100.0	48	55,853	100.0	39	34,125	100.0	50	32,172	100.0

We generally enter into contracts with our customers on a project-by-project basis. For FY2016, FY2017, FY2018 and the eights months ended 31 August 2019, the average duration of our projects with revenue recognised was approximately 29 months, 26 months, 23 months and 26 months, respectively. Please refer to the paragraph headed "Our projects" in this section for further details.

The following table sets out the number of projects and breakdown of our revenue from contract works during the Track Record Period by reference to project type:

	FY2016			FY2017			FY2018			For the eight months ended 31 August 2018			For the eight months ended 31 August 2019		
	Number of projects	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000* (Unaudited)	*%*	*Number of projects*	*S$'000*	*%*
Public sector project	30	30,606	71.0	28	51,616	83.5	32	45,717	81.9	26	27,279	79.9	37	28,573	88.8
Private sector project	27	12,509	29.0	24	10,194	16.5	16	10,136	18.1	13	6,846	20.1	13	3,599	11.2
Total	57	43,115	100.0	52	61,810	100.0	48	55,853	100.0	39	34,125	100.0	50	32,172	100.0

The following table sets out our gross profit and gross profit margin during the Track Record Period by reference to goods and services type:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Gross profit from contract works										
— Power	6,502	22.1	6,862	13.9	14,488	31.5	7,535	28.1	10,050	35.4
— Telecommunication	1,845	14.7	1,677	20.0	1,698	19.1	1,192	18.4	634	20.6
— Sewerage	35	3.2	122	3.0	15	1.5	26	3.0	242	33.4
Road milling and resurfacing services	3,320	43.3	2,160	30.2	1,038	15.0	380	8.6	123	2.7
Ancillary support and other services	156	13.4	228	16.1	30	3.1	16	2.0	5	0.9
Sales of goods and milled waste	857	72.9	1,062	44.1	745	76.9	696	79.5	239	60.4
	12,715	23.9	12,111	16.6	18,014	27.8	9,845	24.5	11,293	30.0

The following table sets out our gross profit and gross profit margin for contract works during the Track Record Period by reference to our role in the project:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Subcontractor	6,026	21.6	6,643	17.3	14,379	33.7	7,541	31.5	9,244	35.1
Main contractor	2,356	15.5	2,018	8.7	1,822	13.8	1,212	11.9	1,682	29.0
	8,382	19.4	8,661	14.0	16,201	29.0	8,753	25.6	10,926	34.0

The following table sets out our gross profit and gross profit margin for contract works during the Track Record Period by reference to project type:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000* (unaudited)	*%*	*S$'000*	*%*
Public sector project	6,474	21.2	7,255	14.1	14,503	31.7	7,561	27.7	10,292	36.0
Private sector project	1,908	15.3	1,406	13.8	1,698	16.8	1,192	17.4	634	17.6
	8,382	19.4	8,661	14.0	16,201	29.0	8,753	25.6	10,926	34.0

We secure projects through invitation for quotation and tendering process. During the Track Record Period, we generally attained new projects through (i) invitation to quote or tender; (ii) tender opportunities on our customers' online portals; or (iii) tender opportunities published on the GeBIZ. Projects awarded to us during the Track Record Period were generally obtained through quotation while a few were obtained through tendering. For each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our quotation and tender success rate was 59.0%, 33.3%, 32.1% and 37.7%, respectively. For details, please refer to the paragraph headed "Our operation flow" in this section.

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, we were engaged in 57, 52, 48 and 50 civil engineering utilities projects, respectively, contributing approximately S$43.1 million, S$61.8 million, S$55.9 million and S$32.2 million, respectively, to our revenue recognised during the respective year/period.

As at the Latest Practicable Date, we had 23 ongoing projects, the aggregate outstanding contract sum of which amounted to approximately S$59.8 million. Our Directors estimated that the aggregate outstanding contract sum of the 28 projects on hand (including 23 ongoing projects and five projects which were awarded to us but not yet commenced as at the Latest Practicable Date) was approximately S$271.6 million as at the Latest Practicable Date. For further information of our projects, please refer to the paragraph headed "Our projects" in this section.

Suppliers of goods and services which are specific to our business are required on a regular basis to enable us to continue to carry on our business mainly include (i) subcontractors; and (ii) suppliers of raw materials and consumables. For further information regarding our suppliers, please refer to the paragraph headed "Our suppliers" in this section.

In order to better utilise our experience and expertise, we engage subcontractors to perform site works such as trench excavation, cable installation, cable jointing and cable detection for projects undertaken by us while focusing our resources in project management and quality control, allowing us to undertake more sizeable projects. We were responsible for the supervision of works conducted by our subcontractors to ensure their conformity to relevant contractual, quality and safety requirements and that projects are completed on time and within budget. For each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our Company's subcontracting charges amounted to approximately S$12.5 million, S$27.0 million, S$12.5 million and S$5.5 million, respectively, representing approximately 48.8%, 63.8%, 46.3% and 26.6% of our Company's total purchases, respectively. For further details of our subcontractors, please refer to the paragraph headed "Our suppliers" in this section.

For the purpose of our business operations, our Company is registered in the workheads for (i) general building; (ii) civil engineering; (iii) cable/pipe laying and road reinstatement; (iv) building automation, industrial and process control systems; (v) communication and security systems; (vi) internal telephone wiring for telecommunications; (vii) electrical & electronic materials, products & components under the CRS. For further details of our licences and qualifications, please refer to the paragraph headed "Our licences and qualifications" in this section.

COMPETITIVE STRENGTHS

Well-established presence in the civil engineering utilities works segment in Singapore

With over 28 years of operating history in the civil engineering utilities works segment in Singapore, our Directors consider that we have an established presence in the industry and have developed solid business relationship with industry players. Based on the Ipsos Report, we were ranked third in the civil engineering utilities works segment in Singapore in FY2017 in terms of revenue.

Through the construction works we had carried out, our Directors believe that our Company has a good reputation as to the quality of our completed works which have met the required standard. We also believe that our experiences allow us to evaluate and manage each project's specifications, resources needs and level of difficulty accurately so that our projects would be completed in a timely and reliable manner. Over the years, we believe we have established a good rapport with our customers via close communication with their teams. We have also been assessed as one of the top five contractors by Customer C in their annual contractor assessment. Our Directors therefore believe that our Company's long-term presence and the active role we have been playing in the industry gives our customers confidence in our capability and capacity to offer quality services in Singapore.

As such, our reputed image in the civil engineering utilities works segment may enable us privileges in terms of maintaining existing customers and securing new business opportunities which are crucial to our day-to-day business operations and future business development.

Expertise in undertaking one-stop services including trenchless methods and cable tunnel projects

We take pride in our expertise in undertaking one-stop services for civil engineering utilities works projects requiring open cut excavation and trenchless methods, which are tailored to our customers' needs and requirements. Our scope of services in trenchless methods projects comprise (i) preparation and consultation on project design and specifications, including in particular those involving trenchless solutions; and (ii) performance of civil engineering utilities works (which generally include horizontal directional drilling, guided auger boring or pipe jacking and ancillary works). For details on our trenchless methods projects, please refer to the paragraph headed "Our services" in this section. Our Directors believe that our ability to carry out trenchless methods projects provide the following advantages to our customers: (i) we ensure that the construction works undertaken are in compliance with statutory requirements under the laws and regulations in Singapore; (ii) our customers can engage us as a single contractor to provide one-stop services to perform all relevant works involving trenchless methods, instead of engaging numerous contractors to handle different types of works, alleviating the need to manage multiple parties and multiple works; and (iii) during our preparation and consultation on project design, we provide recommendations to our customers in order to fulfil their technical requirements for the projects. Furthermore, our Directors consider that the application of trenchless methods in our projects require extensive knowledge and experience and expertise in order to ensure, for instance, the proper and safe operation of the infrastructure facilities.

In addition, we also undertake cable tunnel projects and were one of the first in Singapore to use new technology and methodology for cable tunnel projects according to our major customers. For instance, we acted as a nominated subcontractor of Customer H in a deep cable tunnel installation project with the contract sum of approximately S$16 million to install 400kV power cables spanning approximately 10.8 km inside a tunnel in FY2018.

In view of the aforesaid, we believe that our expertise in undertaking trenchless solutions and cable tunnel projects in civil engineering utilities projects positions us favourably to take on a wide range of customers and business opportunities.

We own a range of construction machinery including self-modified equipment which enables us to take on various sizeable civil engineering utilities projects

The fleet of over three hundred machineries we had as at the Latest Practicable Date allowed us to undertake civil engineering utilities projects of different scales and complexity. We have the capacity to engage in several projects concurrently, and our range of machines such as self-modified cable laying and cable pulling machine, and machinery for horizontal directional drilling, auger boring, milling and patching and pipe jacking enable us to carry out installations and maintenance works in accordance with the relevant requirements. We also have an experienced in-house mechanical servicing team who are tasked with ensuring that our machines are well maintained and operating efficiently.

We believe that our investment in machinery has improved our position to undertake civil engineering utilities works of different scales and complexity. Our Directors also consider that the possession of our own machinery at our disposal allows us to devise flexible work plans and apply suitable machinery specifically catered for the needs and requirements of different customers, as well as enabling us to expediently deploy them to various locations as required.

Long-term and solid relationship with our major customers and suppliers

We have established a strong and stable customer base in both private and public sectors. Our customers in the private sector include energy utilities companies, telecommunication companies, and main contractors of various infrastructure development projects in Singapore, whereas our customers in the public sector include different government-owned companies of Singapore. Our relationship with our five largest customers during the Track Record Period ranges from four to 20 years. In addition, our business collaborations with our five largest suppliers range from three to 20 years. Our Directors believe that our network and relationships with (i) our customers enable us to attract and explore more business opportunities in the long run; and (ii) our suppliers allow us to select suppliers with flexibility and minimise risks of delay or shortage of materials or services. For further details of our business relationships, please refer to the paragraphs headed "Our customers" and "Our suppliers" in this section.

Stringent quality control and safety standard

Providing consistently high quality services is always our emphasis. We therefore have adopted and implemented a quality control system that complies with international standards. Our principal operating subsidiaries, namely WGC, WGE and RBS were assessed and accredited with ISO 9001 certification for our management system. We were also accredited with ISO 14001 and OHSAS 18001 certification which our Directors believe will manifest our sense of priority towards occupational health and safety standards. Besides, we have been recognised by the Workplace Safety and Health Council for our safe business practice with bizSAFE Level Star since 2011.

Our Directors believe that our rigorous quality assurance and management system, as well as the committed devotion to environmental and occupational health and safety, will enhance our position in the industry with better delivery of quality works.

Experienced and dedicated management team

We have an experienced management team with abundant experiences in the civil engineering utilities works segment. Our executive Directors, namely Mr. Ng TS and Mr. Ng TF, have over 28 years and 25 years of experience in such industry, respectively. Our Directors believe that the combination of our strong management expertise and knowledge of the industry, together with our qualified employees, have been and will continue to be our Company's valuable assets.

Among our senior management, Mr. Teoh Chin Ching, Mr. Ng Choon Tat and Mr. Wong Kong Wei have over 20 years, about eight years and about seven years of experience in construction or engineering industry, respectively. Please refer to the section headed "Directors and senior management" in this prospectus for detailed work experience of our Directors and senior management team.

With the aforementioned qualities of our management team, we believe that we have the capabilities to (i) gain insights and awareness of the market landscape and deploy strategies accordingly; (ii) manage our projects efficiently with satisfactory services; and (iii) maintain the relationship with our customers and suppliers, all of which are essential to our success and on-going growth.

BUSINESS STRATEGIES

We aim to further strengthen our market position in the civil engineering utilities works segment in Singapore by pursuing the following strategies. For details of our implementation of the following business strategies, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

Expanding our market share through undertaking projects of more sizeable scale

According to the Ipsos Report, the civil engineering utilities works segment in the construction industry is anticipated to improve in terms of demand over the next five years. To support Singapore's growing population, notably with the government initiative to increase the overall population in Singapore to a range of 6.5 to 6.9 million by 2030 under the Singapore Population Whitepaper, the Singapore Government plans various infrastructure projects ahead to meet the future needs of its growing society. To ensure that there will be sufficient space for the growing population and infrastructures, the Singapore Government has put into motion various projects involving underground works in order to clear up the spaces above ground that is occupied by infrastructures such as cables and pipes. The Underground Transmission Cable Tunnel project and the Deep Tunnel Sewerage System Phase 2 project are some of these recent underground works projects. Several upcoming underground developments have been planned up till 2030 to further the objective of optimisation of land use, including Thomson-East Coast Line, Deep Tunnel Sewerage System Phase 2, Four-in-One Depot at Changi, North-South Corridor, and Cross Island Line. These underground works projects are expected to progress in line with the anticipated overall developments of the construction works industry, notably with the development of private, public, commercial and industrial buildings which would require proper infrastructures such as electricity and water to meet the needs of society. As such, with the expected growth in civil engineering construction activities going forward, the demand for civil engineering works in Singapore is expected to experience a stronger growth with the total output for the civil engineering sector being forecasted to increase from approximately S$7.72 billion in 2019 to approximately S$9.07 billion by the end of 2023 at a CAGR of approximately 4.08%.

Among the projects which contributed to our revenue during the Track Record Period, we had undertaken five projects with a total contract sum of over S$10.0 million per project. Therefore, having considered our established reputation and proven track record of undertaking projects of similar scale, our operational resources, licences and qualifications as well as competitive strengths mentioned in the paragraph headed ''Competitive strengths'' in this section, our Directors are of the view that we are well-positioned to undertake more civil engineering utilities projects of larger scale (i.e. with contract sum of over S$10.0 million) to cater for the emerging business opportunities driven by the forecasted growth in the industry.

Strengthening our financial position

To commence a new project, we are generally required to incur significant upfront costs in the early stages of our projects which generally include raw material costs, subcontracting charges, staff costs and other project-related costs. Based on our operating history during the Track Record Period, the upfront costs of our projects would generally amount to 9.7% of the total contract sum. Historically, for projects with a contract sum of approximately S$5.0 million, we generate positive cumulative cash flow on average after approximately 12 months. As such, our Directors consider that, given the upfront costs will tie up our resources, it is of paramount importance to remain financially sound and stable in order to undertake additional sizeable projects.

In light of the above, our Directors take the view that our Group has a genuine need to strengthen our cash position in order to enable us to bid for more projects in terms of project scale and number. As such, our Group will allocate approximately HK$71.1 million of the net proceeds from the Listing to strengthen our financial position in order to pay for the upfront costs for awarded or potential projects which our Directors are confident to secure.

Based on the above factors, our Directors believe that the net proceeds from the Listing will strengthen our available financial resources to satisfy the requirements for the upfront costs of our projects in the future and allow us to undertake more sizeable projects in the future. For the detailed discussion of the intended use of the net proceeds from the Listing in this regard, please refer to the section headed ''Future plans and use of proceeds'' in this prospectus.

Expanding our workforce

Our Directors consider that our capacity to undertake and execute projects in a timely and satisfactory manner largely depends on the capacity of our work team, who are responsible for overseeing the overall progress and execution of the project. As such, our Directors believe that it is crucial to expand our project team, such as recruiting up to an additional two project managers, four project engineers, four site managers, 12 site supervisors, two workplace safety and health officers, four workplace safety and health coordinators and 60 skilled and general site workers. Out of the net proceeds from the Listing, we plan to spend approximately HK$16.6 million and HK$2.6 million for recruitment in FY2020 and FY2021, respectively. For the detailed discussion of the intended use of the net proceeds from the Listing in this regard, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

Continuing to emphasise and maintain high standards of project planning, management and implementation

Our Directors consider that our capacity to maintain overall project management and to supervise implementation at our project sites is crucial to our business operation. As such, with an expanded team of project management professionals, we believe that we will be well-positioned to enhance the project planning and management process so that we can closely monitor various activities at the project sites as well as the resources required at different stages of the project. With the expanded project management team and the additional staff as strategies discussed above, we will also ensure that our projects are completed in strict adherence to project schedules and requirements and within the budget. In addition, we will continue to implement strict quality control measures to monitor our quality of work and workmanship throughout the entire process. Our Directors believe that our ability to maintain high service standards will improve customer comfort and satisfaction which will in turn enhance our competitiveness in tendering for future projects.

Adhering to prudent financial management to ensure sustainable growth and capital sufficiency

We will continue to closely monitor our capital and cash positions and carefully manage key areas such as subcontracting charges and cash flows. For example, we will implement a cost allocation plan detailing raw materials and subcontractors involved for each of our projects and our project management team will follow the cost plan throughout the project to ensure that there will not be any cost overrun. Besides, our contracts with our customers and suppliers generally contain terms and conditions relating to payment terms which can ensure sufficient cash flow for our business operations.

We will also continue to focus on projects on a selective and prudent basis, targeting those which are profitable and sizable in nature. In addition, we will continue to focus on our internal control system to maintain adequate cash flow for our ongoing capital requirements and to achieve maximum cost savings.

OUR BUSINESS MODEL

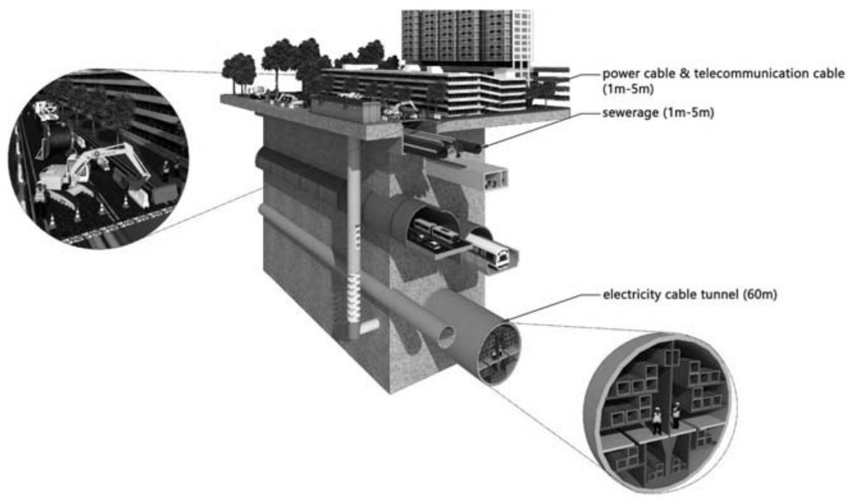
We provide civil engineering utilities works to customers from both private and public sectors in Singapore. We install, lay, construct, test and commission different types of cables and pipelines for our customers within a scheduled timeframe.

The following table sets out the breakdown of our revenue by service types during the Track Record Period:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
							(Unaudited)			
Revenue from contract works										
— Power	29,445	55.4	49,341	67.8	46,002	71.1	26,787	66.6	28,370	75.4
— Telecommunication	12,573	23.7	8,406	11.5	8,883	13.7	6,485	16.1	3,077	8.2
— Sewerage	1,097	2.1	4,063	5.6	968	1.5	853	2.1	725	1.9
Subtotal	43,115	81.2	61,810	84.9	55,853	86.3	34,125	84.8	32,172	85.5
Road milling and resurfacing services	7,670	14.4	7,149	9.8	6,928	10.7	4,448	11.1	4,529	12.0
Ancillary support and other services	1,167	2.2	1,417	2.0	980	1.5	782	1.9	542	1.4
Sales of goods and milled waste	1,175	2.2	2,409	3.3	969	1.5	875	2.2	396	1.1
	53,127	100.0	72,785	100.0	64,730	100.0	40,230	100.0	37,639	100.0

OUR SERVICES

Having specialised in civil engineering utilities works, we have the capability to apply different methods in performing contract works in relation to the installation of power cables, telecommunication cables and sewerage pipelines. We also provide road milling and resurfacing services, ancillary support and other services, as well as sales of goods and milled waste to our customers.

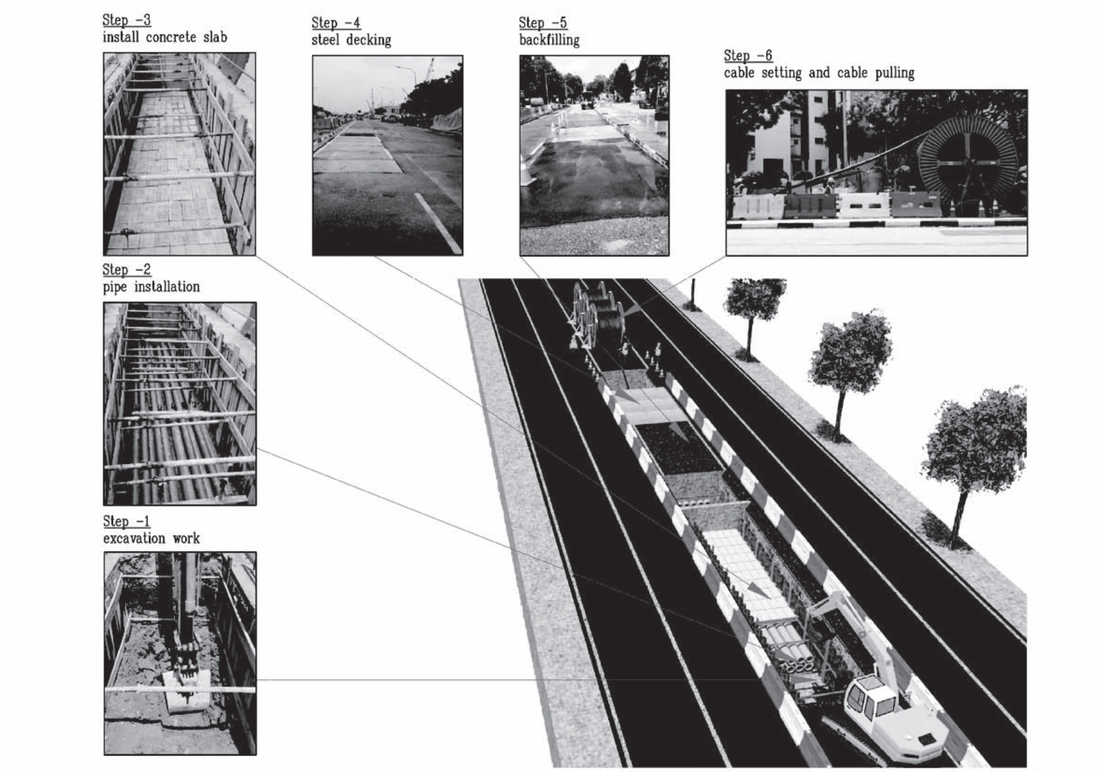


Contract works

We install power cables (for both transmission and distribution of electricity), auxiliary cables and accessories, telecommunication (including ISP works and OSP works) and fibre optic network as well as sewerage pipelines by applying methods such as (i) open cut excavation method; or (ii) trenchless methods, namely cable tunnel installation, pipe jacking, horizontal directional drilling and guided auger boring method.

A. Open cut excavation method

Open cut excavation is the use of open trench or excavation along the pipeline route for the installation process. We apply open cut excavation generally for installation works of power cables, and telecommunication and fibre optic networks approximately one to four metre(s) beneath the ground level. Our major tasks involve digging and excavating a trench, placing the utilities pipes, installing concrete slab and/or steel decking for the reinforcement of the trench structure, backfilling of the trench, cable setting and cable pulling.



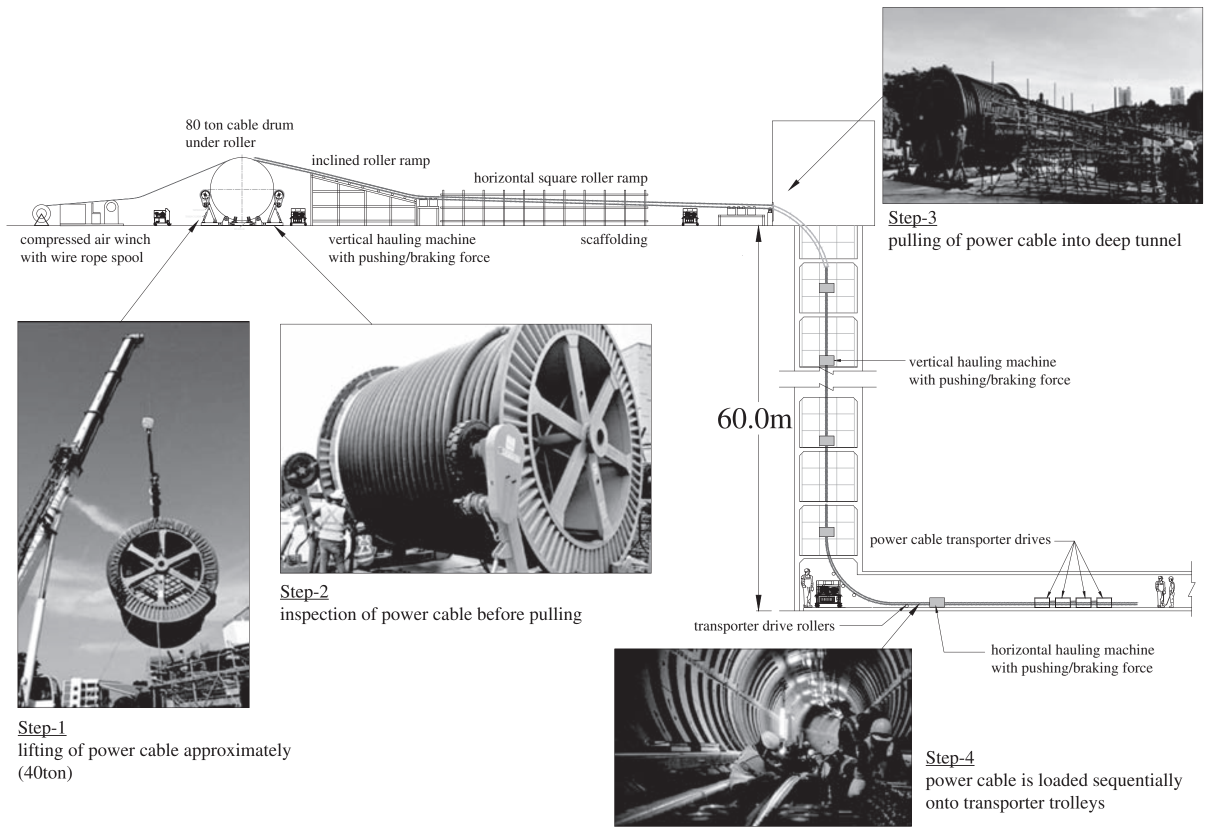
B. Trenchless methods

When applying trenchless methods, the need for excavating the ground for the underground utilities pipeline route would generally be minimised. We generally apply trenchless methods, depending on the circumstances of the work site, for installation works of power cables, telecommunication and fibre optic networks or sewerage pipelines approximately four metres or more beneath the ground level.

(i) Cable tunnel installation method

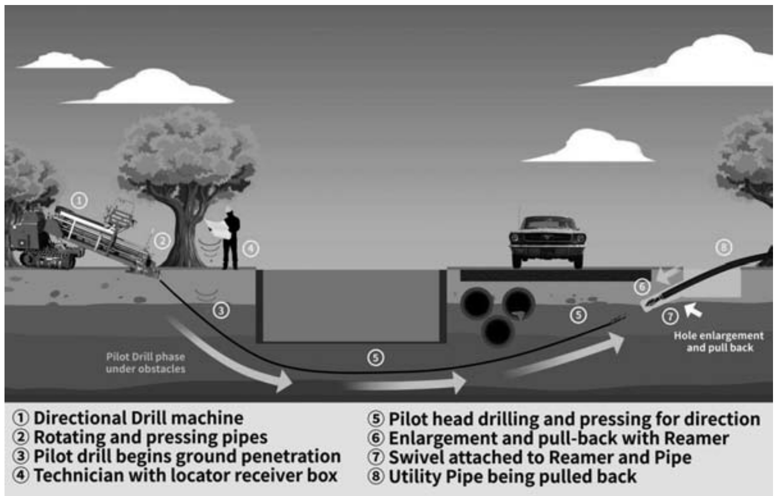
We install high-voltage electricity cables along tunnel sections where the majority of such tunnel sections are buried approximately 60 metres beneath the ground level. Our main tasks involved in a typical cable tunnel installation project include not only the installation of the high-voltage electricity cables, but also the installation of supporting parts to the power cables.

The following diagram illustrates the power cable installation process (i) from spooling out a cable from ground level to pulling such power cable to entering the underground tunnel; (ii) from vertically pulling such cable from the tunnel entrance to the designated underground tunnel section of approximately 60 metres underground:



(ii) Horizontal directional drilling method

For installation works of power cables, and telecommunication and fibre optic networks approximately four metres or more beneath the ground level, we generally apply horizontal directional drilling method. As illustrated in the following diagram, our HDD method is a way to avoid natural and man-made objects such as sidewalks and roadways when connecting main utilities:



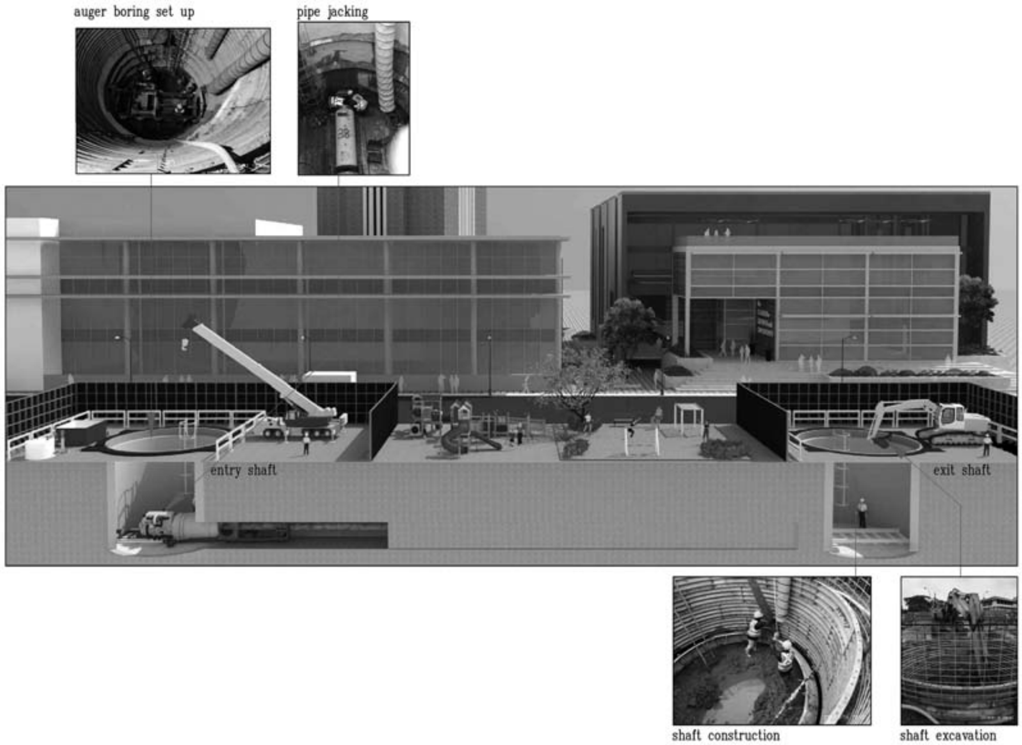
(iii) Pipe jacking method

Pipe jacking involves the boring of a tunnel for the installation of pipes, by a tunnelling shield (generally by a fully automatic mechanised tunnelling machine inside a hand shield) from a launch shaft at one end towards a reception shaft at another end. The shield is jacked forward incrementally by hydraulic jacks at the launch shaft. As the shield advances, jacking pipes are inserted behind the shield one by one and the whole string is jacked forward. When the tunnelling shield reaches the reception shaft at another end, it is removed and the pipe installation is completed.

(iv) Guided auger boring method

Similar to pipe jacking method, guided auger boring method generally involves cutting out a bore hole which size shall be just sufficiently enough for pushing or pulling through the pipelines for installation. The cables are pushed or pulled into the bore hole at the same time when boring the bore hole.

The diagram below depicts the processes of pipe jacking and auger boring:



Road milling and resurfacing services

We also provide road milling and resurfacing services to customers, which include preparing newly milled road surface, milling and patching of road surface and painting of thermoplastic lane marking.

For road milling and resurfacing services, we receive work orders from our customers and the average duration of our services is relatively short (with a work period ranging from one day to approximately two weeks for each work order in general) as compared to that of our contract works projects which may last for up to several years. Therefore, our Directors consider that our road milling and resurfacing services are not project-based activities.

We provide simple quotations at the request of our customers for road milling and resurfacing services. Upon confirmation of our engagement, we will then go through a more simple operation flow as compared to that of our contract works projects. We plan and arrange the required manpower, machinery and materials to be delivered to the construction sites and moniter the work progress. Upon completion, our customers will measure our works and we will then issue invoices to them.

Our main tasks involved in a typical road milling and resurfacing project are illustrated as follows:

1

milling machine to set milling depth and mill of the premix onto dumptruck

2

spraying of tack coat before laying premix

3

laying of premix using paving machine by using sensor to set the level

4

compaction using 3 steel roller and 9 wheel tyre roller

5

laying of thermoplastic line painting

Ancillary support and other services

A minor portion of our revenue is derived from subcontractor support services and the leasing of vehicles and equipment. We provide mainly technical support advisory services in relation to cable pulling services to other contractors. We also lease our vehicles and equipment, including prime movers, low-bed trailers, self-loaders, lorry cranes, tipper lorries, water trucks and truck mounted attenuators, to our customers.

Sales of goods and milled waste

A minor portion of our revenue is also derived from the selling of tools and devices (such as protective equipment, diesel, small construction related materials) to various contractors and selling of milled waste produced from our project works to asphalt premix producers on a case-by-case basis.

OUR LICENCES AND QUALIFICATIONS

Qualifications and licences in Singapore

During the Track Record Period and up to the Latest Practicable Date, we held certain licences issued by BCA under the BLS which enabled us to undertake projects involving particular construction works in both public and private sectors. These licences are required for carrying out private sector construction works or public sector construction works. Our Group is also registered by BCA under the CRS for a number of workheads which enabled us to tender for public sector construction works. The following tables sets out a summary of our major qualifications and licences in Singapore as at the Latest Practicable Date:

Relevant Government department or public organisation	Category		Date of next renewal	Entity
Building and Construction Authority	General Builder Licence (GB2)	Class 2	14 September 2020	GCM
Building and Construction Authority	Civil Engineering (CW02) Workhead Registration	Grade C3	1 July 2021	GCM
	Cable/Pipe Laying & Road Reinstatement (CR07) Workhead Registration	Grade L1		
Building and Construction Authority	General Builder Licence (GB2)	Class 2	13 August 2021	HDJ
Building and Construction Authority	General Builder Licence (GB1)	Class 1	29 June 2021	WGC
Building and Construction Authority	General Building (CW01) Workhead Registration	Grade C3	1 July 2022	WGC
	Civil Engineering (CW02) Workhead Registration	Grade C1		
	Cable/Pipe Laying & Road Reinstatement (CR07) Workhead Registration	Grade L6		
	Building Automation, Industrial & Process Control Systems (ME02) Workhead Registration	Grade L1		

Relevant Government department or public organisation	Category		Date of next renewal	Entity
	Communication & Security Systems (ME04) Workhead Registration	Grade L5		
	Internal Telephone Wiring for Telecommunications (ME08) Workhead Registration	Grade L1		
	Electrical & Electronic Materials, Products & Components (SY05) Workhead Registration	Grade L1		
Building and Construction Authority	General Builder Licence (GB2)	Class 2	22 July 2021	WGE
Building and Construction Authority	Civil Engineering (CW02) Workhead Registration	Grade C3	1 September 2020	WGE
	Cable/Pipe Laying & Road Reinstatement (CR07) Workhead Registration	Grade L1		
	Asphalt Works & Road Marking (CR14) Workhead Registration	Grade L3		
Building and Construction Authority	General Builder Licence (GB2)	Class 2	22 July 2021	WGT
Building and Construction Authority	General Building (CW01) Workhead Registration	Grade C3	1 May 2020	WGT
	Civil Engineering (CW02) Workhead Registration	Grade C3		
	Cable/Pipe Laying & Road Reinstatement (CR07) Workhead Registration	Grade L5		

Relevant Government department or public organisation	Category		Date of next renewal	Entity
Building and Construction Authority	Asphalt Works & Road Making (CR14) Workhead Registration	Grade L4	1 February 2021	RBS
Infocomm Media Development Authority	Telecommunication Wiring Licence		N/A	WGC

OUR CERTIFICATIONS AND AWARDS

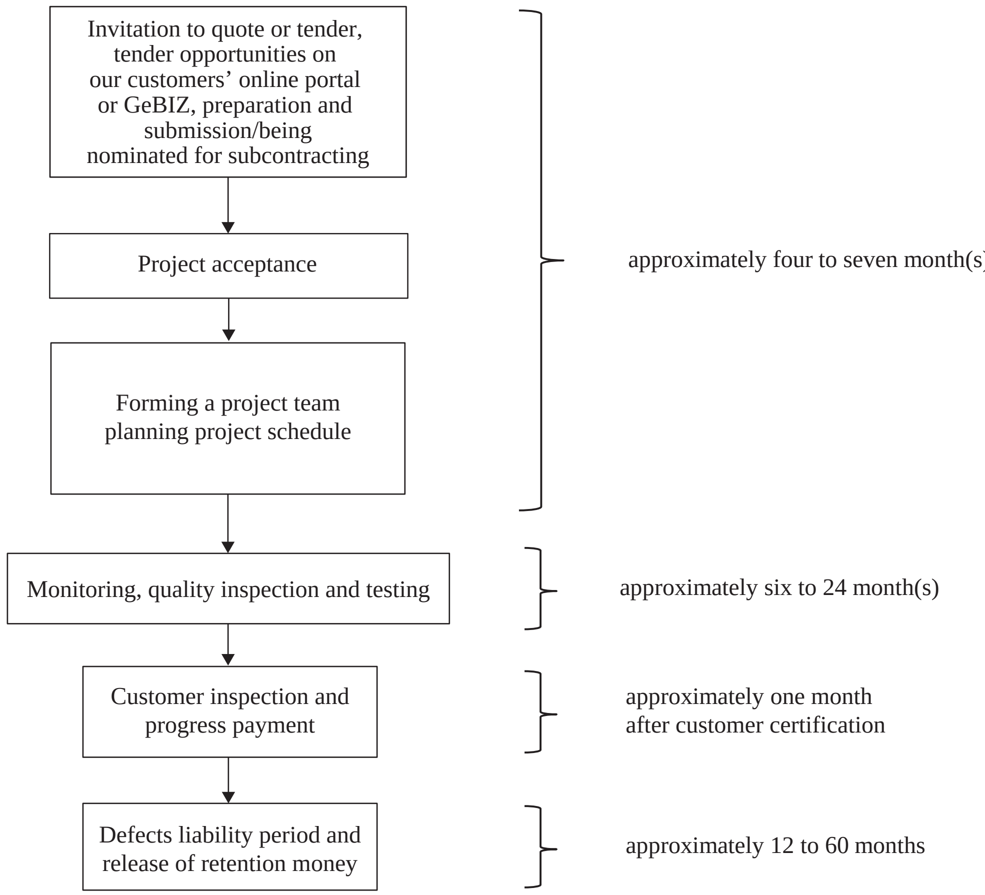
We have also obtained certifications as to work safety, environmental protection, quality management, environmental management as well as occupational health and safety management. The following table sets out our major certifications as at the Latest Practicable Date:

Nature	Certification	Awarding organization	Date of next renewal	Entity
Work safety	BizSAFE Level 3	Workplace Safety and Health Council	5 December 2021	GCM
Work safety	BizSAFE Level Star	Workplace Safety and Health Council	3 August 2020	WGC
Work safety	BizSAFE Level Star	Workplace Safety and Health Council	3 August 2020	WGE
Work safety	BizSAFE Level Star	Workplace Safety and Health Council	4 May 2020	WGT
Environmental protection	BCA Green and Gracious Builder Award	Building and Construction Authority	3 August 2020	WGC
Quality management system	ISO9001:2015	Building and Construction Authority	3 August 2020	WGC
Quality management system	ISO9001:2015	Building and Construction Authority	3 August 2020	WGE
Quality management system	ISO9001:2008	Alberk QA Technic GmbH	6 November 2021	RBS

Nature	Certification	Awarding organization	Date of next renewal	Entity
Environmental management system	ISO14001:2015	Building and Construction Authority	3 August 2020	WGC
Occupational health and safety management system	OHSAS18001:2007	Building and Construction Authority	3 August 2020	WGC
Occupational health and safety management system	OHSAS18001:2007	Building and Construction Authority	3 August 2020	WGE
Occupational health and safety management system	OHSAS18001:2007	Certification International (Singapore) Pte. Ltd.	4 May 2020	WGT
Occupational health and safety management system	OHSAS18001:2007	Alberk QA International Technical Control and Cortication Corp.	6 November 2021	RBS

Since our establishment and up to the Latest Practicable Date, we received various acknowledgements from members of the civil engineering utilities works segment. Our Directors take these recognitions as a manifestation of our relentless efforts in providing quality and well-managed works services whereby we have built up a healthy and promising reputation as a trustworthy partner.

OUR OPERATION FLOW



Invitation for quotation and/or tendering, preparation and submission/being nominated for subcontracting

Our projects generally originated from three sources, (i) invitation to quote or tender; (ii) tender opportunities on our customers' online portals; or (iii) tender opportunities published on the GeBIZ. When we receive an invitation to quote or tender for works, our contracts department will review the tender documents and/or project requirement. Our contracts department will assign suitable staff who are knowledgeable in the assessment of projects requirements for civil engineering utilities works. The contracts department head has the experience, skills and knowledge of the market and competitive environment.

Our executive Directors will make the decision on whether to proceed to tender considering various factors including (i) the specification of the potential project; (ii) the communication date and duration of the potential project; (iii) the site location; (iv) the resources availability; and (v) our previous experience with the customer. Once the decision is made, our contracts department will prepare the tender documents/quotation upon Directors' confirmation. Our executive Directors and/or our senior project managers generally would consider (i) the manpower needed; (ii) availability of machinery; and (iii) complexity of the potential project, and conduct on-site visit if necessary.

Our executive Directors will make the final decision on our pricing and the submission of our quotation or tender, which is typically valid for 30 days (or extended upon customers' request). Subsequent to the submission of the tender documents, we may be requested to attend tender interviews which are attended by one of our executive Director(s). We will keep track of quotations and tenders which we have submitted in a report, with information such as (i) project names/description; (ii) identities of main contractors; (iii) tender/quotation sum; (iv) tender/quotation submission dates; and (v) tender closing dates.

Set out below is a breakdown of our quotation and tender success rate during the Track Record Period.

	FY2016	**FY2017**	**FY2018**	**For the eight months ended 31 August 2019**
Number of quotations and tenders submitted	39	66	84	77
Number of projects awarded*(Note 1)*	23	22	27	29
Success rate*(Note 2)*	59.0%	33.3%	32.1%	37.7%

Notes:

1. Number of projects awarded in this context means the number of projects we have undertaken.

2. Success rate for a financial year was calculated based on the number of successful tenders (whether awarded in the same financial year or subsequently) in respect of the tenders submitted during that financial year.

During the Track Record Period, there were fluctuations in the number of tenders and quotations submitted, the number of projects awarded and the subsequent success rate on account of various factors.

It is our general practice to submit and/or respond to quotations and tenders invitation regardless of whether we intend to undertake such project(s). As we had a higher tender/quotation success rate in FY2016, in which a majority of the project sizes were relatively small and that part of those were executed in FY2017, it subsequently resulted in the fluctuations and disparity recorded in FY2016, FY2017 and FY2018 in terms of our success rate and revenue. For the sake of better management, we generally complete the quotations/tenders submission and decide on which project to take as early as possible in a year. As a result, the above table showing the eight months ended 31 August 2019 has indicated statistics which are akin to FY2016, FY2017 and FY2018 albeit the calculation has only included up to 31 August in FY2019. It is therefore considered consistent thus far when compared with our previous performance during the Track Record Period.

Our Directors are of the view that responding to our customers' invitations by submitting tenders would allow us to preserve our market presence and keep abreast of the updated market information, expectations of our customers, as well as the pricing level of our competitors. Our Directors also consider responding quotation requests a friendly gesture so that we could maintain customer relationships without eliminating potential feasible business opportunities in the future. We take into account our current order books, existing and upcoming projects available in the market in tendering. This practice serves as handy references for our future tendering exercises in similar projects. As a result, we may go through fluctuations in our overall success rate from period to period.

Our Directors consider that our overall tendering performance during the Track Record Period has been satisfactory as we have strong order books and projects on hand.

Project acceptance

Upon receipt of our tender, our customer may by way of interview or enquiries clarify with us the particulars of our submitted tender. Once our customer decides to engage us, we will be informed of our acceptance by a letter of award issued to us by our customer. We may then enter into a formal engagement agreement with our customer. As soon as we are engaged by our customer, we would secure our engagement with our subcontractors and arrange with our suppliers for the supply of materials for the project.

When a project is awarded, a kick-off meeting or project briefing will be held with the relevant personnel. Our projects are headed by the respective project managers who are selected by our executive Directors based on their strengths and projects on hand, who have the overall responsibility to manage the projects, in terms of meeting both the timing and project specifications. All project information including the tender documents and contracts will be transferred from the contracts department to the projects department. Our projects department will prepare detailed schedule to be executed and the resources required at each stage.

Upon confirmation of our engagement, commencement of the project will be initiated by us following the steps including: (i) forming a project team from the projects department; (ii) planning and arranging the required machinery to be delivered to the construction site; (iii) procuring and arranging with suppliers for the required materials for the project; (iv) negotiating on finalising the subcontracting if necessary; (v) monitoring, quality inspection and testing; (vi) customer inspection and acceptance; and (vii) settling payment.

Forming a project team, planning project schedule and arranging necessary materials, machinery, tools and manpower

(a) Forming a project team from the projects department

Based on our estimation and observation as to the scale and complexity of the projects, the projects department will form and assign a project team for each committed project. The project team generally comprises the following key personnel: executive Director, project manager, project engineer, site manager and site supervisor.

Our executive Directors will also closely monitor the progress of the project continuously, and will place emphasis on our compliance with statutory requirements. Our project team will oversee the project on site and revert to the executive Directors on the project status. Should there be discovery of any problems which need to be solved, it will also be reported to the department head and our executive Directors promptly.

(b) Planning and arranging machinery

The majority of our works involve the usage of machinery. Our Directors confirm that we did not lease any machinery during the Track Record Period and up to the Latest Practicable Date. Our integrated operation centre is responsible for managing the machinery for all projects. Our project manager, site manager and project engineer will determine the types of machinery to be used and make appropriate deployment accordingly. The responsibility of delivering construction machinery to the site shall lie on us. For example, the trailers which are banned from being driven on the highway directly will be transported by us on lorries. For details on our machinery, please refer to the paragraph headed "Our machinery" in this section.

(c) Purchasing of materials

We are required to carry out civil engineering utilities works according to the designs and work plans as set out in the tender documents as well as customers' requirement. We follow up with the representatives of subcontractors regularly to review the progress and quality of the project and to resolve any problems encountered.

We will purchase the raw materials involved in a project which include asphalt premix, concrete and PVC pipes. To be in line with our tender submitted, our project team will coordinate with our purchasing department on the necessary purchases from our suppliers. Generally, our raw materials that have been purchased as part of the project would be sent to the site directly by our suppliers and would not be recorded as our own inventory. For details on our suppliers, please refer to the paragraph headed "Our suppliers" in this section.

(d) Negotiating on and/or finalising the subcontracting arrangement to third parties

Subject to our capacity, resources level, cost effectiveness and the complexity of the project, we may subcontract site works such as trench excavation, cable installation, cable jointing and cable detection to our subcontractors.

For details on our subcontracting arrangements and supply of machinery to subcontractors, please refer to the paragraph headed "Our suppliers" in this section.

Monitoring, quality inspection and testing

The designated project director who oversees the projects department will regularly provide progress reports to the our executive Directors. The content of such reports will address project performance, potential risk in delaying the construction programme (if applicable), feedback from our customer and matters of the project to be followed-up. Further, we will hold progress meetings with our customer during the course of the project. Our project team is also obliged to perform site supervision as the case may be, whilst the outcome of the site supervision will be submitted to our customers at their request. The site supervisor should meanwhile maintain a daily site report for the works undertaken which covers both our workers and subcontractors. The project manager will monitor the work progress to ensure the project can be completed in a timely manner. Our executive Directors will review the report from time to time.

Customer inspection and acceptance

During the period of execution of the projects, our customer will have an on-site representative or will inspect our works from time to time. An approval form specifying the items completed by stages will be issued by our customer as they see fit and satisfactory. Upon completion of the projects, we will usually receive a certificate proving that we have substantially completed our contractual obligations and the works at the site after inspection and approval from our customer.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that our Group has not experienced any material delays or cost overruns for our projects.

Progress payment

Based on the actual work done carried out up to the end of each month or upon completion of a milestone, a payment application will be submitted to our customer for the estimated fee of our work done along with variations (if applicable). The amount will be netted off with any costs of raw materials procured on our behalf by our customer. When our payment application is accepted by the customer, a payment certificate will be issued to us and the payment will be remitted to us accordingly. In the case of private sector project, customers may retain up to 20% of each interim payment and up to 10% of the contract sum as retention money for the project. In the case of public sector project, there is generally no retention money requirement.

Performance bonds

In some instances, we are required to provide performance bonds issued by an insurance company backed by cash collateral and/or guarantees in favour of our customers to secure our performance under the contracts. During the Track Record Period, our Company was not required to provide cash collaterals as our Directors have provided personal guarantees. The relevant performance bond providers have confirmed that such personal guarantees will be replaced by corporate guarantee of the total performance bond amount upon the Listing. For details, please refer to the paragraph headed "Our customers" in this section.

Variation orders (if any)

Our customer may, in the course of project execution, place additional orders concerning variation to part of the works that is necessary for the completion of the project. Such orders are commonly referred to as variation orders. During the Track Record Period, we had received variation orders in projects for our contract works. We will discuss with our customer to mutually agree on the sum of variation orders which shall be added to or deducted from the original estimated contract sum mainly with respect to rate of works of the same or similar character as set out in the main contract. A variation order will usually be notified to us by way of a letter from our customer describing the detailed works to be carried out as a result of such variation order.

We generated a relatively small portion of revenue from our variation orders during the Track Record Period. Our Directors are of the view that such revenue is not material to our business.

Defects liability period and release of retention money

Depending on the requirements and practical condition of different projects, a defects liability period of 12 to 60 months from the date of the certificate of substantial completion may be provided by us. During the defects liability period, we are liable to render remedial works which may arise from the defective works or materials used as identified by our customers. The retention money will be withheld by our customer, half of which will be released to us upon the issuance of certificate of substantial completion, while the remaining half upon the expiry of the defects liability period.

During the Track Record Period, we did not experience any material claim by our customers in relation of defective works and no deduction was made against the retention sum. Our Directors confirm that we had not experienced any material claims by our customers arising from breach of contracts during the Track Record Period and up to the Latest Practicable Date.

OUR PROJECTS

Our projects undertaken during the Track Record Period

During the Track Record Period, we acted as both a main contractor and subcontractor. The following table sets out the number of projects and breakdown of our revenue from contract works during the Track Record Period by reference to our role in the project:

	FY2016			FY2017			FY2018			For the eight months ended 31 August 2018			For the eight months ended 31 August 2019		
	Number of projects	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*	*Number of projects*	*S$'000*	*%*
Subcontractor	20	27,928	64.8	29	38,493	62.3	33	42,666	76.4	23	23,948	70.2	38	26,364	81.9
Main contractor	37	15,187	35.2	23	23,317	37.7	15	13,187	23.6	16	10,177	29.8	12	5,808	18.1
Total	57	43,115	100.0	52	61,810	100.0	48	55,853	100.0	39	34,125	100.0	50	32,172	100.0

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, we were engaged in 57, 52, 48 and 50 civil engineering utilities projects, respectively, which contributed approximately S$43.1 million, S$61.8 million, S$55.9 million and S$32.2 million, respectively, to our revenue. For FY2016, FY2017, FY2018 and the eights months ended 31 August 2019, the average duration of our projects with revenue recognised was approximately 29 months, 26 months, 23 months and 26 months, respectively. The following table sets out a breakdown of such projects based on their respective revenue recognised during the Track Record Period:

	FY2016	**FY2017**	**FY2018**	**For the eight months ended 31 August 2019**
	Number of projects	*Number of projects*	*Number of projects*	*Number of projects*
Revenue recognised				
Above S$10.0 million or above	—	—	1	1
S$5.0 million to below S$10.0 million	—	4	3	—
S$1.0 million to below S$5.0 million	15	10	6	7
Below S$1.0 million	42	38	38	42
	57	52	48	50

The following table sets out a breakdown of the projects based on their respective contract sum:

	FY2016	**FY2017**	**FY2018**	**For the eight months ended 31 August 2019**
	Number of projects	*Number of projects (Note 1)*	*Number of projects (Note 2)*	*Number of projects (Note 3)*
Total contract sum				
Above S$20.0 million	—	—	1	1
S$10.0 million to below S$20.0 million	2	4	4	4
S$1.0 million to below S$10.0 million	24	17	14	17
Below S$1.0 million	31	31	29	28
	57	52	48	50

Notes:

1. Out of the 52 projects which contributed revenue in FY2017, 28 projects also contributed revenue to FY2016.

2. Out of the 48 projects which contributed revenue in FY2018, 23 projects also contributed revenue to FY2017.

3. Out of the 50 projects which contributed revenue in eight months ended 31 August 2019, 19 projects also contributed revenue to FY2018.

The following tables set out the nature of our five largest projects in terms of revenue contribution during the Track Record Period:

For FY2016

Rank	Project code	Customer	Type of projects	Our role	Project period (Note 1)	Total contract sum (Note 2)	Revenue recognised from the project and % of the total revenue			
							FY2016	FY2017	FY2018	For the eight months ended 31 August 2019
						S$'000	S$'000	S$'000	S$'000	S$'000
1	Project No.1	LS Cable & System Ltd Singapore Branch (Note 3)	Power cable	Subcontractor	June 2015 to October 2016	5,073	4,242 (8.0%)	— (0%)	— (0%)	— (0%)
2	Project No.2	LS Cable & System Ltd Singapore Branch (Note 3)	Power cable	Subcontractor	June 2015 to October 2016	5,011	4,183 (7.9%)	579 (0.8%)	— (0%)	— (0%)
3	Project No.3	Customer E (Note 3)	Telecommunication	Subcontractor	March 2015 to December 2017	5,169	3,715 (7.0%)	215 (0.3%)	— (0%)	— (0%)
4	Project No.4	Customer D (Note 3)	Telecommunication	Main contractor	March 2015 to May 2017	3,178	3,034 (5.7%)	143 (0.2%)	— (0%)	— (0%)
5	Project No.5	LS Cable & System Ltd Singapore Branch (Note 3)	Power cable	Subcontractor	June 2015 to June 2016	2,999	2,427 (4.6%)	— (0%)	— (0%)	— (0%)

For FY2017

Rank	Project code	Customer	Type of projects	Our role	Project period (Note 1)	Total contract sum (Note 2)	Revenue recognised from the project and % of the total revenue			
							FY2016	FY2017	FY2018	For the eight months ended 31 August 2019
						S$'000	S$'000	S$'000	S$'000	S$'000
1	Project No.6	Customer F (Note 3)	Power cable	Subcontractor	May 2015 to October 2017	9,403	1,550 (2.9%)	7,791 (10.7%)	— (0%)	— (0%)
2	Project No.7	Customer C (Note 3)	Power cable	Main contractor	June 2016 to June 2018	10,800	566 (1.1%)	7,145 (9.8%)	3,057 (4.7%)	31 (0.1%)
3	Project No.8	Customer F (Note 3)	Power cable	Subcontractor	April 2017 to March 2018	11,002	— (0%)	6,928 (9.5%)	4,074 (6.3%)	— (0%)
4	Project No.9	Customer C (Note 3)	Power cable	Main contractor	October 2016 to March 2018	8,747	54 (0.1%)	6,424 (8.8%)	2,258 (3.5%)	11 (0%)
5	Project No.10	Customer B	Sewerage pipeline	Subcontractor	March 2016 to May 2018	6,181	1,073 (2.0%)	4,063 (5.6%)	968 (1.5%)	77 (0.2%)

For FY2018

Rank	Project code	Customer	Type of projects	Our role	Project period (Note 1)	Total contract sum (Note 2)	Revenue recognised from the project and % of the total revenue			
							FY2016	FY2017	FY2018	For the eight months ended 31 August 2019
						S$'000	S$'000	S$'000	S$'000	S$'000
1	Project No.11	Customer H (Note 3)	Power cable	Subcontractor	September 2017 to November 2018	15,359	— (0%)	1,853 (2.5%)	13,207 (20.4%)	410 (1.1%)
2	Project No.12	LS Cable & System Ltd Singapore Branch (Note 3)	Power cable	Subcontractor	October 2017 to November 2020	23,211	— (0%)	— (0%)	7,102 (11.0%)	11,129 (29.6%)
3	Project No.13	Customer G (Note 3)	Telecommunication	Main contractor	October 2016 to October 2022	14,194	161 (0.3%)	3,562 (4.9%)	6,997 (10.8%)	2,182 (5.8%)
4	Project No.14	Customer H (Note 3)	Power cable	Subcontractor	February 2018 to July 2019	5,809	— (0%)	14 (0%)	5,307 (8.2%)	459 (1.2%)
5	Project No.8	Customer F (Note 3)	Power cable	Subcontractor	April 2017 to March 2018	11,002	— (0%)	6,928 (9.5%)	4,074 (6.3%)	— (0%)

For the eight months ended 31 August 2019

Rank	Project code	Customer	Type of projects	Our role	Project period (Note 1)	Total contract sum (Note 2)	Revenue recognised from the project and % of the total revenue			
							FY2016	FY2017	FY2018	For the eight months ended 31 August 2019
						S$'000	S$'000	S$'000	S$'000	S$'000
1	Project No.12	LS Cable & System Ltd Singapore Branch (Note 3)	Power cable	Subcontractor	October 2017 to November 2020	23,211	— (0%)	— (0%)	7,102 (11.0%)	11,129 (29.6%)
2	Project No.13	Customer G (Note 3)	Telecommunication	Main contractor	October 2016 to October 2022	14,194	161 (0.3%)	3,562 (4.9%)	6,997 (10.8%)	2,182 (5.8%)
3	Project No.25	LS Cable & System Ltd Singapore Branch (Note 4)	Power cable	Subcontractor	April 2019 to April 2020	5,509	— (0%)	— (0%)	— (0%)	2,012 (5.3%)
4	Project No.18	Customer C (Note 4)	Power cable	Main contractor	April 2019 to January 2021	16,688	— (0%)	— (0%)	— (0%)	1,746 (4.6%)
5	Project No.15	Customer H (Note 3)	Power cable	Subcontractor	September 2018 to January 2021	1,825	— (0%)	— (0%)	128 (0.2%)	1,735 (4.6%)

Notes:

1. The project period represents the duration of our works with reference to the commencement date of the relevant project as set out in the letter of award or any other form of instruction issued by our customer or its authorised persons; and the completion date of the relevant project indicated by the certificate of practical completion (if any)

issued by our customer or its authorised persons, or the future completion date based on our management's best estimates according to the expected completion dates specified in the letter of award or relevant contracts (if any), the extension period granted by customers (if any), and the actual work schedule up to the Latest Practicable Date.

2. Total contract sum shown in the above tables represents the estimated contract sum stated in the contract, or, where applicable, the adjusted contract sum taking into account the actual amount of orders under the contract, subsequent adjustments due to variation orders and other, remeasurement updated information provided by the relevant customer.

3. For further information in relation to our customers, please refer to the paragraph headed "Our customers" in this section.

Projects on hand

The following table sets forth the movement in the outstanding contract sum of projects on hand (including ongoing projects and projects that have been awarded to us but we have not yet commenced on-site works) during the Track Record Period and up to the Latest Practicable Date:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2019		From 1 September 2019 up to the Latest Practicable Date	
	S$'000	*Number of projects*	*S$'000*	*Number of projects*	*S$'000*	*Number of projects*	*S$'000*	*Number of projects*	*S$'000*	*Number of projects*
Outstanding contract sum of projects in our opening backlog	63,244	42	67,774	36	71,122	23	60,127	19	102,107	28
Add: Contract sum of new projects awarded in the financial year/ period	47,275	23	65,166	22	39,812	27	66,126	29	194,376	4
Add: Variation orders in the financial year/period *(Note 2)*	370	—	—	—	—	—	5,509	1	—	—
Add: Remeasurement of contract sum of projects	—	—	—	—	5,064	—	2,521	—	1,037	—
Less: Revenue recognised for ongoing and completed projects in the financial year/ period *(Note 1)*	(43,115)	(29)	(61,818)	(35)	(55,871)	(31)	(32,176)	(21)	(25,925)	(4)
Outstanding contract sum of projects in our closing backlog	67,774	36	71,122	23	60,127	19	102,107	28	271,595	28

Notes:

1. The number of projects represented the number of projects completed with revenue recognised in the financial year/ period, and the revenue recognised for those completed projects amounted to approximately S$16,856,000, S$26,794,000, S$33,260,000, S$3,267,000 and S$1,883,000 for FY2016, FY2017, FY2018, for the eight months ended 31 August 2019 and from 1 September 2019 up to the Latest Practicable Date, respectively.

2. The variation order in FY2016 was related to a new project awarded in the same financial year, and thus it did not affect the number of new projects awarded during the period.

The outstanding contract sum of projects in our closing backlog fluctuated during the Track Record Period, which increased from approximately S$67.8 million at the end of FY2016 to approximately S$71.1 million at the end of FY2017, while decreased to approximately S$60.1 million at the end of FY2018, then increased to approximately S$102.1 million as at 31 August 2019. Such fluctuation was mainly attributable to the fluctuation in the contract sum of new projects awarded to our Group because (i) the industry trend of the civil engineering sector in Singapore as the total output for civil engineering sector decreased by approximately 2.36% year-on-year from 2017 to 2018, largely due to the reschedule of several large scale and complex projects that involving certain civil engineering works including civil engineering utilities works to commence either in or after 2018, which reflected the general trend of the construction industry, according to the Ipsos Report; and (ii) our change in tendering strategy due to the limited capacity of our Group's financial resources and manpower. As our Group has been awarded several sizeable projects in FY2017 such as Project No. 8, Project No. 11 and Project No. 12 which lasted for at least one year, our Directors considered that our Group might not have enough financial resources and manpower for upcoming new projects in FY2018 and therefore became more selective in tendering for potential projects with higher gross profit margin instead of sizeable contract sum.

As at 31 December 2016, 31 December 2017, 31 December 2018, 31 August 2019 and the Latest Practicable Date, we had a total of 36, 23, 19, 28 and 28 projects on hand (including 23 ongoing projects and five projects that have been awarded to us but we have not yet commenced on-site works).

Our projects on hand as at the Latest Practicable Date

As at the Latest Practicable Date, we had 28 projects on hand, with an outstanding contract sum of approximately S$271.6 million. The following table sets out the details of our projects on hand as at the Latest Practicable Date with total contract sum exceeding S$5.0 million, in descending order by contract sum:

						Revenue derived from the project				Expected revenue to be recognised from the project	
Project code	Customer	Type of projects	Our role	Expected project period *(Note 1)*	Total contract sum *S$'000*	FY2016 *S$'000*	FY2017 *S$'000*	FY2018 *S$'000*	For the eight months ended 31 August 2019 *S$'000*	For FY2019 *S$'000 (Notes 2,3)*	From 1 January 2020 and thereafter *S$'000*
Project No.28	Customer C	Power cable	Main contractor	January 2020 to September 2022	135,645	—	—	—	—	—	135,645
Project No.29	Customer F	Power cable	Subcontractor	October 2019 to October 2022	39,781	—	—	—	—	—	39,781
Project No.12	LS Cable & System Ltd Singapore Branch *(Note 4)*	Power cable	Subcontractor	October 2017 to November 2020	23,211	—	—	7,102	11,129	14,311	1,798
Project No.30	LS Cable & System Ltd Singapore Branch *(Note 4)*	Power cable	Subcontractor	October 2019 to October 2022	18,760	—	—	—	—	—	18,760
Project No.18	Customer C *(Note 4)*	Power cable	Main contractor	April 2019 to January 2021	16,688	—	—	—	1,746	4,150	12,538
Project No.13	Customer G *(Note 4)*	Telecommunication	Main contractor	October 2016 to October 2022	14,194	161	3,562	6,997	2,182	2,766	708
Project No.27	Customer F	Power cable	Subcontractor	October 2019 to June 2022	13,014	—	—	—	—	1,574	11,440

Project code	Customer	Type of projects	Our role	Expected project period (Note 1)	Total contract sum S$'000	Revenue derived from the project FY2016 S$'000	FY2017 S$'000	FY2018 S$'000	For the eight months ended 31 August 2019 S$'000	Expected revenue to be recognised from the project For FY2019 S$'000 (Notes 2,3)	From 1 January 2020 and thereafter S$'000
Project No.19	Customer C (Note 4)	Power cable	Main contractor	October 2019 to January 2022	10,033	—	—	—	—	—	10,033
Project No.20	Customer C (Note 4)	Power cable	Main contractor	July 2019 to April 2020	9,991	—	—	—	512	4,677	5,314
Project No.21	LS Cable & System Ltd Singapore Branch (Note 4)	Power cable	Subcontractor	December 2019 to November 2021	7,598	—	—	—	—	—	7,598
Project No.22	An electric equipment and service supplier	Power cable	Subcontractor	February 2019 to December 2020	7,487	—	—	—	858	891	6,596
Project No.23	Customer F (Note 4)	Power cable	Subcontractor	August 2018 to December 2020	6,373	—	—	100	1,240	2,017	4,256
Project No.24	Customer D (Note 4)	Telecommunication	Main contractor	October 2018 to September 2020	5,892	—	—	7	633	1,084	4,801
Project No.25	LS Cable & System Ltd Singapore Branch (Note 4)	Power cable	Subcontractor	April 2019 to April 2020	5,509	—	—	—	2,012	3,763	1,746
Project No.26	Customer B	Power cable	Subcontractor	March 2019 to February 2020	5,221	—	—	—	1,113	4,121	1,100

Notes:

1. The expected project period represents the duration of our works with reference to the commencement date of the relevant project set out in the letter of award or architect instruction issued by our customer or its authorised persons or the actual work schedule up to the Latest Practicable Date; and the future completion date based on our management's best estimates according to the expected completion dates specified in the letter of award or relevant contracts (if any), the extension period granted by customers (if any), and the actual work schedule up to the Latest Practicable Date.

2. It represents our best estimation based on factors including the estimated completion date specified in the relevant contracts, variation orders received and work progress as at the Latest Practicable Date.

3. Expected revenue for FY2019 encompasses expected revenue for the entire year. Accordingly, revenue already recognised for the eight months ended 31 August 2019 will also form a part of expected revenue for FY2019.

4. For further information in relation to our customers, please refer to the paragraph headed "Our customers" in this section.

As at the Latest Practicable Date, in addition to the 23 ongoing projects, we have also been awarded five projects involving the supply and installation of power transmission cables with a total contract sum of approximately S$211.8 million, which we have not commenced on-site works.

Our Directors are of the view that we have sufficient internal manpower resources to handle our projects on hand as well as earmarked projects at the material times, in particular, given that (i) our Group's number of site workers has increased from 302 as of 31 December 2018 to 317 as of 31 August 2019, and further to 334 as of the Latest Practicable Date; (ii) we intended to apply the net proceeds from the Share Offer to recruit up to 60 additional site workers on top of the approximately 334 site workers in our current workforce as of the Latest Practicable Date, which will be under the 758 maximum number of foreign workers we could hire subject to the dependency ratio ceiling as of the

Latest Practicable Date; and (iii) our Group could expand our capacity while retaining our gross profit margin by contracting with our subcontractors for the provision of services by their site workers (subject to availability) under our team's management going forward if our Group does not have sufficient internal workers for handling our projects on hand as well as earmarked projects.

OUR CUSTOMERS

Characteristics of our customers

During the Track Record Period, our customers included energy utilities companies, telecommunication companies and main contractors for a variety of types of infrastructure development projects in Singapore. The following table sets out our revenue during the Track Record Period by customer type:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
Energy utilities companies	6,214	11.7	18,467	25.4	6,062	9.4	2,731	7.3
Telecommunications companies	8,966	16.9	5,087	7.0	7,724	11.9	3,085	8.2
Main contractors of various infrastructure development projects in Singapore *(Note 1)*	28,135	52.9	37,671	51.7	40,632	62.8	25,672	68.2
Others *(Note 2)*	9,812	18.5	11,560	15.9	10,312	15.9	6,151	16.3
	53,127	100.0	72,785	100.0	64,730	100.0	37,639	100.0

Notes:

1. "Main contractors of various infrastructure development projects in Singapore" refer to those main contractors for which our Group acted as subcontractors in the contract works during the Track Record Period.

2. "Others" mainly represent asphalt premix suppliers and contractors of other various infrastructure development projects which our Group did not provide any services under contract works while provided other services to them during the Track Record Period.

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, the percentage of our Company's total revenue to our five largest customers in combined was approximately 79.5%, 79.6%, 77.6% and 73.0%, respectively. The percentage of our total revenue to our largest customer amounted to approximately 35.6%, 26.0%, 28.8% and 37.3%, respectively for same periods.

Principal terms of engagement

Below are some of the generalised terms included in our contracts entered into with, or purchase orders issued by, our customers:

Contract sum	The agreed contract sum varies across projects depending on the scale and complexity of works and may be subject to change in accordance with subsequent remeasurement and/or additional works orders from our customers. There would also be certain instances where we carry out remeasurement upon our completion of works, the remeasured amount would then become our final contract sum. Additional works orders or variation works orders are issued by our customer from time to time and agreed by us in our civil engineering utilities projects. We charge our customers for additional works separately from the awarded contract sum for the relevant project. The additions are usually valued (i) with reference to the rates and prices in the schedule of rates in the contract; or (ii) by a separate quotation to be agreed upon.
Contract period	The contract period generally starts on the date when we have obtained the letter of award and ends upon the expiry of the completion timeline as set out in each contract. The contract period varies depending on the project size and complexity and such period may be extended pursuant to the terms of the relevant contract.
Scope of work	The scope of services and type of works to be carried out by our Group are specified in the contract.
Subcontracting	A subcontracting arrangement is generally subject to prior approval of our customers (if applicable). For details of the subcontracting arrangement, please refer to the paragraph headed "Our suppliers" in this section.
Performance bonds	In order to guarantee satisfactory completion of a project by a contractor, it is common for customers of sizeable projects to request for performance/surety bonds issued by financial or insurance institutions in favour of the customer. In general, the amount of performance/surety bonds required for each project would not exceed 10% of the contract sums.
Retention money	Our customers may withhold a certain percentage of each interim payment made to us as retention money. A portion of the contract sum amounting to up to 10% of the total contract sum in general may also be withheld by our customers as retention money. A portion of retention money withheld may be released to us after completion of a project and the remaining portion of retention money may be released after the expiry of the defects liability period.

Insurance	For contracts in which we act as main contractor, we are required to obtain adequate insurance cover for our projects. For contracts in which we act as a subcontractor, the main contractor will arrange to obtain adequate insurance cover for the project. For details, please refer to the paragraph headed "Our insurance" in this section.
Payment terms	Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. The BCISPA also contains provisions relating to, amongst 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. Therefore, we have the right to make the progress claims in accordance with the work that we carried out and based on the agreed contract terms with our customers. Under the BCISPA, we also have the right to make an adjudication application in relation to the relevant claims when our customers fail to make payment by the due date. Please refer to the section headed "Regulatory overview" in this prospectus for further details of the BCISPA.
Indemnities	We may be required to indemnify our customers against all liabilities for bodily injury, damage to property, penalties, proceedings, damages, cost, charges and expenses which may arise out of or in connection with the execution of our work being in breach of any applicable laws or regulations, unless the aforementioned liabilities or claims are caused solely by the wrongful acts or omissions of our customers.
Defects liability period	Depending on the nature and scale of the project, we may be subjected to a defects liability period ranging from one to five years, commencing from the date of the relevant certificate of substantial completion. During such period, we are responsible for rectifying all defective works, if any, at our own expense.
Liquidated damages	A contract may contain clauses on liquidated damages to protect our customers against any significant delay in completion of works contracted to us.

Major customers

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our largest customers accounted for approximately 35.6%, 26.0%, 28.8% and 37.3% of our total revenue, respectively, while our five largest customers in aggregate accounted for approximately 79.5%, 79.6%, 77.6% and 73.0% of our total revenue, respectively.

The following tables set out the breakdown of our revenue by our five largest customers for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019 and their respective background:

For FY2016

Rank	Customer	Service provided by us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of revenue	% of the total revenue
					S$'000	*%*
1	LS Cable & System Ltd Singapore Branch (Note 1)	Cable installation service	2007	30 days; Bank transfer/cheque	18,932	35.6
2	Customer B (Note 2)	Cable installation, sales of goods and milled waste	1999	30 days; Bank transfer/cheque	7,399	14.0
3	Customer C (Note 3)	Cable installation service	2004	30 days; Bank transfer/cheque	6,214	11.7
4	Customer D (Note 4)	Land surveys, pipe laying, cabling and testing services	2015	30 days; Bank transfer/cheque	5,974	11.2
5	Customer E (Note 5)	Installation, operation and maintenance services	2015	30 days; Bank transfer/cheque	3,715	7.0
		Five largest customers combined			42,234	79.5
		All other customers			10,893	20.5
		Total revenue			53,127	100.0

For FY2017

Rank	Customer	Service provided by us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of revenue	% of the total revenue
					S$'000	*%*
1	Customer F *(Note 6)*	Cable installation service	2015	30 days; Bank transfer/cheque	18,981	26.0
2	Customer C *(Note 3)*	Cable installation service	2004	30 days; Bank transfer/cheque	18,467	25.4
3	Customer B *(Note 2)*	Cable installation, sales of goods and milled waste	1999	30 days; Bank transfer/cheque	11,583	15.9
4	LS Cable & System Ltd Singapore Branch *(Note 1)*	Cable installation service	2007	30 days; Bank transfer/cheque	5,019	6.9
5	Customer G *(Note 7)*	Cable installation service	2008	30 days; Bank transfer/cheque	3,899	5.4
		Five largest customers combined			57,949	79.6
		All other customers			14,836	20.4
		Total revenue			72,785	100.0

For FY2018

Rank	Customer	Service provided by us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of revenue	% of the total revenue
					S$'000	*%*
1	Customer H *(Note 8)*	Cable installation service	2017	30 days; Bank transfer/cheque	18,665	28.8
2	LS Cable & System Ltd Singapore Branch *(Note 1)*	Cable installation service	2007	30 days; Bank transfer/cheque	9,999	15.4
3	Customer F *(Note 6)*	Cable installation service	2015	30 days; Bank transfer/cheque	7,961	12.3
4	Customer G *(Note 7)*	Cable installation services	2008	30 days; Bank transfer/cheque	7,560	11.7
5	Customer C *(Note 3)*	Cable installation service	2004	30 days; Bank transfer/cheque	6,062	9.4
		Five largest customers combined			50,247	77.6
		All other customers			14,483	22.4
		Total revenue			64,730	100.0

For the eight months ended 31 August 2019

Rank	Customer	Service provided by us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of revenue	% of the total revenue
					S$'000	*%*
1	LS Cable & System Ltd Singapore Branch *(Note 1)*	Cable installation service	2007	30 days; Bank transfer/cheque	14,041	37.3
2	Customer B *(Note 2)*	Cable installation service, sales of goods and milled waste	1999	30 days; Bank transfer/cheque	4,029	10.7
3	Customer F *(Note 6)*	Cable installation service	2015	30 days; Bank transfer/cheque	4,023	10.7
4	Customer C *(Note 3)*	Cable installation service	2004	30 days; Bank transfer/cheque	2,731	7.3
5	Customer H *(Note 8)*	Cable installation service	2017	30 days; Bank transfer/cheque	2,636	7.0
		Five largest customers combined			27,460	73.0
		All other customers			10,179	27.0
		Total revenue			37,639	100.0

Notes:

1. LS Cable & System Ltd Singapore Branch is a subsidiary of a listed company in South Korea, the principal activities of which include manufacturing of power cables and telecommunication cables. According to public information, the holding company of LS Cable & System Ltd Singapore Branch has a market capitalisation of approximately KRW245.2 billion based on its share price as at market close on the Latest Practicable Date and recorded revenue and profit of over KRW10,110 billion and KRW275 billion for the year ended 31 December 2018 respectively.

2. Customer B, which is also our supplier, is a group of private companies comprising, among others, six companies which engage in the manufacturing of asphalt premix for road, communication and power line construction, runway pavement and road rehabilitation and supply of construction materials.

3. Customer C is a subsidiary of a public company that is wholly-owned by a private company which is in turn wholly-owned by the Singapore Government, the principal activities of which include provision of electricity transmission and distribution services.

4. Customer D is a private company in Singapore, the principal activities of which include provision of telecommunication cables solutions.

5. Customer E was a wholly-owned subsidiary of a business trust listed on the Singapore Stock Exchange, which was engaged in installation and maintenance of telecommunication ducts and manholes and had been dissolved by voluntary winding up during FY2018. According to public information, the holding business trust of Customer E has

a market capitalisation of approximately S$2.7 billion based on its share price as at market close on the Latest Practicable Date and recorded revenue and profit of approximately S$6 billion and S$944 million for the year ended 31 December 2018 respectively.

6. Customer F is a subsidiary of a company listed on NASDAQ in the United States, which engages in manufacturing of electric power cables and wires. According to public information, the holding company of Customer F has a market capitalisation of approximately US$18.5 million based on its share price as at market close on the Latest Practicable Date and recorded revenue and profit of approximately US$426 million and US$7 million for the year ended 31 December 2018.

7. Customer G is a public company in Singapore previously listed on the Singapore Stock Exchange which engages in the provision of mobile and fixed communication services. According to public information, its recorded revenue and profit of over S$1,095 million and S$131 million for the year ended 31 December 2018.

8. Customer H is a listed company in South Korea engaging in manufacturing of telecommunication cables and wires. According to public information, the holding company of Customer H has a market capitalisation of approximately KRW520.7 billion based on its share price as at market close on the Latest Practicable Date and recorded revenue and loss of approximately KRW1,649 billion and KRW3 billion for the year ended 31 December 2018 respectively.

Our Directors confirm that, during the Track Record Period, our Company had no material disputes with or claims from our customers, and we had not committed any material breach of agreements entered into between our customers and us. Our Directors also confirm that they are not aware of any of our major customers having experienced any material financial difficulties that may possess material impact on our Company's business.

All of our five largest customers were Independent Third Parties. None of our Directors, their respective associates, or any Shareholders (who or which, to the best knowledge of our Directors, own more than 5% of our issued share capital as of the Latest Practicable Date), have any interest in any of our five largest customers during the Track Record Period. Save and except for the business relationships as mentioned above and the joint venture relationships as mentioned in the section headed "History, development and Reorganisation — Our corporate structure — Immediately before the Reorganisation" in this prospectus, our Directors confirm that, our Group's five largest customers during the Track Record Period do not have any other past or present relationship (including, without limitation, family, employment, business, trust, financing or otherwise) with our Company and its subsidiaries, their substantial shareholders, directors, senior management or their respective associates.

Relationship with major customer that was also our supplier during the Track Record Period

Customer B, which is also our supplier, was one of our five largest customers for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019. We reported revenue of approximately S$7.4 million, S$11.6 million, S$4.7 million and S$4.0 million for our provision of services with Customer B in FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, representing approximately 14.0%, 15.9%, 7.3% and 10.7% of our total revenue for the corresponding period. On the other hand, during the Track Record Period, we also procured premix of raw materials from Customer B in the amount of approximately S$2.3 million, S$1.6 million, S$0.9 million and S$0.9 million, representing 8.9%, 3.7%, 3.3% and 6.3% of our total purchase. Our gross profit with Customer B amounted to approximately S$1.3 million, S$1.1 million, S$0.4 million and S$0.8 million for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019 and our gross profit margin with Customer B amounted to approximately 17.1%, 9.3%, 8.9% and 18.8% during the corresponding period. The gross profit margins generated from our Group for the sales and provision of services to Customer B was relatively lower as compared to our overall gross profit margin during the Track Record Period, given that our Group's main stream of revenue was generated from contract works over the Track

Record Period, whereas the revenue generated by our Group from Customer B was mainly from road milling and resurfacing services, ancillary support and other services and sales of goods and milled waste during this period of time. In which Project No. 10 was a relatively major contract works conducted for Customer B in relation to sewerage pipe jacking works with an overall gross profit margin of approximately 2.8% during the Track Record Period. Our Group engaged in Project No. 10 as we intended to gain relevant project management experience of such scope of works through an extensive coordination with subcontractors. Furthermore, the business relationship of our Group with Customer B was substantially built upon their supplier capacity, in which Customer B has been among the top five largest suppliers of our Group for each financial year/period over the Track Record Period. For further details, please refer to the paragraph headed "Our major suppliers" in this section. The principal terms of engagement with Customer B were largely comparable to those as set out under the paragraph headed "Our customers — Principal terms of engagement" in this section, and similar to those with other customers during the Track Record Period. Whilst we purchased similar materials from other suppliers, the terms of sales we entered into with other suppliers were similar to those we entered into with Customer B.

Customer concentration

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, the percentage of our total revenue to our five largest customers combined amounted to approximately 79.5%, 79.6%, 77.6% and 73.0%, respectively. The percentage of our total revenue to our largest customer amounted to approximately 35.6%, 26.0%, 28.8% and 37.3%, respectively for the same periods. According to the Ipsos Report, niche market segments such as the civil engineering utilities works segment has limited number of customers in the industry and the demand in the civil engineering utilities segment mostly stems from major public and private infrastructure projects. Our Directors consider that despite the customer concentration, our Company's business model is sustainable given the reasons set out below:

- the ranking and combination of our five largest customers during the Track Record Period were substantially different. It is an indication that we did not place substantial reliance on any particular one of them for revenue generation;

- contractors with a proven quality and safety track record will generally be evaluated favourably;

- we have an established a track record of quality and reliable services provided to our existing customers, which resulted in some of our major customers being in business relationships with us for over ten years. It is then reasonable for those customers to revert to us based on our smooth and pleasant collaboration experiences; and

- since there were several projects that had relatively larger contract sum, a smaller number of projects can logically contribute to a substantial amount of our revenue. Our Directors believe that if we have committed to certain projects with relatively larger contract sums, we may then dedicate sufficient resources into such projects and not be required to divert our attention to actively compete for other additional projects having overlapping work schedules. It is hence consequential that the relevant customer may easily become our major customer in terms of revenue contribution to us.

SALES AND MARKETING

During the Track Record Period, we generally attained new businesses through (i) invitation to quote or tender; (ii) tender opportunities on customer's online portal; or (iii) tender opportunities published on the GeBIZ.

For private sector projects, our Directors believe that, as a result of our proven track record and our well-established relationship with our existing customers, we are able to leverage our existing customer base, reputation and our years of experience in cable installation and road works projects enough not to rely heavily on marketing and promotional activities. Our Directors and project managers are generally responsible for liaising and maintaining our relationship with existing and potential customers and keeping abreast of market development and potential business opportunities. For public sector projects, we would browse through the GeBIZ to spot relevant and potential tenders that we can play a part in. There may also be direct tenders acquired via the GeBIZ. Our established track record of quality and trustworthy services provided to our existing customers will place us in an advantageous position when competing for tenders.

Pricing strategy

Our pricing is generally determined based on certain markups over our estimated costs, having regard to several factors including: (i) the nature, scale and complexity of the project; (ii) the schedules of rates issued by our customers (if applicable); (iii) the estimated scopes and types of works required; (iv) the estimated number and types of machinery involved; (v) the time schedule fixed by the customer; (vi) the availability of our machinery and manpower; (vii) whether subcontracting is needed; (viii) the prospect of obtaining future collaborations with the customer; (ix) the market rates and status quo; (x) our existing order books on hand; and (xi) current macroeconomic environment.

When determining the tender price, we may take into account the estimated material costs with reference to the related price indicators, such as the material index and foreign labour levy, of the preceding month. There is no guarantee that the actual amount of costs will be confined and not exceed our estimation during the implementation of our projects. As such, in order to minimise the risk of inaccurate cost estimation and costs exceeding budget, our executive Directors are responsible for monitoring and adjusting the pricing of our services. For details of the background and experience of our executive Directors, please refer to the section headed "Directors and senior management" in this prospectus. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that there was no project which was loss making or with cost overrun recorded.

Seasonality

Our Directors believe that the civil engineering utilities works segment in Singapore does not exhibit any obvious seasonality.

MARKET AND COMPETITION

According to the Ipsos Report, the civil engineering utilities work segment is highly fragmented and competitive in Singapore as there are almost 1,000 contractors registered under the BCA construction workhead of CW02 (Civil Engineering). In 2018, the civil engineering utilities work output by value of certified payments in Singapore was estimated to value at approximately S$1,126.63 million.

For the same period, our revenue generated from civil engineering utilities works segment was recorded at approximately S$64.73 million. As such, our market share was estimated to be approximately 5.7% in the civil engineering utilities works segment based on our revenue by the end of 2018 and we ranked third in the civil engineering utilities works segment in Singapore for FY2018 in terms of revenue.

For the construction industry in Singapore, the entry barriers include (i) proven track record and capabilities; (ii) sizeable pool of trained operators and construction equipment required to be competitive with the current industry players; and (iii) high upfront costs for projects, whilst the market drivers include (i) government's initiative to develop a comprehensive underground utilities network; (ii) advancement in digital technologies providing a conducive environment for the development of underground utilities network; and (iii) government's initiatives to increase overall population.

According to the Ipsos Report, Singapore has advanced to be an attractive market for global construction and infrastructure developments over the years, adding with its robust business environment, healthy pipeline of development works, and a developing economy. Furthermore, the public sector construction remains the main driver for the construction industry in Singapore and demand is anticipated to reach between S$16.5 billion to S$19.5 billion in the coming years, as well as a range of construction projects ahead to cater the future needs of society. To achieve all of the abovementioned, technical skills and civil engineering works are the prerequisite, thus further boosting the demand for our services in Singapore.

We believe that our Group is well-positioned to strengthen our market position in the civil engineering utilities works segment in Singapore given our well-established presence in the relevant segment, expertise in undertaking one-stop services, capability to take on various sizeable projects with a range of construction machinery including self-modified machinery, long-term and solid relationship with our major customers and suppliers, stringent quality control and high safety standard as well as experienced and dedicated management team. For details, please refer to the paragraphs headed "Competitive strengths" and "Business strategies" in this section.

OUR SUPPLIERS

Characteristics of our suppliers

To allow us to carry out our businesses, it is essential for us to engage suppliers to provide us with services, and/or raw materials and consumables on a regular basis. The raw materials and consumables include asphalt premix, concrete and PVC pipes.

In our practice, we generally would order our raw materials on a project-by-project basis and we did not enter into any long-term or standard contracts with our suppliers. The terms of our supply contracts include the types of materials, price, quantity and payment terms. Save for the exceptional circumstances where it is stipulated in our agreement with the customer, we usually provide raw materials for our projects. Since we are furnished with the standard requirements and/or specifications of the materials and we are liable for the quality of our project, we are able to choose our own suppliers for our projects and we merchandise the materials from our list of suppliers, except for cases where we are provided with materials by our customer. The list of suppliers is subject to evaluation quarterly or from time to time (as the case may be). Each approved supplier will be reviewed based on its performance as to its quality, timeliness, responsiveness and environmental, health and safety record.

During the Track Record Period, our largest supplier accounted for approximately 8.9%, 4.2%, 12.2% and 12.8% of our total purchases for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively. Our five largest suppliers in aggregate accounted for approximately 19.7%, 13.9%, 21.4% and 27.3% of our total purchases for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively.

The following table sets out a breakdown of our total purchases (being our cost of sales less employee benefit expenses and depreciation) by type during the Track Record Period:

	FY2016		**FY2017**		**FY2018**		**For the eight months ended 31 August 2018**		**For the eight months ended 31 August 2019**	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
							(Unaudited)			
Subcontracting charges	12,491	48.8	27,021	63.8	12,529	46.3	8,374	47.9	5,460	38.2
Raw materials and consumables used	7,049	27.6	8,261	19.5	8,391	31.0	4,680	26.8	4,752	33.2
Transportation expenses	2,076	8.1	3,491	8.2	2,813	10.4	1,968	11.3	1,842	12.9
Site expenses	1,583	6.2	1,776	4.2	897	3.3	602	3.4	819	5.7
Insurance expenses	295	1.2	146	0.3	271	1.0	198	1.1	178	1.2
Legal and professional fees	109	0.4	179	0.4	257	0.9	129	0.7	139	1.0
Others	1,974	7.7	1,468	3.6	1,916	7.1	1,514	8.8	1,119	7.8
	25,577	100.0	42,342	100.0	27,074	100.0	17,465	100.0	14,309	100.0

Basis of selecting suppliers

We evaluate suppliers by their quality of products/services

During the Track Record Period, we maintained a list of suppliers comprising material suppliers and service providers. Prior to the admission of suppliers onto our internal lists, assessment will take place based on various factors including (i) quality of materials (for material suppliers); (ii) quality of works (for service providers); (iii) sufficiency of machinery and labour (for service providers); (iv) previous collaboration experience; (v) delivery time and reputation; (vi) price; and (vii) compliance with safety and statutory requirements.

Prices are determined with reference to quotations from suppliers as agreed between us on a project-by-project basis. There are also various factors that our Directors would take into account, including but not limited to the forecasted price of the materials at the stage when preparing tender proposals.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material fluctuations in the costs of materials that had a material impact on our business, financial condition or result of operation.

Principal terms of engagement

We generally place an order with our supplier for each purchase and we have not entered into any long-term agreement or committed to any minimum purchase amount with our suppliers. Salient terms of a typical purchase include the product description, the quantity, the delivery details and the payment terms. In general, our suppliers grant us a credit term of approximately 30 to 90 days and we settle our payment typically by cheque and telegraph transfer.

Our major suppliers

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our largest supplier accounted for approximately 8.9%, 4.2%, 12.2% and 12.8% of our total purchases, respectively, while our five largest suppliers in aggregate accounted for approximately 19.7%, 13.9%, 21.4% and 27.3% of our total purchases, respectively.

The following tables set out the breakdown of our purchases from our five largest suppliers during the Track Record Period and their respective backgrounds:

For FY2016

Rank	**Supplier**	**Material supplied or service provided to us**	**Year of commencement of business relationship with our Group**	**Credit and payment terms**	**Amount of purchases**	**% of the total purchases**
					S$'000	*%*
1	Customer B (Note 1)	Asphalt premix	1999	up to 30 days; Cheque	2,285	8.9
2	Supplier B (Note 2)	Concrete	2010	30 days; Cheque	954	3.7
3	Supplier C (Note 3)	Pipe	2006	90 days; Cheque	807	3.2
4	Supplier D (Note 4)	Logistics services	2014	payment on demand; Cheque	515	2.0
5	Supplier E (Note 5)	Premix	2016	30 days; Cheque	482	1.9
		Five largest suppliers combined			5,043	19.7
		All other suppliers and subcontractors			20,534	80.3
		Total purchases			25,577	100.0

For FY2017

Rank	Supplier	Material supplied or service provided to us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of purchases	% of the total purchases
					S$'000	*%*
1	Supplier C *(Note 3)*	Pipe	2006	90 days; Cheque	1,787	4.2
2	Customer B *(Note 1)*	Asphalt premix	1999	up to 30 days; Cheque	1,582	3.7
3	Supplier B *(Note 2)*	Concrete	2010	30 days; Cheque	1,199	2.8
4	Supplier F *(Note 6)*	Logistics services	2016	payment on demand; Cheque	713	1.7
5	Supplier D *(Note 4)*	Logistics services	2014	payment on demand; Cheque	636	1.5
		Five largest suppliers combined			5,917	13.9
		All other suppliers and subcontractors			36,425	86.1
		Total purchases			42,342	100.0

For FY2018

Rank	Supplier	Material supplied or service provided to us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of purchases	% of the total purchases
					S$'000	*%*
1	Supplier C *(Note 3)*	Pipe	2006	90 days; Cheque	3,289	12.2
2	Customer B *(Note 1)*	Asphalt premix	1999	up to 30 days; Cheque	901	3.3
3	Supplier B *(Note 2)*	Concrete	2010	30 days; Cheque	556	2.1
4	Supplier G *(Note 7)*	Diesel	2015	30 days; Cheque	539	2.0
5	Supplier H *(Note 8)*	Cable Trunking	2018	payment on demand; Cheque	481	1.8
		Five largest suppliers combined			5,766	21.4
		All other suppliers and subcontractors			21,308	78.6
		Total purchases			27,074	100.0

For the eight months ended 31 August 2019

Rank	Supplier	Material supplied or service provided to us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of purchases	% of the total purchases
					S$'000	*%*
1	Supplier C *(Note 3)*	Pipe	2006	90 days; Cheque	1,834	12.8
2	Customer B *(Note 1)*	Asphalt premix	1999	up to 30 days; Cheque	898	6.3
3	Supplier D *(Note 4)*	Logistics services	2014	payment on demand; Cheque	438	3.1
4	Supplier G *(Note 7)*	Diesel	2015	30 days; Cheque	423	3.0
5	Supplier B *(Note 2)*	Concrete	2010	30 days; Cheque	302	2.1
		Five largest suppliers combined			3,895	27.3
		All other suppliers and subcontractors			10,414	72.7
		Total purchases			14,309	100.0

Notes:

1. Please refer to the paragraph headed "Our customers — Major customers" for further details of Customer B.

2. Supplier B is a subsidiary of a listed company in Singapore, which engages in the wholesale of petrochemical products and building construction, and according to its listed company's latest annual report, the listed company recorded a revenue of approximately S$864 million and a profit after taxation of approximately S$8 million for the year ended 31 December 2018.

3. Supplier C is a private company in Singapore which engages in the manufacturing of plastic and civil engineering products, and was also our customer during the Track Record Period.

4. Supplier D is an exempt private company in Singapore which is mainly engaged as a general contractor in relation to excavation and earthmoving works, and was also our customer during the Track Record Period.

5. Supplier E is an exempt private company in Singapore, which engages in civil engineering, and asphalt works and road making, and was also our customer during the Track Record Period.

6. Supplier F is an exempt private company in Singapore which engages in freight land transport, such as rental and leasing of lorries and trucks with operator.

7. Supplier G is an exempt private company in Singapore which is mainly engaged as a logistics provider providing warehouse renting services and other transport services, and also wholesale of solid, liquid and gaseous fuels and related products.

8. Supplier H is an exempt private company in Singapore which is mainly engaged as a general contractor in relation to underground cable installation, civil engineering work and manufacture of articles of concrete, cement and plaster.

All of our five largest suppliers during the Track Record Period were Independent Third Parties and none of our Directors, their respective associates or any Shareholders (who or which, to the best knowledge of our Directors, own more than 5% of our issued share capital as of the Latest Practicable Date), has any interest in any of our five largest suppliers during the Track Record Period. Save and except for the business relationships as mentioned above and the joint venture relationships as mentioned in the section headed "History, development and Reorganisation — Our corporate structure — Immediately before the Reorganisation" in this prospectus, our Directors confirm that, our Group's five largest suppliers during the Track Record Period do not have any other past or present relationship (including, without limitation, family, employment, business, trust, financing or otherwise) with our Company and its subsidiaries, their substantial shareholders, directors, senior management or their respective associates.

Relationship with major suppliers that was also our customer during the Track Record Period

Customer B, which was one of our five largest suppliers for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, was also one of our five largest customers for FY2016 and FY2017 and the eight months ended 31 August 2019. For details, please refer to the paragraph headed "Our customers — Relationship with major customer that was also our supplier during the Track Record Period" in this section.

During the Track Record Period, Supplier C, Supplier D and Supplier E engaged us to provide road milling and resurfacing services, and ancillary support and other services. Our Directors consider such transactions immaterial given that the revenue generated from each of Supplier C, Supplier D and Supplier E accounted for less than 0.25% of our total revenue during the Track Record Period. Our purchases of raw materials and services from Supplier C, Supplier D and Supplier E were unrelated to our revenue from each of them.

OUR SUBCONTRACTORS

Reason for subcontracting arrangement

It is a common practice in the construction industry in Singapore for contractors to subcontract part of its works. Depending on our capacity, resources level, cost effectiveness and complexity of the project, we may subcontract certain activities in a project to subcontractors, regardless of our capacity as a main contractor or subcontractor. During the Track Record Period, our subcontracted works mainly included labour intensive site works such as trench excavation, cable installation, cable jointing and cable detection.

During the Track Record Period, we delegated works to subcontractors in our projects after consideration of the need and the cost of each project undertaken by us. In such subcontracting arrangements, we may supply machinery such as excavators to our subcontractors or require our subcontractors to be self-equipped, depending on our agreements with our subcontractors on a case-by-case basis.

Our subcontractors include companies which have the available skills and manpower to perform the activities. We will then take supervisory role to oversee the works performed by the subcontractors to ensure the result of the works comply with the requirements and specifications of the projects. During the Track Record Period, all of our subcontractors were located in Singapore and all of our service fees were denominated in Singapore dollars.

In the business operation of our Group in contract works, our Group could engage (a) subcontractors to provide the full scope of services; and (b) subcontractors for the provision of services by their site workers under our team's management. During FY2017, we had engaged subcontractors to provide the full scope of services for certain projects, leading to the decrease in our overall gross profit margin. Subsequently, our Group had reduced the reliance on subcontractors in providing the full scope of services and optimised our internal manpower capacity for FY2018 and the eight months ended 31 August 2019, contributing to the increase in our overall gross profit margin for these financial periods. Going forward, our Group could expand our capacity while retaining our gross profit margin by contracting with our subcontractors for the provision of services by their site workers under our team's management if we do not have sufficient internal workers for handling our projects on hand as well as earmarked projects.

Basis of selecting subcontractors

We evaluate subcontractors taking into account their job reference, skills and technique, prevailing market price, delivery time and reputation. Based on these factors, we select and maintain an internal list of approved subcontractors and such list is updated on a continuous basis. Our Directors consider that we are flexible to engage alternative subcontractors to provide different kinds of construction works. When subcontractors are needed for a particular project, we select subcontractors from our list based on their experience relevant to the particular project as well as their availability and fee quotations.

Principal terms of engagement

During the Track Record Period, we engaged subcontractors on a project-by-project basis, for specific scope of works and further subcontracting may be arranged, subject to our consent if necessary. Typically, our subcontractors grant us a credit period of approximately 7 to 30 days and we settle our payment usually by cheque.

In particular, the principal terms of our subcontracting engagement generally include terms commensurate with our commitment to our customers which, among other things, include:

- the scope of works;
- the contract price, specifying the payment schedule, method and credit terms;
- the location of the work site at which the works are to be performed;
- a defects liability period; and
- other miscellaneous job arrangement details, including the portion of various costs to be borne by our subcontractors and us (such as the costs of materials inspection, insurance, and transportation of machinery) and the types of machinery to be provided by us.

Control over subcontractors

We are liable to our customers for the performance and the quality of work done by our subcontractors. Hence, our subcontractors are prohibited from further subcontracting to any third party contractors without our permission. In the event that a subcontractor further subcontracts part of its works without our permission, we have the discretion to terminate the contract immediately and the subcontractor shall be liable to pay our consequential surcharge incurred.

Our subcontractors are also forbidden from hiring illegal foreign workers and are required to conform to safety and regulatory requirements. To effectively monitor our subcontractors, we will (i) request our subcontractors to ensure that their workmen adhere strictly to the workplace safety enforcement on site, and have to use workers who have safety orientation certificates, with relevant safety equipment to be provided by our subcontractor to their workers, and workers who fail to comply shall be denied access to the worksite; (ii) require our subcontractors to take part in our on-site toolbox meeting and safety committee meetings so that they can be aligned with our projects department on potential workplace safety and health issues and project-related affairs; and (iii) conduct regular inspection of our subcontractors' works.

During the Track Record Period, none of the subcontractors had any material non-performance that resulted in the withholding of payment by our customer to us or in liquidated damages being payable by us to our customer.

We comply with the payment arrangements stipulated under the BCISPA. If our customer defaults in making payment, we remain liable to settle the subcontractors' charges should the subcontracting works have already been performed.

Our major subcontractors

During the Track Record Period, our largest subcontractors accounted for approximately 6.0%, 8.7%, 8.3% and 5.7% of our total purchases for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively. Our five largest subcontractors in aggregate accounted for approximately 26.3%, 30.9%, 26.0% and 19.4% of our total purchases for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively.

The following tables set out the breakdown of our purchase costs from our five largest subcontractors during the Track Record Period and their respective backgrounds:

For FY2016

Rank	Subcontractor	Service provided to us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of purchases	% of the total purchases
					S$'000	*%*
1	Subcontractor A (Note 1)	Pipe laying and installation	2009	30 days; Cheque	1,544	6.0
2	Subcontractor B (Note 2)	Pipe laying	2015	Up to 30 days; Cheque	1,428	5.6
3	Subcontractor C (Note 3)	Road milling and patching	2014	30 days; Cheque	1,420	5.6
4	Subcontractor D (Note 4)	Cable installation	2013	30 days; Cheque	1,272	5.0
5	D Trenchless Engineering Company Pte Ltd (Note 5)	Design and build for upgrading of sewerage networks	2016	14 days; Cheque	1,041	4.1
		Five largest subcontractors combined			6,705	26.3
		All other suppliers and subcontractors			18,872	73.7
		Total purchases			25,577	100.0

For FY2017

Rank	Subcontractor	Material supplied or service provided to us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of purchases	% of the total purchases
					S$'000	*%*
1	D Trenchless Engineering Company Pte Ltd (Note 5)	Design and build for upgrading of sewerage networks	2016	14 days; Cheque	3,662	8.7
2	Subcontractor A (Note 1)	Pipe laying and installation	2009	30 days; Cheque	3,237	7.7
3	Subcontractor F (Note 6)	Trench excavation and pipe installation	2016	Up to 24 days; Cheque	2,246	5.3
4	Subcontractor C (Note 3)	Road milling and patching	2014	30 days; Cheque	2,045	4.8
5	Subcontractor G (Note 7)	Trench excavation and cable installation	2010	7 days; Cheque	1,866	4.4
		Five largest subcontractors combined			13,056	30.9
		All other suppliers and subcontractors			29,286	69.1
		Total purchases			42,342	100.0

For FY2018

Rank	Subcontractor	Material supplied or service provided to us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of purchases	% of the total purchases
					S$'000	*%*
1	Subcontractor C *(Note 3)*	Road milling and patching	2014	30 days; Cheque	2,249	8.3
2	Subcontractor A *(Note 1)*	Pipe laying and installation	2009	30 days; Cheque	1,564	5.8
3	D Trenchless Engineering Company Pte Ltd *(Note 5)*	Design and build for upgrading of sewerage networks	2016	14 days; Cheque	1,448	5.4
4	Subcontractor H *(Note 8)*	Cable installation	2017	14 days; Cheque	948	3.5
5	Subcontractor B *(Note 2)*	Pipe laying	2015	Up to 30 days; Cheque	806	3.0
		Five largest subcontractors combined			7,015	26.0
		All other suppliers and subcontractors			20,059	74.0
		Total purchases			27,074	100.0

For the eight months ended 31 August 2019

Rank	Subcontractor	Material supplied or service provided to us	Year of commencement of business relationship with our Group	Credit and payment terms	Amount of purchases	% of the total purchases
					S$'000	*%*
1	Subcontractor C *(Note 3)*	Road milling and patching	2014	30 days; Cheque	809	5.7
2	Subcontractor H *(Note 8)*	Cable installation	2017	14 days; Cheque	641	4.5
3	Subcontractor I *(Note 9)*	Cable installation	2016	7 days; Cheque	506	3.5
4	Subcontractor B *(Note 2)*	Pipe laying	2015	Up to 30 days; Cheque	465	3.2
5	Subcontractor F *(Note 6)*	Trench excavation and pipe installation	2016	Up to 24 days; Cheque	356	2.5
		Five largest subcontractors combined			2,777	19.4
		All other suppliers and subcontractors			11,532	80.6
		Total purchases			14,309	100.0

Notes:

1. Subcontractor A is a private company in Singapore engaging in the provision of communications and powerline construction services and the wholesale trade of industry of a variety of goods, and was also our customer during the Track Record Period.

2. Subcontractor B is a private company in Singapore engaging in the general construction works, and was also our customer during the Track Record Period.

3. Subcontractor C comprises two private companies in Singapore under common shareholders engaging in building construction works, engineering works and was also our customer during the Track Record Period.

4. Subcontractor D is a private company in Singapore engaging in building construction works including major upgrading works and underground telecommunications, and was also our customer during the Track Record Period.

5. D Trenchless is a related party to our Group and was also our customer during the Track Record Period. For details, please refer to the section headed "Financial information — Related party transactions" in this prospectus.

6. Subcontractor F is a private company in Singapore engaging in building construction works including major upgrading works and electrical works, and was also our customer during the Track Record Period.

7. Subcontractor G is a private company in Singapore engaging in building construction works, and was also our customer during the Track Record Period.

8. Subcontractor H is a private company in Singapore which engages in communications and powerlines construction works as well as renovation works, and was also our customer during the Track Record Period.

9. Subcontractor I is a private company in Singapore which engages in building construction and mixed construction activities, and was also our customer during the Track Record Period.

Save and except for D Trenchless, all of our five largest subcontractors during the Track Record Period were Independent Third Parties and none of our Directors, their respective associates or any Shareholders (who or which, to the best knowledge of our Directors, own more than 5% of our issued share capital as of the Latest Practicable Date), has any interest in any of our five largest subcontractors during the Track Record Period and our Directors confirm that, our Group's five largest subcontractors during the Track Record Period do not have any other past or present relationship (including, without limitation, family, employment, business, trust, financing or otherwise) with our Company and its subsidiaries, their substantial shareholders, directors, senior management or their respective associates.

Relationship with major subcontractors that were also our customers during the Track Record Period

We provided certain construction materials and/or ancillary support and other services to all of our five largest subcontractors or their associated companies in the Track Record Period, and such provision of goods and services, in aggregate, provided us revenues amounted to approximately S$3.1 million, S$4.2 million, S$2.0 million and S$1.1 million for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively. Save and except for the transactions with Subcontractor C, D Trenchless, Subcontractor F and Subcontractor G, our Directors consider other transactions immaterial given that the revenue generated from each of Subcontractor A, Subcontractor B, Subcontractor D, Subcontractor H and Subcontractor I accounted for less than 0.7% of our total revenue during the Track Record Period.

D Trenchless is a limited liability company established in Singapore on 1 September 2015. It is owned by Mr. Chen Teck Men (spouse of Ms. Ng ML) and two independent third parties as to 60.0%, 30.0% and 10.0% respectively. The principal business activities of D Trenchless mainly include water and gas pipe-line and sewerage construction services in Singapore. Our transactions with D Trenchless mainly included (i) sale of goods to D Trenchless; (ii) our provision of ancillary support services to D Trenchless; (iii) the provision of subcontracting services from D Trenchless to our Group; and (iv) the purchase of property, plant and equipment from D Trenchless.

We set out below information in relation to our subcontractors who were also our customers during the Track Record Period which our Directors consider material:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2019	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*	*S$'000*	*%*
Subcontractor C								
Costs charged and percentage to our total purchases	1,420	5.6	2,045	4.8	2,249	8.3	809	5.7
Revenue contributed and percentage to our total revenue	1,871	3.5	1,780	2.5	1,211	1.9	1,021	2.7
Gross profit and gross profit margin with Subcontractor C	142	7.6	203	11.4	169	14.0	64	6.3
D Trenchless								
Costs charged and percentage to our total purchases	1,041	4.1	3,662	8.7	1,448	5.4	—	—
Revenue contributed and percentage to our total revenue	848	1.6	1,273	1.8	529	0.8	—	—
Gross profit and gross profit margin with D Trenchless	142	16.8	213	16.8	37	7.0	—	—
Subcontractor F								
Costs charged and percentage to our total purchases	—	—	2,246	5.3	—	—	356	2.5
Revenue contributed and percentage to our total revenue *(Note)*	N/A	N/A	751	1.0	N/A	N/A	28	N/A
Gross profit and gross profit margin with Subcontractor F *(Note)*	N/A	N/A	98	13.0	N/A	N/A	0.3	1.2
Subcontractor G								
Costs charged and percentage to our total purchases	—	—	1,866	4.4	—	—	—	—
Revenue contributed and percentage to our total revenue *(Note)*	—	—	335	0.5	N/A	N/A	249	1.4
Gross profit and gross profit margin with Subcontractor G *(Note)*	—	—	7	2.1	N/A	N/A	0.7	0.3

Note: "N/A" represented revenue generated from those suppliers accounted for less then 0.25% of our total revenue during the respective financial year/period which our Directors consider such transactions immaterial.

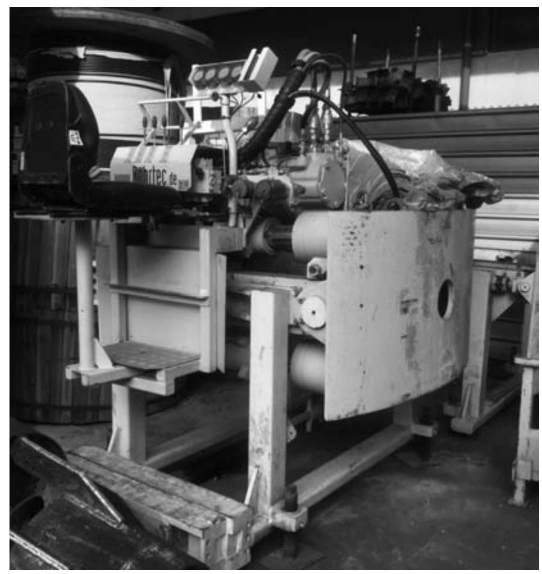
OUR MACHINERY

We rely on the use of machinery to undertake civil engineering utilities works. As a result, we possess a wide range of machinery to perform different types of projects. We acquired machinery from accredited dealers or agency. Furthermore, we have some machineries that are self-modified by our Company to enhance the quality of our works. Our Directors believe that the larger-scale projects with higher complexity in the future will be catered by and benefited from our investment in machinery.

The major machinery and motor vehicles owned by us include:

Major machinery and motor vehicles

Jacking machine for pipe jacking



Auger boring machine for pipe jacking

Lorry for transporting heavy machinery

Tipper lorry for transporting loose materials

Major machinery and motor vehicles

Crane lorry for transporting equipment

Cable pulling and laying machine

Excavator

Age and replacement cycle of machinery and motor vehicles

The following table sets out a breakdown of the number of units and value of our major machinery and motor vehicles as at 31 August 2019:

	Number of units	**Net book value**
		S$'000
10-feet and 14-feet lorry	47	1,010
Crane and tipper lorry	26	913
Cable pulling and laying machine	4	1,887
Excavator	35	684
Jacking and boring machine	3	740

The following table sets out the expected useful life and average remaining useful life of our major machinery and motor vehicles as at 31 August 2019:

	Expected useful life	Average remaining useful life
	years	*years*
10-feet and 14-feet lorry	5	1.2
Crane and tipper lorry	5	0.9
Cable pulling and laying machine	5	2.2
Excavator	5	1.3
Jacking and boring machine	5	2.8

As at the Latest Practicable Date, our Directors consider that our existing machinery and motor vehicles were in good operating condition in general. We do not have a pre-determined or regular replacement cycle for our machinery and motor vehicles and replacement decisions are made on a case-by-case basis having regard to the operating condition of individual unit of machinery.

We own a range of construction machinery including self-modified machinery. For each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, we acquired new plant and machinery and motor vehicles in the amount of approximately S$2.0 million, S$5.4 million, S$3.5 million and S$1.6 million at costs, respectively. More importantly, additional value of our machinery is derived from the customisations applied and modifications made to enhance its use, enabling us to take on various civil engineering utilities projects of various scales. Such modifications also allow us to extend the useful life of our machinery.

The following table sets out the movement in the numbers of major machinery during the Track Record Period:

	10-feet and 14-feet lorry	Crane and tipper lorry	Cable pulling and laying machine	Excavator	Jacking and boring machine	Total
	Number of units	*Number of units*	*Number of units*	*Number of units*	*Number of units*	*Number of units*
As at 1 January 2016	59	37	1	44	1	142
Additions	3	1	—	4	1	9
Disposals	(6)	(5)	—	(4)	—	(15)
As at 1 January 2017	56	33	1	44	2	136
Additions	1	9	2	6	—	18
Disposals	(5)	(5)	—	(19)	—	(29)

	10-feet and 14-feet lorry	Crane and tipper lorry	Cable pulling and laying machine	Excavator	Jacking and boring machine	Total
	Number of units	*Number of units*	*Number of units*	*Number of units*	*Number of units*	*Number of units*
As at 1 January 2018	52	37	3	31	2	125
Additions	5	2	2	7	—	16
Disposals	(5)	(10)	—	(2)	—	(17)
As at 1 January 2019	52	29	5	36	2	124
Additions	4	—	—	3	1	8
Disposals	(9)	(3)	(1)	(4)	—	(17)
As at 31 August 2019	47	26	4	35	3	115

Although our Directors consider that our existing machinery and motor vehicles were in good operating conditions in general, the probability and frequency of breakdown or malfunction of our existing machinery and motor vehicles will increase as such machinery or motor vehicles ages. Our Directors consider that continued investments in new and high quality machinery and motor vehicles are necessary in order to cope with our business development, strengthen our brand name, work quality and safety control, and increase our overall efficiency and technical capability in performing construction works as well as our ability to cater for different needs and requirements of different customers. As at the Latest Practicable Date, we had available credit lines from banks for hire purchase of our machinery and motor vehicles to support our business expansion.

Safe keeping of machinery

For cable installation and road construction projects, machinery that are operating at work sites are maintained under the general management of the respective work sites and transferred from site to site. However, for road ancillary services, given the project's very nature, we could not park our machineries in respective road sites and therefore machineries were kept in our Company's office premises and commercial vehicle car parks situated in Singapore, which was equipped with locked gates where our security guard would be on duty. During the Track Record Period, our machinery that was not in use was also stored in our premise. For details of our warehouse, please refer to the paragraph headed "Our properties" in this section.

We are required by banks to purchase plant and machinery insurance policy for machinery that are under finance leases for loss or damage.

Repair and maintenance

During the Track Record Period, when our machinery was out-of-order, it was either (i) repaired by our in-house servicing team; (ii) sent to the authorised dealer for repairs if the machinery was still under warranty; or (iii) sent to other third party repair companies. The warranty period of new machinery could cover up to three years. We replace aged machinery only when the replacement is necessary.

Pursuant to our accounting policies, depreciation of machinery is provided for using straight-line method over a period of five years.

QUALITY CONTROL

We have a quality control policy and we are committed to complying with and continually improving our quality management system to ensure that we provide quality civil engineering utilities works that consistently live up to our customers' expectations, legal requirements and safety standards. We have obtained ISO 9001, ISO 14001, and OHSAS 18001 accreditation. We have obtained the bizSAFE Level Star (Certification) since 2011, and had been awarded the bizSAFE Exemplary Award consecutively in 2016, 2017 and 2018.

During the project, our projects department will have an assigned project manager to inspect the works being carried out by our workers and by our subcontractors. For cable installation and road works, in-progress inspection includes ensuring that projects specifications are properly fulfilled. At the completion of the project, our staff will conduct a final check before reverting to our customer. The checks include confirming that all control levels are in accordance with the project specifications. Safety standards and regulations are also to be complied with.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that there were no disputes between our Company and our customers in respect of the quality of work performed by us and our subcontractors.

OCCUPATIONAL HEALTH AND SAFETY

Our Directors believe that it is our priority to ensure the health and safety of our staff, who are valuable to our Group and to the successful execution of our projects. We therefore have an occupational health and safety management system in place. Given the very nature of the construction industry, incidents at worksites may have detrimental effects on the health and safety of our workers. In the scenario where we act as subcontractors, the main contractors will have established workplace safety and health procedures which all their subcontractors are required to comply with on-site. For every project, our site safety supervisors will ensure that work place safety procedures are adhered to by our employees and subcontractors.

Corresponding measures on safety and health policy have been established in the forms of (i) impact/risk management; (ii) communication, participation and consultation; (iii) emergency preparedness and response; (iv) compliance obligations; and (v) accident/incident investigation and reporting.

The following table sets out the number of accidents that we recorded between FY2016 and FY2019:

	Number of industrial accidents reported	Number of man-days lost to workplace accidents	Number of man-hours worked	Demographics of accidents reported
FY2016	3	31	833,142	3 by our Group
FY2017	1	14	1,144,580	1 by our subcontractor
FY2018	0	0	1,227,730	0
FY2019	0	0	1,120,500	0

The following table sets out a comparison of the industrial accident rate of our Group against the Singapore construction industry:

	Industry average *(Note 1)*	Our Group *(Note 2)*
For FY2016		
Accident rate per 1,000,000 man-hours	1.7	3.60
Accident severity rate per 1,000,000 man-hours	159	37.21
For FY2017		
Accident rate per 1,000,000 man-hours	1.6	0.87
Accident severity rate per 1,000,000 man-hours	104	12.23
For FY2018 *(Note 3)*		
Accident rate per 1,000,000 man-hours	1.5	0
Accident severity rate per 1,000,000 man-hours	115	0
For FY2019		
Accident rate per 1,000,000 man-hours	N/A	0
Accident severity rate per 1,000,000 man-hours	N/A	0

Notes:

1. The statistics are published by Singapore's Ministry of Manpower for FY2016, FY2017 and FY2018. Statistics for FY2019 were unavailable as at the Latest Practicable Date.

2. Accident rate represents the number of industrial accidents per 1,000,000 man-hours worked, which excludes any accident that does not arise in the course of work but arises from or are caused by underlying illnesses or injuries or self-inflicted injuries of the workers. It is calculated as the number of industrial accidents during the year divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hours worked for a year is estimated based on the number of our relevant workers directly involved in our projects as at the end of the year, multiplied by 3,650 hours per year per worker. Accident severity rate represents the number of man-days lost to

industrial accidents per 1,000,000 man-hours worked. It is calculated as the number of man-days lost to industrial accidents during the year divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hours worked for a year is estimated based on the number of our relevant workers directly involved in our projects as at the end of the year, multiplied by 3,650 hours per year per worker.

3. Pending the results of the investigations by the MOM on the Fatal Accident (please refer to the paragraph headed "Workplace accidents — Workplace accident resulting in death" in this section for further details), the Directors were of the view that, due to the circumstances leading to the Fatal Accident, the Fatal Accident was not an industrial accident or work-related accident. The Fatal Accident was therefore not taken into consideration in the calculation of the accident rate or the accident severity rate for FY2018. In the event that the MOM determines the Fatal Accident was an industrial accident or work-related accident, the accident rate and accident severity rate for FY2018 will be revised to take into account the Fatal Accident.

Workplace accidents

During the Track Record Period, save for the two accidents in relation to each an employee of our Group and an employee of our subcontractor, we were not involved in any other material accidents causing death or serious injury in the course of our business.

Workplace accident resulting in death

On 8 February 2018, a fatal accident (the "**Fatal Accident**") occurred in the tunnel worksite of our main contractor (the "**tunnel**"), where the deceased (the "**worker**"), who is an employee of our Group, had not evacuated the tunnel when the evacuation alarm went off. The worker had urged the other team members to evacuate first and stated that he would catch up very soon. The supervisor was reluctant to leave the worker behind but had no choice but to do so as he was responsible for ensuring that the other team members were evacuated safely and accounted for. As soon as the supervisor realised that the worker had not yet evacuated, and even before the supervisor had left the tunnel, a team was deployed to enter the tunnel to assist the worker. The worker was extracted from the tunnel and pronounced deceased at the hospital. Immediately after the Fatal Accident, we were requested by the relevant customer to stop all works at the site for four working days to facilitate the authorities to conduct investigation.

As at the Latest Practicable Date, no demerit point or other penalty has been imposed on our Group. Based on correspondence with MOM, we understand that there are ongoing investigations by MOM in relation to the Fatal Accident. As at the Latest Practicable Date, our Group has not been notified by the MOM of any further follow up or action that will be taken against our Group, our Directors or other employees arising from the Fatal Accident. As the investigations by MOM are still ongoing as at the Latest Practicable Date, our Group has not been notified by the MOM if the Fatal Accident will constitute non-compliance with the Workplace Safety and Health Act, Chapter 354A of Singapore ("**WSHA**") or if any penalty will be imposed on our Group for an offence under any particular provision of the WSHA or the regulations made under the WSHA. However, under Section 50 of the WSHA, which prescribes general penalties for offences where no penalty is expressly provided in the WSHA, a company guilty of an offence under the WSHA (but not including the regulations) shall be liable on conviction to a fine not exceeding S$500,000.

As at the Latest Practicable Date, there was a pending common law civil claim filed by the deceased's family in the Singapore courts for compensation in connection with the Fatal Accident against our Group. The deceased's family had claimed, and which has yet to be assessed, for (i) general damages, (ii) special damages (comprising pre-trial loss of income of S$1,500 per month from the date of the accident, funeral expenses of S$5,000, transport expenses of S$5,000, medical expenses of S$500 and bereavement of S$20,000), (iii) damages for parents/next of kin and bereavement under Section 21 of the Civil Law Act, Chapter 43 of Singapore or (iv) alternatively, the Singapore courts to assess the compensation that the deceased's dependents are entitled to under the Work Injury Compensation Act, Chapter 354 of Singapore, (v) interests at the rate of 6% per annum, (vi) costs and (vii) any further or other reliefs that the Singapore courts deem fit. Any damages payable by our Group arising from such common law claim is expected to be fully covered and paid out in accordance with the terms and conditions of the relevant insurance policy obtained by our Group.

Our Directors confirm that the Fatal Accident had neither affected the overall progress of the project nor had a material operational and financial impact on our Group.

Industrial accident resulting in injuries

On 17 October 2017. an industrial accident (the "**Industrial Accident**") occurred on the worksite of our Group (the "**worksite**"), where the injured worker (the "**injured worker**"), who is an employee of our subcontractor, was instructed to supervise the substation cable-pulling operation carried out at the worksite, during which the nylon rope attached to the cable caused the strut to dislodge and hit the injured worker's face and he suffered injuries as a result of the Industrial Accident.

As at the Latest Practicable Date, our Directors confirm that no demerit point or other penalty has been imposed on our Group in relation to the Industrial Accident. Based on the notice of assessment of work injury compensation issued by MOM to the subcontractor, the subcontractor is liable to compensate the injured worker for medical leave wages and medical expenses.

As at the Latest Practicable Date, the common law civil claim filed by the injured worker in the Singapore courts for compensation in connection with the Industrial Accident against our Group and his employer, who was our subcontractor, had been discontinued, and therefore no damages were payable by our Group arising from such claim.

Post-accidents actions

As required under the governmental scheme, namely MOM, we have engaged a registered Workplace Safety and Health Officer ("**WSHO**") to, among others, review our safety system and safety measures in relation to our workers safety during their deployment period.

In relation to the Industrial Accident, the WSHO has made, among other things, the following recommendations on the immediate actions to be taken by our Group to enhance occupational safety measures during the employees' deployment at worksite,

(a) ensure that tensioned ropes shall be free of obstruction;

(b) brief workers on safe work procedures before the cable pulling operation starts;

(c) avoid workers having or standing in close proximity to the tensioned ropes against the shoring strut;

(d) appoint a safety coordinator to be on site to carry out site audit during the cable pulling works to ensure that workplace safety and health measures are in place; and

(e) review the cable laying process.

In relation to the Fatal Accident, the WSHO has developed various safety measures, and our Group has informed our employees of such measures and has taken steps to ensure strict adherence as follows:

(a) arrange "tool box meetings" at worksites with the attending workers to (i) conduct briefings on work processes; (ii) highlight job hazards; and (iii) take safety and risk control measures;

(b) promote the "30/30/30 observation technique" which requires our employees, upon reaching the work site to (i) observe the workplace for 30 seconds; (ii) look at the surrounding radius of 30m; and (iii) check above oneself for 30m;

(c) advocate the "3/3/3 lifting technique", which is a three-step mechanism for safe lifting of bulky materials by (i) ensuring proper rigging and sling condition before proceeding to lift the load; (ii) hosting the load above 30cm from the ground and checking the stability of the load for three seconds; and (iii) keeping 3m safe distance away from the hoisted load;

(d) introduce the "buddy system", a procedure in which two people operate together as a single unit so that they are able to monitor and help each other; and

(e) conduct mass briefings and trainings with all our employees for all of the above, as well as vowing to comply with the "safety pledge".

Apart from the above, the WSHO has made the following recommendations on the long-term safety measures at our worksites for our Group and our subcontractors in a general context:

(a) briefings and in-house trainings should be reinforced and regular reminders to be conveyed to the workers of the safety measures to be taken when performing site works;

(b) take all reasonable steps to encourage our workers to report to us if they discover any potential safety hazards during their deployment to our customers;

(c) hold top management safety briefings for our subcontractors; and

(d) introduce and highlight incident reporting procedures in accordance to WSH (Incident Reporting) Regulations and our customers' in-house reporting procedures.

Since the occurrence of the accidents and up to the Latest Practicable Date, our Directors confirm that there had not been any fatal or severe occupational accidents or major injuries involving our employees and/or direct subcontractors of our Group. After having reviewed the accidents and the safety system and the relevant safety measures taken up by our Group at the material time, the WSHO was of the view that our Group had adequate and effective measures to prevent the recurrence of similar accidents in the future and to ensure the implementation of our safety measures by our subcontractors and their employees. Under the subcontracting contracts entered into between our Group and our subcontractors, our subcontractors are required to follow the safety system and safety measures imposed by us.

Indemnity given by our Controlling Shareholders

Our Controlling Shareholders, collectively as the indemnifiers, entered into the Deed of Indemnity whereby our Controlling Shareholders have undertaken to indemnify our Company of the liabilities and penalty arising out of any alleged or actual violation or non-compliance by any member of our Group with any laws. Regulations on or before the date on which the Share Offer becomes unconditional, including the potential liabilities and penalties and all legal, costs, and expenses which may arise out of the abovementioned accidents. For details in relation to the Deed of Indemnity, please refer to the paragraph headed "E. Other Information — 1. Estate duty, tax and other indemnities" in the Appendix V to this prospectus.

Views of our Directors and the Sponsor

During the Track Record Period, we were required to engage a WSHO under the MOM to conduct safety audit for our Group. The WSHO, after having reviewed the accidents, is of the view that the accidents are exceptional cases as (i) the accidents did not appear to be caused by any systemic failure of the safety system of our Group; (ii) our Group has put in place adequate and effective safety work system and measures to ensure the occupational health and safety to the employees of our Group and our subcontractors; and (iii) there has not been any other serious or fatal work injuries sustained by the employees of our Group or our subcontractors during the Track Record Period. In view of the review made by registered WSHO, our Directors and the Sponsor concur with the view of the registered WSHO and, in particular, that the accidents were each an isolated incident, were not caused by any systemic failure of the safety system of our Group and our Group has put in place adequate and effective safety work system and measures.

Save as disclosed above and to the best of our Directors' knowledge and belief, during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any significant incidents or accidents in relation to workers' safety and we also have not suffered from any removal, suspension, downgrading or demotion of our licences or permits due to any accidents or breaches of workplace safety regulations.

Hygienic working environment

In view of the outbreak of novel coronavirus (COVID-19) in Singapore, our Group had adopted a contingency plan for pandemic outbreak in January 2020 to protect our workers from the outbreaks of infectious diseases.

Under our contingency plan for pandemic outbreak, our project managers shall take all practicable steps in our project sites to maintain a hygienic working environment in the interest of all personnel who may be present including our employees, subcontractors, visitors and members of the public. Based on the result of the risk assessment conducted, our project manager shall decide on any additional preventive measures applicable to the project, which may include, but not limited to, the followings:

- Temperature screening at entry of premises

- Temperature screening before and after work
- Hand sanitising
- Personal protection control (respiratory protection such as wearing face masks, etc.)

Accordingly, all staff including our subcontractors are required to familiarise themselves with requirements of our contingency plan for pandemic outbreak and ensure that all the workers under their supervision fully comply with the requirements. We will provide training to our workers on the proper use of the personal protective equipment (if applicable) and supervisors will check whether such equipment are functional and, clean and workers are using them correctly.

ENVIRONMENTAL COMPLIANCE

Our Group's operations are subject to certain environmental requirements pursuant to the laws of Singapore, including but not limited to Environmental Protection and Management Act and its subsidiary regulations that are applicable to our nature of work. For details of the regulatory requirements, please refer to the section headed "Regulatory overview" in this prospectus.

We are committed to the minimisation of any adverse impact on the environment resulting from our business activities. In order to comply with the applicable environmental protection laws, we have established an environmental management system in accordance with the ISO 14001 international standards. The environmental management system of WGC has been certified to be in accordance with the requirements of the ISO 14001 standards for civil engineering construction, cable installation and road reinstatement services since 2016. We have also launched our in-house rules containing measures and work procedure governing environmental protection compliance with an aim to identify environmental aspects, and to determine those that are significant which shall be addressed to mitigate the relevant environmental impact.

We are also committed to green and gracious practice with an aim to reduce and mitigate carbon footprint and to mitigate inconveniences, ensure public safety and well-being of our employees associated with the construction operations to fulfil our corporate social responsibility towards the community. Our Directors believe that we have the social responsibility to initiate community activities with our staff and support charitable organisations.

Identification, assessment and management of environmental-related risks and social sustainability risks

The project management staff will before the start of the project identify the significant environmental aspects and their impacts associated with the construction activities. The project manager will identify the environmental aspects associated with the construction activities at the different project stages, such stages include piling, substructure, superstructure, architectural works and external works stages where appropriate.

The project management staff will consider the significant environmental aspects associated with the construction activities at different project stages, such aspects include emissions to air, releases to water, waste management, contamination of land, uses of raw material and natural resources as well as other statutory and regulatory issues.

The project management staff will also assess the potential significant impacts of the reasonably foreseeable or emergency situations based on the following effects on:

- Land stability and landscape (excavation work/soil replacement, solid waste disposal)
- Drainage (surface and ground water)
- Access to site and its effects on the vicinity road
- Existing services including power, water, gas, and telephone
- Existing community facilities
- Emissions (gas, dust and noise)
- Solid and fluid waste and storm water management
- Impact of construction and operational workforces
- Visual impact
- Social impact

The project management staff will then determine the appropriate control measures and implement the procedures to prevent any occurrence as mentioned above.

Metrics and targets used to assess and manage the relevant risks

Under our integrated quality, environment, health and safety policy we shall strive to achieve the following objectives in dealing with our projects:

- To complete project within agreed duration
- Work towards zero environmental violation (construction noise, mosquito breeding and discharge of water exceeding 50 milligrams per litre of total suspended solids)
- Accident frequency rate less than 1.5 and accident severity rate less than 150

For instance, we have specific goals and key performance indicators to address environment-related risk. Wastage cost and diesel consumption for projects involving cable laying works shall not exceed S$25,000 and 9,000 litres, respectively, per S$1 million work done.

For traffic obstruction, we require that only licensed operator can operate vehicles or trucks and movement within site shall not exceed 15 kilometres per hour. No illegal parking or stopping of vehicle is allowed on public road.

We will deal with noise emitted from piling operation such as driven pile operation, boring operation through reviewing the type of piling work permitted for the workplace and exploring alternative method of piling work. For noise generated from installation, we will review the construction noise limits, identify the noise monitoring points, identify noisy equipment or plant and redeploy or substitute with quieter machine.

Cost of environmental compliance

During the Track Record Period, we respectively incurred approximately S$45,500, S$77,500, S$78,700 and S$25,900 in relation to compliance with applicable environmental rules and regulations.

We estimate that our annual cost of compliance in the future will remain at a similar level to the above on a pro-rata basis.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we had not been subjected to any material claim, administrative sanction or any other form of sanction related to environmental compliance. Our Directors are of the view that with reference to our annual cost of compliance mentioned above, our Group did not incur significant costs and burden in environmental compliance during the Track Record Period and no actual and material impact arising from actions taken in relation to environmental compliance during the Track Record Period was posed on our Group's business, strategy and financial performance.

OUR INSURANCE

During the Track Record Period, we have taken out insurance policies both in the roles of main contractor and subcontractor as set out below. Our Directors consider that our insurance coverage is adequate having considered our current business operation and the prevailing industry practice. For each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, we incurred insurance premiums of approximately S$0.3 million, S$0.3 million, S$0.4 million and S$0.3 million, respectively.

Work injury compensation insurance

Pursuant to section 23 of the Work Injury Compensation Act ("**WICA**"), every employer is required to insure and maintain insurance under one or more approved policies with an insurer against all liabilities which he may incur under the provisions of the WICA in respect of all employees employed by him, unless specifically exempted.

We maintain work injury compensation policies for all our manual workers and non-manual workers earning less than S$1,600 per month, as stipulated by the MOM, in the form of specific work injury compensation policies obtained in respect of the various projects which our manual workers are being deployed to, as well as a general work injury compensation policy, renewed annually, for our other workers who are not covered under the aforesaid specific policies.

Insurance for security bonds

For each non-Malaysian foreign workers whom we were successfully granted with a work permit, a security bond of S$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes under the Employment of Foreign Manpower Act. For further details, please refer to the section headed "Regulatory overview — Laws and regulations relating to our business in Singapore — Employment of foreign manpower" in this prospectus. Under the aforesaid requirement under the Employment of Foreign Manpower Act, we have taken out insurance in guarantee of our obligations to furnish security bonds for our non-Malaysian foreign workers, pursuant to which insurance companies would issue guarantees to MOM in security for our payment obligations for the security bonds in respect of the relevant workers. The insurance companies may charge us an insurance premium of up to S$80.0 for each security bond of S$5,000 to be furnished to the Controller of Work Passes.

Foreign worker medical insurance

Since 1 January 2010, employers are required to purchase and maintain a minimum medical insurance coverage of S$15,000 for inpatient care and day surgery for each of their employees who is a work permit holder during their stay in Singapore. Our Group maintains a foreign worker medical policy in respect of any illness or injury suffered by our foreign workers with a coverage of up to S$15,000 per worker.

Contractors' all risks insurance

Pursuant to the contracts with our customers, our Group generally maintains contractors' all risks insurance policy to cover against loss or damage to materials and third party liability for accidental bodily injury in connection with the performance of the contract.

Other insurance coverage

We have directors and officers liability insurance to cover the liabilities on our management arising out of our operations. We have also maintained life insurance plans for our executive Directors, and key management insurance for member of our senior management which includes both insurance and investment elements.

We have motor vehicle insurance policies for our fleet of machinery to cover any liability for death or bodily injury of third parties on the road or to protect against damages to the fleet of machinery. In addition, we also have public liability insurance to cover personal injury and property damage at our premises and in Singapore, which are connected to our operations. Fire insurance policies are also set to cover loss or damage to all of our Group's properties, inclusive of fixtures and fittings, due to fire.

Our Directors confirm that our Company has obtained sufficient insurance coverage for the operation of its business and that it is in line with the industry norm. For each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our total insurance expenses amounted to approximately S$0.3 million, S$0.3 million, S$0.4 million and S$0.3 million respectively. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we had not made, or been the subject of, any material insurance claim.

OUR EMPLOYEES

Number of employees

As at the Latest Practicable Date, we had 628 full time employees (including our two executive Directors but excluding our three independent non-executive Directors) who were directly employed by us and based in Singapore. The following table sets out the breakdown of our employees by function:

Function

	Number of employees				As at
	As at 31 December 2016	**As at 31 December 2017**	**As at 31 December 2018**	**As at 31 August 2019**	**the Latest Practicable Date**
Management	6	6	7	7	7
Human resources, finance and administration	20	24	24	24	23
Project management	54	72	65	62	66
Safety management	11	11	13	19	19
Site management	59	64	67	77	117
Logistics services	58	66	54	54	62
Site workers	265	332	302	317	334
Total	473	575	532	560	628

The number of our full time employees during the Track Record Period was in line with our overall financial performance. Our Company has employed additional workers to cater for the larger complexity of projects in FY2017, hence the table set out above has indicated a sharp rise of our number of employees in that particular financial year. During the Track Record Period, the number of our full time employees in the logistics services team decreased generally as we engaged more external transportation service providers and required our subcontractors to provide relevant services with their own motor vehicles.

Out of the site workers employed by our Group during the Track Record Period, 374, 462, 427 and 448 were foreign workers under the construction sector upon MOM approval for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively.

Relationship with staff

Our Directors confirm that we did not experience any significant problems with our employees or any disruption to our operations due to labour disputes and we did not experience any major obstacles in the recruitment and retaining of experienced and skilled members of staff during the Track Record Period. Our Directors hence take this as we have maintained good relationships with our employees.

Training and recruitment policies

We have provided various training to our employees and sponsored our employees to attend various training courses, such as those on occupational health and safety in relation to our work. Such training courses include our internal training as well as courses organised by external parties.

We generally recruit our employees from the open market after taking some essential factors into account, such as experience, qualifications and expertise entailed in our business operations. They are normally subject to a probation period of three months. We make every endeavour to use our best effort to appeal and retain suitable personnel to join our Company. Our Company assesses the available manpower on a continuous basis and aim to recruit appropriate candidates for job vacancies so as to ensure business development of our Company.

Employment of foreign workers

Our foreign workers are sourced and recruited through referral, references and recommendations. We have various regulations and policies in Singapore for the supply of foreign workers. For further details, please refer to the section headed "Regulatory overview" in this prospectus. As at the Latest Practicable Date, we employed 513 foreign workers under the construction sector upon MOM approval. Based on the ratio of seven foreign workers (S pass and work permit holders) for one local employee who earns the local qualifying salary and the quota for S pass holders is capped at 20% of the employer's total workforce (which is counted within the total quota for foreign workers). According to our Group's foreign worker quota recorded by MOM, as at the Latest Practicable Date, we can hire 245 additional foreign workers based on the dependency ratio ceiling, which means the maximum number of foreign workers our Group can hire was 758 as at the Latest Practicable Date. Our human resources department is required to obtain a list of recruitment documents, including but not limited to (i) copy of work pass issued by the MOM; (ii) work pass application form; (iii) copy of Passport, Entry and Re-entry Permit (for Non-Singaporeans), from the candidate to make sure that our recruitment of such candidate is in compliance with the relevant Singapore laws and regulations. Further, our Company's project team is required to obtain the list of workers, together with copies of their work pass, from its subcontractor to ensure those workers are not illegitimate foreign workers.

We intend to apply the net proceeds from Share Offer to recruit up to 60 additional site workers on top of 334 site workers in our current workforce, which will be within the total quota for foreign workers we can hire as at the Latest Practicable Date. For details, please refer to the section headed "Future plans and use of proceeds — Use of proceeds — Recruitment of staff" in this prospectus.

During the Track Record Period, our Directors confirm that we did not employ any illegitimate workers and no action or notification was made against us or issued to us relating to our hiring.

Remuneration policy

We offer remuneration package to our employees which includes salary and bonuses. Generally, we consider employees' salaries based on each of their qualifications, position and seniority. Our Company has an annual review system to appraise the performance of our employees, which constitutes the grounds of our decision as to the salary raises, bonuses and promotions.

Central Provident Fund

Our Company has taken part in the mandatory provident fund for our employees in accordance with the Central Provident Fund Act. Chapter 36 of Singapore, and has paid the relevant contribution accordingly. For further details, please refer to the section headed "Regulatory overview" in this prospectus.

HEDGING

During the Track Record Period and up to the Latest Practicable Date, save for the purchase of certain machineries, raw materials and consumables from foreign suppliers, our Group's transactions were denominated in Singaporean dollars and therefore, our Directors confirm that our Group did not engage in any hedging activities.

OUR PROPERTIES

Owned properties

As at the Latest Practicable Date, we owned the following properties for the purpose of our business operations:

Address	Approximate gross floor area	Use of the property
No. 31 Mandai Estate #05-04 & #05-05, "Innovation Place", Singapore 729933	Approximately 276 square metres	Currently vacant
25 Woodlands Industrial Park E1, #02-01, "Admiralty Industrial Park", Singapore 757743	Approximately 169 square metres	Leased to an Independent Third Party at a monthly rent of S$2,000 for 12 months until 21 March 2020

Leased properties

As at the Latest Practicable Date, we leased the following property for the purpose of our business operations:

Address	Approximate gross floor area	Use of the property	Key terms of tenancy lease	Tenure
37 Kranji Link Singapore 728643 ("**Kranji Property**")	Approximately 7,503 square metres	Head office, storage and ancillary workers dormitory	Annual rent of S$166,875.6	13 years, 10 months and 15 days until 31 January 2026

JTC is the lead governmental agency in Singapore which plans, promotes and develops industrial facilities in Singapore, and it takes on the role of "landlord" in respect of the properties managed by it.

Our Group's interest in the Kranji Property arises under a leasehold estate (which is a form of property ownership in Singapore) of 13 years 10 months and 15 days commencing from 16 February 2012 granted by JTC. Since our Group's interests arise under a leasehold granted by JTC, we are considered a lessee of the property. Our property interest in the Kranji Property has been duly registered with the Singapore Land Registry under the instrument of lease IE/353039C. Under the terms of the lease for the Kranji Property, our interest in the Kranji Property is capable of being assigned or transferred by us to third parties, subject to, amongst others, the prior written consent of JTC and compliance with the JTC guidelines for assignment of lease, including that the remaining lease term is more than five years and the lessee is not within the prescribed prohibition or restriction period.

As at the Latest Practicable Date, we were the licensee of the following properties for the purposes of our business operations:

Licensed properties

Address	Approximate gross floor area	Use of the properties	Key terms of licence
Seletar West Farmway 6, Singapore (Lot No. MK20-05018C (PT))	Approximately 15,157.9 square metres	Construction storage only	Licence fee of S$26,948 and GST of S$1,886.36 per month and licence period from 1 September 2019 to 31 May 2022

Address	Approximate gross floor area	Use of the properties	Key terms of licence
Pte Lot A3007735 at PID 8201504017 at Pioneer Road	Approximately 1,822.70 square metres	Storage of machinery, materials and unplasticised polyvinyl chloride cable pipes	Licence fee of S$6926.26 and GST of S$3.80 metre per annum and licence period of 15 May 2019 to 14 May 2021
One-North Crescent (Lot No. 05439C PT MK 03)	Approximately 1,282.7 square metres	Construction storage (excluding stockpiling of excavated earth) only	Licence fee of S$3,015 and GST of S$211.05 per month and licence period of 15 July 2019 to 31 December 2020

Our Group has been granted a temporary occupation licence by the Singapore Land Authority for use of the land located at Seletar West Farmway 6, Singapore Lot No. MK20-05018C (PT) for the licence period commencing on 1 September 2019 and ending on 31 May 2022 for the purpose of construction storage and to facilitate a particular contract for which our Group has been engaged as the main contractor.

Our Group has also been granted a licence by JTC Corporation for use of the land at Pte Lot A3007735 at PID 8201504017 at Pioneer Road for the licence period of 15 May 2019 and ending on 14 May 2021 for the purpose of storage of machinery, materials and unplasticised polyvinyl chloride cable pipes.

Our main contractor for a particular construction project has been granted a temporary occupation licence by the Singapore Land Authority for use of the land at One-North Crescent (Lot No. 05439C PT MK 03) for the licence period of 15 July 2019 and ending on 31 December 2020 for the purpose of construction storage (excluding stockpiling of excavated earth) only to facilitate a particular contract for which our Group has been engaged as a subcontractor. Accordingly, our Group has also been granted a sub-licence by our main contractor (with the prior written consent of the Singapore Land Authority) for use of the site to facilitate the contract.

OUR INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we had applied for registration of three trade marks in Hong Kong, which are intended to be used by us to foster our corporate image. We have also registered three trade marks in Singapore and Malaysia and two domain names, namely **www.weeguan.com.sg** and

www.weiyuanholdings.com. Please refer to the section headed "B. Further information about the business of our Company — 2. Intellectual property rights" in Appendix VI to this prospectus for further details of our intellectual property rights.

As at the Latest Practicable Date, our Directors confirm that we were not aware of any material infringements (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us. As at the Latest Practicable Date, we were also not aware of any pending or threatened claims against us or against any members of our Group in relation to any material infringement of intellectual property rights of third parties.

RESEARCH AND DEVELOPMENT

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we did not engage in any research and development activities.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key risks relating to our business operation are set out in the section headed "Risk factors" in this prospectus. The following sets out the key measures adopted by us under our risk management and internal control systems for managing the more particular operational and financial risks relating to our business operation:

Customer concentration risk

Please refer to the paragraph headed "Our customers — Customer concentration" in this section.

Risk of potential inaccurate cost estimation and cost overrun

We estimate our costs to be incurred in a project to determine our fee quotation or tender price and there is no assurance that the actual amount of costs we incur would not exceed our estimation during the course of project implementation. We therefore manage the risk of cost overruns by taking the following measures: (i) taking into consideration any possible inflation and cost increases during the term of the contract when submitting quotation or tender; (ii) obtaining quotations from different suitable suppliers and/or subcontractors for comparison when placing purchase orders; and (iii) pricing of our services are overseen by our executive Directors.

Credit risk

We are subject to risks in relation to the collectability of our trade receivables. For the purpose of mitigating our exposure to credit risk, our accounting and finance staff are responsible for conducting individual credit evaluations on our customers on a regular basis. Prior to accepting work orders from new customers, our accounting and finance staff would check on the background of the potential customer in order to access their credibility. Credit limits attributed to our customers are reviewed once a year, taking into account the payment history and years of business relationship with our customers and current economic environment. Material overdue payments are closely monitored and evaluated on a case-by-case basis in order to deduce the appropriate follow-up actions having regard to our business relationship with the customer, its history of making payments, its financial position as well as the general economic environment. During the Track Record Period, our follow-up actions for recovering long overdue payment mainly included active communications and conducting follow up calls with the customers.

We generally grant our customers a credit term of 30 to 45 days from the invoice date. As at 31 December 2016, 2017, 2018 and the eight months ended 31 August 2019, we recorded gross trade receivables (excluding retention receivables) by invoice date of approximately S$14.0 million, S$9.0 million, S$7.4 million and S$6.9 million respectively, of which approximately S$1.0 million, S$0.6 million, S$0.3 million and S$0.6 million respectively were aged over 120 days. For each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our trade receivables (by invoice date) turnover days were approximately 87.0 days, 57.7 days, 46.2 days and 46.1 days, respectively. To ensure timely identification of doubtful or irrecoverable debts, our accounting and finance staff would report to our Group's financial controller on the collection status and ageing analysis of outstanding payments on a regular basis. Trade receivables overdue for 120 days are identified as doubtful which will have to be reviewed by our Group's financial controller and, if appropriate, provisions for impairment of trade receivables will be made accordingly.

Liquidity risk management

There are often time lags between making payment to our suppliers and receiving payment from our customers when undertaking contractual works, resulting in possible cash flow mismatch. Further, our customer may require us to take out performance guarantee, thereby locking up a portion of our capital for a prolonged period of time. In order to manage our liquidity position in view of the aforementioned working capital requirement and the possible cash flow mismatch associated with undertaking contractual works, we have adopted the following measures:

- our group financial controller is responsible for the overall monitoring of our current and expected liquidity requirements on a monthly basis to ensure that we maintain sufficient financial resources to meet our liquidity requirements;

- as a general policy, we only procure raw materials on an as-needed basis according to the requirement and schedule of the project to prevent excessive purchases; and

- we closely monitor our working capital to ensure that our financial obligations can be fulfilled when due, by, among other things (i) ensuring healthy bank balances and cash for payment of our short-term working capital needs; (ii) performing monthly review of our trade receivables and aging analysis, and following up closely to ensure prompt receipt of amounts due from our customers; (iii) performing monthly review of our trade payables and aging analysis to ensure that payments to our suppliers are made on a timely basis; and (iv) getting bank facilities for working capital for liquidity risk.

We have established the following policies with a view to further improve our cash flow position on project level:

- prior to the commencement of each milestone project, our project management staff will make forecast on the cash inflow and cash outflow for the respective project, and negotiate with our customers in our best effort to set out the most favourable milestone payment term for our Group;

- our project management staff is responsible for documenting expected cash inflow from customers and cash outflow to suppliers and preparing cashflow plans for each project and submitting the cashflow plans to our accounting and finance staff on a monthly basis;

- our accounting and finance staff, led by our group financial controller, will be responsible for reviewing the cashflow plans for our projects, and submitting the cashflow plans to our management for review; and

- in the event that there is expected net cash outflow for a particular month, we will (a) actively follow up with our customers for payment; and (b) negotiate with our suppliers for an extension of credit term, if necessary.

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

Risk relating to subcontractors' performance

Please refer to the paragraph headed "Our suppliers — Control over subcontractors" in this section.

Quality control risk

Please refer to the paragraph headed "Quality control" in this section.

Occupational health and safety risk

Please refer to the paragraph headed "Occupational health and safety" in this section.

Environmental compliance risk

Please refer to the paragraph headed "Environmental compliance" in this section.

Regulatory risk management

We keep ourselves abreast of any changes in government policies, regulations, and licensing requirements in relation to our business operations, as well as relevant environmental, safety and recruitment of foreign labour requirements. We will ensure that any changes of the above are closely monitored and communicated to our management and supervisory team members for proper implementation and compliance.

Financial risk

During our business operation, we are generally exposed to financial risks including interest rate risk, credit risk and liquidity risk. For our financial risk management, please refer to the section headed "Financial information — Financial risk and capital management" in this prospectus and Note 3 in the Accountant's Report in Appendix I to this prospectus.

Risk in relation to missing workers and forfeiture of security bonds

When a non-Malaysian foreign workers is successfully granted with a work permit, a security bond of S$5,000 by means of banker's guarantee or insurance guarantee is required to be furnished to Controller of Work Passes under the Employment of Foreign Manpower Act. The security bonds furnished by us might be forfeited if, among other things, we lose track of our foreign workers or they violate any of the conditions of their work permits.

We have close collaboration with recruiting agencies and have put in place a screening and recruitment process to carefully review and assess the personal information and background of candidates prior to the making of employment decision in order to minimise our risk in relation to missing workers and forfeiture of security bonds.

The majority of our foreign workers are housed within our own dormitory. This enables us to be closely informed about the whereabouts of our foreign workers. In addition, under our typical employment contracts, we forbid our foreign workers from working for anyone other than our Group without our consent, failing which their employment with the Group will be determined.

Regulatory risk management

Corporate governance measures

We will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. We have established three board committees, namely the audit committee, the nomination committee and the remuneration committee, with respective terms of reference in compliance with the Corporate Governance Code. In particular, one of the primary duties of our audit committee is to review the effectiveness of our internal audit activities, internal controls and risk management systems. For further details of the three board committees, please refer to the section headed "Directors and senior management — Board committees" in this prospectus.

In addition, we will implement corporate governance measures to ensure the performance of the non-competition undertakings of our Controlling Shareholders so as to prevent anti-competitive conducts such as bid-rigging/collusion and offering bribes which will contravene the relevant laws and regulations. For details of the corporate governance measures in this regard, please refer to the section headed "Relationship with our Controlling Shareholders — Corporate governance measures" in this prospectus.

Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code every financial year.

Risk management relating to compliance with the Listing Rules after Listing

In order to ensure continuous compliance with the Listing Rules after Listing, our Directors attended training sessions conducted by our legal advisers as to Hong Kong law on the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange. We have also appointed Grande Capital Limited as our compliance adviser to advise us on compliance issue.

After Listing, our executive Directors will be responsible for overseeing our compliance issues. When considered necessary and appropriate, we will also seek professional advice and assistance from independent professional advisers with regards to matters relating to our legal compliance.

NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, save as the two incidents involving damages to certain telecommunication cables and gas pipes disclosed in the paragraph headed ''Litigation and claims'' below in this section, our Directors confirm that we had not been involved in any non-compliance matters which resulted or may result in a material impact on our business operation and financial condition.

As at the Latest Practicable Date, our Group has not accumulated any demerit points under the Demerit Points System for the construction industry maintained by the MOM. For further details of the Demerit Points System, please refer to the section headed "Regulatory Overview — Laws and regulations relating to our business in Singapore — Workplace safety — Demerit points system" in this prospectus.

LITIGATION AND CLAIMS

During the Track Record Period and up to the Latest Practical Date, we had been or was involved in certain claims and litigation arising in the ordinary and usual course of our business.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) our Group has not experienced any material disruption to our operations due to accidents and claims; and (ii) our Group has not accumulated any demerit points under the Demerit Points System for the construction industry maintained by the MOM.

(I) Ongoing legal proceedings as at the Latest Practicable Date

As at the Latest Practicable Date, we are involved in the following legal proceedings:

- we have been named as a party in respect of two common law civil claims for compensation in connection with industrial accidents resulting in death or injury have been filed by workers or their dependents against us. Each of the two aforesaid claims is covered by our insurance policies. For further details on the respective accidents that led to such claims, please refer to the paragraph headed ''Occupational health and safety'' above in this section; and

- our subsidiary, WGT, has been issued a summons on 10 October 2019 in relation to the two charges for breaches of the Electricity Act, Chapter 89A of Singapore (the "**Electricity Act**") arising from an incident which occurred in May 2017, for (i) damage to a high voltage electricity cable by a person under our supervision and instructions for the purpose of employment in the course of carrying out earthworks; and (ii) failure to comply with the reasonable requirements of the electricity licensee for the prevention of damage to high voltage electricity cable. The proceedings are still pending as at the Latest Practicable Date, with the first hearing date scheduled for 6 March 2020, and details of the outcome and the penalty (if any) will only be available at a later date.

  In respect of the charge under Section 85(2) read with Section 85(3) of the Electricity Act, the maximum penalty is a fine not exceeding S$1 million or imprisonment for a term not exceeding 5 years or both. In respect of the charge under Section 80(4)(a) of the Electricity Act which is punishable under Section 80(7) of the same, the maximum penalty is a fine not exceeding S$100,000 or imprisonment for a term not exceeding 5 years or both.

  Based on sentencing precedents for offences under the Electricity Act (and similar offences under Singapore law), our Singapore Legal Adviser has advised that it is likely that the sentence in respect of either charge would be the imposition of a monetary fine on WGT, and that the likelihood of directors of the Company or WGT being personally liable for the any offence arising from this matter to be low.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that our Group had not encountered any difficulties in making claims from our insurers or encountered any dispute on liability from our insurers and had not incurred any residual liabilities not covered by the insurance arising from any claims. No provisions was made in the financial statements of our Group in respect of the abovementioned (i) ongoing industrial accident claims as these are expected to be covered by insurance and (ii) in respect of the charges under the Electricity Act as our Directors are of the view that such penalty (if any) will not result in any material impact on our business operations and financial condition.

(II) Settled or concluded legal proceeding during the Track Record Period

During the Track Record Period and up to the Latest Practicable Date, there were two incidents involving damages to certain telecommunication cables and gas pipes during the course of our works, which resulted in a total of five charges brought against our Group for the following:

- breaches of the Telecommunications Act, Chapter 323 of Singapore, for (i) failing to comply with all reasonable requirements of a telecommunication system licensee (the "**Licensee**"), for the prevention of damage to the telecommunication cable and failing to ensure that reasonable precautions are taken when carrying out such earthworks to prevent any damage to a telecommunication cable; (ii) carrying out horizontal directional drilling works without first ascertaining the location of telecommunication cables belonging to SingTel that may be interfered with; and (iii) damaging cables belonging to the Licensee (the "**Cable Incident**"); and

- breaches of the Gas Act, Chapter 116A of Singapore, for (i) failing to comply with all reasonable requirements of a power grid company for the prevention of damage to a gas pipe; and (ii) damage caused to a gas pipe in a gas pipeline network under the management of the power grid company by a registered excavator operator subject to our Group's instructions for the purpose of carrying out earthworks.

An aggregate court fine of S$290,000 was payable by our Group in respect of the abovementioned five charges and had been fully settled in 2018. In connection with the Cable Incident, full payment of the sum of S$209,307.66, of which our Group had paid S$52,815.95 and our insurer had paid S$156,491.71 for the costs of repair to the damaged telecommunication cables to the Licensee in 2018.

Rectification measures

In order to prevent the recurrence of the above scenarios, our Group implemented the following procedures to enhance adherence and awareness of the workers at worksites:

1. proper handover is required and a gentle reminder to the workers, in which day shift or any interfacing works between shifts, day works and night works should be communicating to each other closely;

2. for cutting services, standard operating procedures should be followed. In that case, the customer, the main contractor representative, and site supervisor must be present, only then can the services be terminated;

3. to encourage workers raising questions whenever in doubt; and

4. a pipeline of incident and accident reporting system has been developed.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares that may be allotted and issued upon the exercise of the Over-Allotment Option and any option that may be granted under the Share Option Scheme), Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL will, through their holding company, WG International, hold and be entitled to exercise in general meetings voting rights attached to Shares representing approximately 75% of the issued share capital of our Company. For further details of background and experience of Mr. Ng TS and Mr. Ng TF, please refer to the section headed ''Directors and senior management'' in this prospectus. Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL executed the Acting in Concert Confirmation to confirm that, since the incorporation dates of GCM, WGC, WG Corp, WGE, WGL and WGT,

(i) they have actively cooperated and communicated with each other, and have adopted a consensus building approach to reach decisions on a unanimous basis;

(ii) they have voted as a group (by themselves and/or through companies controlled by them) in respect of all corporate matters relating to the financial and operations of our Group, including but not limited to exercise collective control over the relevant companies and in obtaining benefits from the activities of them, at the shareholder and board level of each member company of our Group in which any one of them serve as a member and/or a director; and

(iii) in relation to all corporate matters that require the decisions of them, they have been given sufficient time and information to consider and discuss in order to reach consensus.

Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL confirmed the existence of their acting in concert arrangement in the past, as well as their intention to continue to act in the above manner to consolidate their control of our Group until the Concert Parties Confirmatory Deed is terminated by them in writing. As such, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, through WG International, will act in concert to exercise their voting rights in our Company and they together will be interested in a total of 75% of the issued share capital of our Company upon completion of the Share Offer.

Accordingly, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML, Mr. Chai KL and WG International will be a group of Controlling Shareholders under the Listing Rules.

EXCLUDED BUSINESSES

As at the Latest Practicable Date, our Controlling Shareholders and their respective close associates had been conducting other business or holding interest directly or indirectly in certain companies. Those companies are engaged in businesses which are not in competition with the businesses of our Group. These major other business conducted or owned directly or indirectly by our Controlling Shareholders and their respective close associates (the ''**Excluded Businesses**'') include:

(a) *electrical engineering* — Mr. Ng TS possessed interests in other companies which focused primarily on the electrical engineering works, namely Eastern Green Power Pte. Ltd. and Ecobore Sdn. Bhd. as at the Latest Practicable Date. As stipulated in the section headed

"Business" in this prospectus, our Group carries out various sizeable projects which require its contractors to possess certain licences and/or qualifications. Albeit Mr. Ng TS has interests in the abovementioned companies, our Directors are of the view that there is no competition between the business of our Group with that of the mentioned companies, given the differences in business nature, scale and level of projects acquired, customer base and place of business. Further, each of our Controlling Shareholders has also entered into the Deed of Non-Competition, details of which are set out in the paragraph headed "Deed of Non-Competition" in this section. Therefore, our Directors reckon that potential competition between the companies and our Group is limited.

(b) *materials and equipment* — Mr. Ng TS was a director of New Winsing Pte. Ltd. as at the Latest Practicable Date, a company which is engaged in the industry of installation of industrial machinery and equipment. New Winsing Pte. Ltd. had been dormant with business activities ceased as at the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, Mr. Ng TS had no profit making whatsoever from New Winsing Pte. Ltd.. Given Mr. Ng TS is not the controlling shareholder, Mr. Ng TS has no control over New Winsing Pte. Ltd. to winding up this company or letting it remains dormant. The fact that the services provided by this company is different from our Group, as well as the completely distinct targeted customers and market positioning, our Directors believe that the risk of business competition and consequential effect to commercial decision-making are fairly low.

(c) *general construction in Malaysia* — Mr. Ng TS, Mr. Ng TF, Mr. Ng TK and Mr. Chen Teck Men (spouse of Ms. Ng ML) owned the entire issued share capital of Wee Guan Construction Sdn. Bhd. ("**WG (Malaysia)**") as at the Latest Practicable Date, a company incorporated in Malaysia which focused primarily on general construction in Malaysia. Our Directors are of the view that there are clear geographical and business delineations between our Group and WG (Malaysia). During the Track Record Period, all of our Group's projects are located in Singapore, whilst WG (Malaysia) performs its construction works in Malaysia. In addition, our Group is a civil engineering utilities works provider, whilst WG (Malaysia) is generally engaged in road construction, works site clearance, earthworks and infrastructure. Therefore, our Directors consider WG (Malaysia) to be outside of our Group's geographical focus and in business operations which are unrelated to civil engineering utilities works and thus WG (Malaysia) is excluded from our Group.

(d) *others* — some member of our Controlling Shareholders are also involved in other businesses that have no association with the current business of our Group, such as business and management consultancy services and property investment.

Our Directors are of the view that none of the Excluded Businesses would compete, or is expected to compete, directly or indirectly, with our Group's core business. As of the Latest Practicable Date, our Controlling Shareholders confirmed that they have no current intention to inject the Excluded Businesses into our Group. If there is any change in such information after Listing, our Company will disclose the relevant information by way of an announcement in accordance with the Listing Rules.

RULE 8.10 OF THE LISTING RULES

Save as disclosed above, each of our Controlling Shareholders, our Directors and their respective close associates do not have any interest apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on its business independently of, and does not place undue reliance on, our Controlling Shareholders or their respective close associates, taking into consideration the following factors:

Management independence

Our Board and members of senior management function independently from our Controlling Shareholders. Our Board comprises two executive Directors and three independent non-executive Directors. Our senior management consists of five members. Our Directors believe that we are able to manage our business independently from our Controlling Shareholders based on the following reasons:

(a) with three independent non-executive Directors out of a total of five Directors in our Board, there will be a sufficiently robust and independent voice within our Board to counter-balance any situation involving a conflict of interest and protect the interests of our independent Shareholders;

(b) all members of our senior management are full-time employees of our Group and the responsibilities of our senior management team include overseeing our daily operations and maintaining risk management and internal control matters. This ensure the independence of our daily management and operations of those of our Controlling Shareholders;

(c) each of our Directors has confirmed that, save for disclosed above in the paragraph headed "Excluded businesses" in this section, neither he/she nor their respective close associates has any interests in business which compete, or are likely to compete, either directly or indirectly, with our business and each of our Directors is aware of his/her fiduciary duties as a Director of our Company, which require, among other things, that he/she acts for the benefit and in the best interest of our Shareholders as a whole and does not allow any conflict between his duties as a Director and his/her personal interests to affect the performance of his/her duties as a Director;

(d) in the event that there is a potential conflict of interest arising from any transaction to be entered into between our Group and our Directors or their respective associates, such interested Directors(s) shall abstain from voting at the relevant meeting of our Board in respect of such transaction and shall not be counted in the quorum. In the event that the Directors are required to abstain from voting in any event of conflict of interest, our

Board will still be able to function efficiently as our Board consists of two executive Directors and three independent non-executive Directors who do not hold any position in our Controlling Shareholders or their close associates; and

(e) a number of corporate governance measures are in place to avoid any potential conflict of interest between our Company and our Controlling Shareholders, and to safeguard the interests of our independent Shareholders. For further details, please refer to the paragraph headed ''Corporate governance measures'' in this section.

Operational independence

Our Group has an established and organisational structure. Our Group has our own client base and independent source of and access to suppliers and customers. Save as disclosed in the section headed ''Connected transactions'' in this prospectus, we do not expect to have any business transaction between our Group and our Controlling Shareholders and/or their associates. We also do not expect to rely on our Controlling Shareholders and/or their associates for operational resources of suppliers, customers, sales and marketing and general administration resources. Our Directors confirm that, save as disclosed above, no services, premises and facilities will be provided by our Controlling Shareholders and/or their associates to our Group and our Group is able to operate independently from our Controlling Shareholders after the Listing.

Financial independence

Our Directors are of the view that we will be financially independent of our Controlling Shareholders upon Listing. During the Track Record Period, the amounts due to related parties represented the cash advanced by our Controlling Shareholders to our Group for working capital purpose and were fully repaid as at the Latest Practicable Date. Upon Listing, there will be no amount due to or from between our Controlling Shareholder and our Group.

During the Track Record Period, certain banking facilities, finance lease obligations and performance bonds issued by insurance companies of our Group were secured by personal guarantees of our Controlling Shareholders, namely Mr. Ng TS, Mr. Ng TF and Mr. Ng TK. Please refer to the section headed ''Financial information — Indebtedness'' in this prospectus for details during the Track Record Period. Majority of such personal guarantees will be released and replaced by corporate guarantees provided by our Group upon Listing.

We have an independent financial system, and make financial decisions according to our own business needs. We have sufficient capital to operate our business independently, and adequate internal resources and banking facilities to support our daily operations. Our Directors consider that our finance functions are therefore independently managed with no reliance on our Controlling Shareholders.

DEED OF NON-COMPETITION

Each of our Controlling Shareholders (each a ''**Covenantor**'', and collectively the ''**Covenantors**'') has entered into the Deed of Non-Competition in favour of our Company and has jointly and severally undertaken and covenanted with our Company (for itself and as trustee of its subsidiaries) that he or it shall not, and shall procure entities or companies controlled by him or it (other than members of our Group) not to at any time during the period that the Deed of Non-Competition remains effective, directly or indirectly, either on his or its own account or in conjunction with or on behalf of any person, firm or company (in each case whether as a shareholder, partner, agent, employee or otherwise) partnership or joint venture:

(i) carry on, engage, participate, hold any rights or interest in any way assist in or provide support (whether financial, technical or otherwise) to any business similar to or which competes (either directly or indirectly) or is likely to compete with the business of provision of civil engineering utilities works and any other business conducted by our Group for time to time (the "**Restricted Business**"), save for the holding of not more than 10% shareholding interests (individually or any of the Covenantors with their associates collectively) in any listed company in Hong Kong;

(ii) canvass, solicit, interfere with or endeavour to entice away from members of our Group any person, firm, company or organisation which to his or its knowledge has from time to time or has at any time with the immediate past one (1) year before the date of such solicitation, interference or enticement been a customer, a supplier or a business partner or employee of any members of our Group for the purpose of conducting the Restricted Business;

(iii) procure orders from or solicit business from any person, firm, company or organisation which to his or its knowledge has dealt with any member of our Group or is in the process of negotiating with any member of our Group in relation to the Restricted Business;

(iv) take any action which interferes with or disrupts or may interfere with or disrupt the business of our Group and/or do or say anything which may be harmful to the reputation of any member of our Group or which may lead any person to reduce their level of business with any member of our Group or seek to improve their terms of trade with any member of our Group;

(v) solicit or entice or endeavour to solicit or entice for employment by him or it or companies controlled by him or it (other than members of our Group) or at any time employ or procure the employment of any person who has, at any time within the immediate past one (1) year before the date of such solicitation or employment, been or is a director, manager, employee of or consultant to members of our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to the Restricted Business carried on by our Group; and

(vi) make use of any information pertaining to the business of our Group which may have come to his or its knowledge in his or its capacity as a shareholder of our Company or director of any member of our Group for the purpose of conducting the Restricted Business.

In addition, each of the Covenantors has jointly and severally undertaken and covenanted with our Company that if any new business opportunity relating to the Restricted Business (the "**New Business Opportunity**") is made available to any of the Covenantors or their respective associates, directly or indirectly, whether individually or together (other than members of our Group), he or it will direct or procure the relevant respective associates to direct the New Business Opportunity to our Group with such required information to enable our Group to evaluate the merits of the relevant New Business Opportunity. The relevant Covenantor will provide or procure the relevant respective associates to provide our Group with all such reasonable assistance to secure such the New Business Opportunity.

None of Covenantors and their relevant respective associates (other than members of our Group) shall pursue the New Business Opportunity unless our Company decides not to pursue the New Business Opportunity. A Covenantor may only engage in the New Business Opportunity if (i) a notice is received by the Covenantor from our Company confirming that the New Business Opportunity is not accepted and/or does not constitute competition with the Restricted Business (the "**Non-Acceptance Notice**"); or (ii) the Non-Acceptance Notice is not received by the Covenantor within 30 days after the proposal of the New Business Opportunity is received by our Company. If there is a material change in the terms and conditions of the New Business Opportunities pursued by the Convenantors and/or their relevant associates, the offeror will refer the New Business Opportunities as so revised to our Company. Any decision of our Company as to whether or not to pursue the New Business Opportunity will have to be approved by our independent non-executive Directors and the basis for not taking up the New Business Opportunity will be disclosed in the annual reports of our Company. Our Group will not be required to pay any fees to any of the Covenantors and/or their relevant respective associates in relation to the New Business Opportunity.

The Deed of Non-Competition and the rights and obligations thereunder are conditional and will take effect immediately upon Listing. The obligations of the Covenantors under the Deed of Non-Competition shall cease if:

(a) our Shares cease to be listed on the Main Board of the Hong Kong Stock Exchange; or

(b) our Controlling Shareholders cease to be the controlling shareholders (as defined under the Listing Rules) of our Company,

whichever occurs first.

Nothing in the Deed of Non-Competition shall prevent our Controlling Shareholders or any of their associates from carrying on any business other than Restricted Business.

CORPORATE GOVERNANCE MEASURES

Our Company will implement the following corporate governance measures in order to manage conflict of interest following the Listing:

(a) Any transaction made (or proposed to be made) between our Company and our connected persons will be required to comply with (i) Chapter 14A of the Listing Rules which include, but not limited to, where applicable, the announcement, reporting, and independent Shareholders' approval requirements; and (ii) such other conditions imposed by the Hong Kong Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Listing Rules.

(b) In respect of any proposed contracts or arrangements entered into or to be entered into between our Controlling Shareholders and any member of our Group, any Director who is considered to be interested in the relevant matter will be required to disclose his/her interests his/her interests to the Board. Under the Memorandum and the Articles, if a director or any of his/her close associates has any material interest in respect of any contract or arrangement or proposal, the relevant director shall not be counted in the quorum of the relevant meeting of the boards of directors for the resolution, and vote on the resolution, approving such contract or arrangement or proposal.

(c) We have appointed Grande Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules, which will provide advice and guidance to us with respect to compliance with the Listing Rules, including but not limited to various requirements relating to Director's duties and corporate governance.

(d) Each of our Controlling Shareholders has undertaken to provide all information necessary for our independent non-executive Directors to review, on a semi-annual basis, the compliance and the enforcement of the Deed of Non-Competition and will disclose decisions (with basis) on matters reviewed in the interim and the annual reports of our Company or by way of announcement to be published in compliance with the disclosure requirements under the Listing Rules.

(e) Pursuant to the Corporate Governance Code, our Directors, including our independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's costs.

During the Track Record Period, we have entered into certain related party transactions, details of which are set out in Note 31 to the Accountant's Report set out in Appendix I to this prospectus. Our Directors have confirmed that these related party transactions were conducted in the ordinary course of business and on normal commercial terms, which is further discussed in the section headed "Financial information — Related party transactions" in this prospectus.

D Trenchless Engineering Company Pte Ltd ("**D Trenchless**") is a limited liability company established in Singapore on 1 September 2015 and is owned by Mr. Chen Teck Men (spouse of Ms. Ng ML) as to 60.0%. The principal business activities of D Trenchless mainly included water and gas pipe-line and sewerage construction services in Singapore. During the Track Record Period, our transactions with D Trenchless mainly included (i) sale of goods to D Trenchless; (ii) our provision of ancillary support services to D Trenchless; (iii) the provision of subcontracting services from D Trenchless to our Group; and (iv) the purchase of property, plant and equipment from D Trenchless.

Save as described in this section below, those related party transactions set out in Note 31 to the Accountant's Report set out in Appendix I to this prospectus, including transactions with D Trenchless, have discontinued prior to Listing.

CONNECTED PERSON

The relevant connected person with whom we entered into the continuing connected transaction is as follow:

- Eastern Green Power Pte. Ltd. ("**EGP**"), a company owned as to 34.3% by Mr. Ng TS, an executive Director and one of our Controlling Shareholders.

Therefore, EGP is a 30%-controlled company (as defined under the Listing Rules) of Mr. Ng TS, and our connected person under Rule 14A.07(4) of the Listing Rules.

EXEMPT CONTINUING CONNECTED TRANSACTION

The following transaction, which constitute continuing connected transaction exempt from all reporting, annual review, announcement and independent Shareholders' approval (including independent financial advice) requirements under Chapter 14A of the Listing Rules, are expected to continue following the Listing.

Provision of ancillary support services and supply and installation of power transformer to EGP

Background

On 3 February 2020, WGC entered into a service framework agreement (the "**EGP Service Framework Agreement**") with EGP, pursuant to which WGC agreed to provide ancillary support services and supply and installation of power transformer to EGP, for a term commencing from the Listing Date to 31 December 2021.

Historical transaction amounts

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, the total revenue generated from ancillary support services and supply and installation of power transformer services provided by our Group to EGP amounted to approximately S$29,100, S$633,400, S$352,300 and S$40,500, respectively.

Annual caps and basis

It is expected that the maximum transaction amount under the EGP Service Framework Agreement will be S$300,000, S$300,000 and S$300,000 for FY2020, FY2021 and FY2022, respectively. Such estimate of maximum transaction amount is based on (a) historical transaction amounts with EGP; (b) the projected demand from EGP for subcontract works and ancillary support services; and (c) the prevailing level of service fee for subcontract works and ancillary support services.

LISTING RULES IMPLICATIONS

Since each of the applicable percentage ratios under the Listing Rules on an annual basis is less than 5% and the annual consideration payable under the EGP Service Framework Agreement is less than HK$3,000,000, the abovementioned agreement is fully exempt from all reporting, annual review, announcement and independent shareholders' approval (including independent financial advice) requirements under Chapter 14A of the Listing Rules.

OUR DIRECTORS' VIEW

Our Directors, including our independent non-executive Directors, consider that the EGP Service Framework Agreement and the annual caps set forth above are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and they have been entered into in the ordinary and usual course of our business, on terms no less favourable to us than from those available to independent third parties.

THE SPONSOR'S VIEW

The Sponsor is of the view that the EGP Service Framework Agreement and the annual caps set forth above are fair and reasonable and in the interests of our Company and our Shareholders as a whole, and they have been entered into in the ordinary and usual course of our business, on terms no less favourable to us than from those available to independent third parties.

SUMMARY OF DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Present position	Date of appointment as Director/senior management of our Group	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s), and/or senior management
Executive Directors						
Mr. Ng Tian Soo (伍天送先生)	60	Chairman of the Board and executive Director	29 July 2019	18 April 1991	Overall management and formulation of business strategies of our Group	brother of Mr. Ng TF, Mr. Ng TK and Ms. Ng ML, and father of Mr. Ng Choon Tat and Mr. Ng Choon Wee
Mr. Ng Tian Fah (伍沺華先生)	50	Chief executive officer and executive Director	29 July 2019	1 January 1992	Overall management and formulation of business strategies of our Group	brother of Mr. Ng TS, Mr. Ng TK, Ms. Ng ML and uncle of Mr. Ng Choon Tat and Mr. Ng Choon Wee
Independent non-executive Directors						
Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) (黃晨東先生)	46	Independent non-executive Director	18 February 2020	18 February 2020	Providing independent advice to our Board	Nil
Ms. Lee Wing Yin Jessica (李潁然小姐)	50	Independent non-executive Director	18 February 2020	18 February 2020	Providing independent advice to our Board	Nil
Mr. George Christopher Holland	46	Independent non-executive Director	18 February 2020	18 February 2020	Providing independent advice to our Board	Nil
Senior management						
Ms. Ng Nguk Eng (吳玉英女士)	65	Group financial controller	15 May 2019	20 January 2015	Managing accounting operations and reporting, taxation, financial planning and internal control systems	Nil
Mr. Teoh Chin Ching (張漢勤先生)	41	Senior project manager	15 May 2019	7 August 1998	Overseeing project operations	Nil
Mr. Ng Choon Tat (伍俊達先生)	36	Project manager	15 May 2019	5 December 2013	Overseeing project operations under direction of the senior project manager	son of Mr. Ng TS, nephew of Mr. Ng TF and brother of Mr. Ng Choon Wee
Mr. Wong Kong Wei (黃光偉先生)	34	Project manager	15 May 2019	22 January 2016	Overseeing project operations under direction of the senior project manager	Nil
Mr. Ng Choon Wee (伍俊威先生)	34	Finance manager	15 May 2019	1 July 2015	Managing accounts and finance team management	son of Mr. Ng TS, nephew of Mr. Ng TF and brother of Mr. Ng Choon Tat

DIRECTORS

Our Board consists of five Directors, comprising two executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Ng Tian Soo (伍天送先生), aged 60, was appointed as a Managing Director of WGC on 18 April 1991 and was re-designated as an executive Director of our Group on 29 July 2019. He also serves as the chairman of our Board. He is primarily responsible for developing construction business strategies, leading and providing direction for construction project administration and management to ensure the organisation's objectives are met. Mr. Ng TS also serves as a director in WG Corp, WGC, HDJ and RBS, which all belong to our subsidiaries.

Mr. Ng TS has over 28 years of experience in the construction industry in Singapore.

Mr. Ng TS has attained professional diploma in human resources at Human Capital (Singapore) Pte. Ltd. in December 2017.

Mr. Ng Tian Fah (伍沺華先生), aged 50, was appointed as a Director of WGC on 1 March 2010 and was re-designated as an executive Director of our Group on 29 July 2019. He also serves as the chief executive officer of our Group. He is primarily responsible for the planning and directing our Group's construction function, overseeing all major construction programmes to ensure all projects are consistent with our Group's goals as well as the timeliness of the progress and completion, that are within budget and has adhered to pre-established specifications. Mr. Ng TF is also a director of WG Corp, WGC and HDJ, which all belong to our subsidiaries.

Mr. Ng TF has over 25 years of experience in the construction industry in Singapore.

Mr. Ng TF has attained professional diploma in human resources at Human Capital (Singapore) Pte. Ltd. in July 2018.

Independent non-executive Directors

Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) (黃晨東先生), aged 46, is a director-research of SooChow CSSD Capital Markets (Asia) Pte. Ltd. since January 2020. He joined TriReme Medical (Singapore) Pte Ltd in February 2015 and was an executive director of QT Vascular Ltd., a company listed on the Singapore Exchange Limited from August 2015 to May 2019 where he was responsible for capital market activities. Mr. Ng has approximately 10 years of experience in investment banking. He joined CGS-CIMB Research Pte. Ltd. as an associate vice president of the institutional research department between July 2005 and August 2007. He worked as a credit research analyst of the global markets centre in Deutsche Bank AG, Singapore Branch between September 2007 and June 2008. He was a vice president of the research department in CGS-CIMB Research Pte. Ltd. between June 2008 and February 2015.

Mr. Ng completed a diploma in economics at University of London in August 1998. He received a bachelor's degree in banking and finance at University of London in August 2000.

Ms. Lee Wing Yin Jessica (李頴然小姐), aged 50, is a director of DLK Advisory Limited since May 2016, in which she provides financial consulting and planning services to clients, manages the finance, human resources and administration teams and involves in the business development of the company. Ms. Lee has over 20 years of experience in accounting field, which she has gained from her previous positions in various companies tracing back to November 1994. She joined Kerry Properties (H.K.) Limited (HK stock code: 683), a property developer in Hong Kong as an accounts clerk in November 1994 and held her last position as a senior accounts clerk in July 1999. She was with MiTek Australia Limited, a manufacturer of construction materials in Australia, as an accountant between May 2000 and February 2002. Ms. Lee was a financial controller of FinMaster Financial Planning Limited from June 2002 to October 2003. She worked as a senior accountant of Diarough (Hong Kong) Limited between November 2003 and October 2004. She then joined Pico International (HK) Limited (HK stock code: 752) as an accountant in November 2004 and held her last position as a financial controller in April 2016.

Ms. Lee received a bachelor's degree in economics and a master's degree in business administration through part-time study from Monash University in October 1994 and November 2001, respectively. She was admitted as a certified practising accountant of the Australia Society of Certified Practising Accountants in October 1998 and an associate of the Hong Kong Institute of Certified Public Accountants in March 1999.

Mr. George Christopher Holland, aged 46, is a co-founder of Holland & Marie since January 2018, in which he is responsible for management and operation of the firm.

Mr. Holland has approximately 20 years of experience in legal and compliance matters. He worked at Clifford Chance between September 1999 and October 2010. He worked at Religare Capital Markets Pte Ltd. between November 2010 and September 2018, during which period he served in various roles, including general counsel.

Mr. Holland received a bachelor's degree in philosophy from University of Virginia in May 1996. He also received a juris doctor degree from Duke University School of Law in May 1999.

DISCLOSURE REQUIRED UNDER RULE 13.51(2) OF THE LISTING RULES

Our Directors were directors of the following companies prior to their respective dissolution. Our Directors confirmed that the companies were solvent and inactive at the time of their dissolution and that their dissolution had not resulted in any liability or obligation against them. The following are details of the aforementioned dissolved companies:

Relevant Directors	Name of Company	Place of incorporation	Principal business activity prior to cessation of business	Date of dissolution	Means of dissolution
Mr. Ng TF	Greenworld Resources Pte. Ltd.	Singapore	Wholesale of structural clay and concrete products	5 September 2009	Striking off
Mr. Ng TS	Aik Weng Cheong Construction Pte Ltd	Singapore	General contractor (building construction including major upgrading works)	26 July 2002	Striking off
Mr. Ng TS	Ambase Pte. Ltd.	Singapore	Installation of industrial machinery and equipment, mechanical engineering works	6 March 2013	Striking off
Mr. Ng TS	First Union Investment Pte Ltd	Singapore	Other holdings companies	28 July 2016	Striking off
Mr. Ng TS	Geetel Pte. Ltd.	Singapore	Other holdings companies	9 July 2018	Striking off
Mr. Ng TS	Greenworld Resources Pte. Ltd.	Singapore	Wholesale of structural clay and concrete products	5 September 2009	Striking off
Mr. Ng TS	I.Venture Pte Ltd	Singapore	Internet access providers	10 July 2002	Members' voluntary winding up
Mr. Ng TS	Singa Infrastructure Pte. Ltd.	Singapore	Building construction N.E.C.	12 February 2009	Striking off
Mr. Ng TS	Wan Yeh Engineering Pte Ltd	Singapore	Building construction N.E.C.	30 August 2000	Members' voluntary winding up
Mr. Ng TS	Wee Comms Pte Ltd	Singapore	Communications and power line construction	19 January 2016	Striking off
Mr. Ng TS	Wee Guan Holdings Pte Ltd	Singapore	Other holdings companies	4 April 2008	Striking off
Mr. George Christopher Holland	Asiasource Capital Pte. Ltd.	Singapore	Stock, share and bond brokers and dealers	1 February 2007	Striking off
Ms. Lee Wing Yin Jessica	Finmaster Financial Planning Limited	Hong Kong	Financing planning	18 April 2019	Dissolved by deregistration

Save as disclosed above, each of our Directors confirms with respect to him/her that: (a) he/she does not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (b) he/she does not have any relationship with any other Directors, senior management, substantial Shareholder or Controlling Shareholder of our Company as at the Latest Practicable Date; (c) he/she does not have any interests in the Shares within the meaning of Part XV of the SFO, save as disclosed in the section headed "Statutory and General Information — C. Further information about our Directors and Substantial Shareholders — 1. Disclosure of interests" in Appendix VI to this prospectus; (d) he/she does not have any interest in any business which competes or is likely to compete, directly or indirectly, with our Group, which is disclosable under the Listing Rules; and (e) to the best knowledge, information and belief of our Directors having made all reasonable enquiries, there is no additional information relating to our Directors or senior management that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and no other matter with respect to their appointments that needs to be brought to the attention of our Shareholders as at the Latest Practicable Date.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company will comply with the Corporate Governance Code contained in Appendix 14 to the Listing Rules after the Listing. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the "comply or explain" principle in our corporate governance report, which will be included in our annual reports subsequent to the Listing.

SENIOR MANAGEMENT

Ms. Ng Nguk Eng (吳玉英女士), aged 65, joined our Group on 1 July 2015 as our Group financial controller. She is responsible for managing accounting operations and reporting, taxation, financial planning and internal control systems.

Ms. Ng has over 30 years of experience in accounting and financial management. Before joining our Group, she worked as an accountant in Oriental Timber Trading Co., Sin Chiao Shipping Pte Ltd., Chuan Hiang Co., (Pte) Ltd., and Active Building & Civil Construction (Pte) Ltd., between February 1979 and January 1980, April 1980 and August 1981, September 1981 and October 1982, October 1982 and July 1985, respectively. She later on joined Manhattan Press (H.K.) Ltd. between August 1987 and February 1989 as a finance and administration manager. She joined OCK Construction Pte. Ltd. as an accountant in May 1989 and was held her last position as financial controller in February 1992. Ms. Ng then became a senior accounts manager of Econ International Ltd. from June 1992 to July 1997. She was the financial controller of Ho Lee Group Pte Ltd from July 1997 until November 2001. She returned to Econ International Ltd. to be their overseas financial controller from December 2001 to August 2002. In September 2002 to December 2004, Ms. Ng shifted to work for Econ-NCC J.V. as an accounts manager. From January 2005 until December 2009, she worked as a financial controller for Evergro Properties Limited (formally known as Dragon Land Limited). She became a senior manager of Group Finance in Rotary Engineering Limited during March 2010 to January 2011. She worked as a financial controller in Microlight Sensors Pte. Ltd. from October 2012 to February 2013. She then worked as a part-time financial controller again for Microlight Sensors Pte. Ltd. in June 2013 to October 2014. Ms. Ng took up the role as a director and business advisory in Le Yu Corporate Advisory Pte. Ltd. during the course of

April 2014 to October 2014. She joined our Group in January 2015 as a part-time personal assistant (finance) to managing director until March 2015. Starting from April 2015, she got promoted to be the head of managing director's personal assistant until June 2015.

Ms. Ng obtained her bachelor of commerce in Nanyang University in August 1976. She was admitted to the degree of Master of Business Administration through distance learning with the University of Leeds in June 1999. Most recently, she has been awarded a diploma in business translation and interpretation skills from the Nanyang Technological University in January 2013. Ms. Ng has been admitted as a certified public accountant in February 1989 by The Institute of Certified Public Accountants of Singapore. She then became an associate member of The Chartered Association of Certified Accountants in July 1990. She became a fellow member of The Association of Chartered Certified Accountants in July 1995, a fellow chartered accountant of Singapore of The Institute of Singapore Chartered Accountants in June 2006 and a fellow member of CPA Australia in October 2009.

In the three years preceding the Latest Practicable Date, Ms. Ng has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Teoh Chin Ching (張漢勤先生), aged 41, joined our Group in August 1998 and is now a senior project manager who is responsible for overseeing the operations of projects.

Mr. Teoh has over 21 years of experience in the construction industry in Singapore. He was a site supervisor of our Group between August 1998 and October 1999 and was mainly responsible for site supervision of trenching workers. He was then promoted as a project coordinator in November 1999, in which he had to carry out coordination work for mill and patch operations. In 2010, he became a project manager and was obliged to overseeing the operations of projects such as cable installation projects. On 1 January 2018, Mr. Teoh got promoted as a senior project manager of our Group.

Mr. Teoh obtained a diploma in mechanical engineering from Institut Teknologi Pertama in December 2003. He has been awarded the certificate in building construction safety supervisors from Building and Construction Authority in May 2000. He has further achieved certificate in pavement construction and maintenance from the Building and Construction Authority in November 2002. In December 2009, he had completed a construction safety course for project managers provided by Absolute Kinetics Consultancy Pte. Ltd.

In the three years preceding the Latest Practicable Date, Mr. Teoh has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Ng Choon Tat (伍俊達先生), aged 36, joined our Group in December 2013 as the project engineer of WGC and he was promoted as a project manager in November 2016. Mr. Ng is responsible for overseeing the operations of projects under the direction of the senior project manager.

Mr. Ng has about 8 years of experience in engineering. From September 2011 to August 2013, he has worked as an engineer with Eastern Green Power Pte. Ltd.

Mr. Ng first obtained a diploma in electrical engineering in Ngee Ann Polytechnic in July 2005, he later on attained bachelor's degree in electrical engineering with Queensland University of Technology in July 2011.

In the three years preceding the Latest Practicable Date, Mr. Ng has held 50% shareholding and directorship in Komasi Construction Pte. Ltd. since May 2013 and June 2015 respectively.

Mr. Wong Kong Wei (黃光偉先生), aged 34, joined our Group in January 2016 as a project engineer and he was promoted as a project manager in January 2018. Mr. Wong is responsible for overseeing the operations of projects under the direction of the senior project manager.

Mr. Wong has about 8 years of experience in the construction industry in Singapore. Prior to the position in our Group, he was a project engineer at Samwoh Corporation Pte Ltd from May 2010 to December 2010. He was a project engineer in Or Kim Peow Contractors (Pte) Ltd. from December 2010 to June 2014.

Mr. Wong first obtained his diploma in civil and structural engineering from Singapore Polytechnic in March 2007. He later gained his bachelor's degree in civil engineering from the Nangyang Technological University in June 2010. Further, he had completed another bachelor's degree in economics and finance with RMIT University in December 2015.

In the three years preceding the Latest Practicable Date, Mr. Wong has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Ng Choon Wee (伍俊威先生), aged 34, joined our Group in July 2015 as a finance manager which is mainly responsible for accounts and finance team management.

Mr. Ng has over 9 years of experience in the finance and accounting field. Prior to his engagement with our Group, he has worked in finexis advisory Pte Ltd acting as a financial consultant, from May 2010 to April 2012. From October 2012 to April 2013, he was employed by United Overseas Bank Limited as a personal banking associate. In June 2013, he then joined Oversea-Chinese Banking Corporation Limited being a personal financial consultant, until September 2013. Mr. Ng engaged with Le Yu Corporate Advisory Pte. Ltd as an executive during September 2013 to October 2014.

Mr. Ng first obtained a diploma in business information technology in Ngee Ann Polytechnic in June 2006. He obtained a bachelor of commerce in the University of Queensland in December 2009. Mr. Ng was later admitted to a degree of master in applied finance with the University of Adelaide through distance learning programme in March 2012.

Mr. Ng is a director of WGE and WGL.

COMPANY SECRETARY

Mr. Cheung Ka Chun (張家駿先生), aged 37, was appointed as the company secretary of our Group on 10 June 2019 and is responsible for our secretarial affairs.

Mr. Cheung has over 5 years of experience in finance and account and served managerial positions with finance department of various companies listed in Hong Kong. From February 2014 to September 2017, he worked at China King Management Limited with his last position as deputy financial controller. From January 2018, Mr. Cheung acts as an independent non-executive director of Asia-Pac Financial Investment Company Limited (HK Stock Code: 8193). Since June 2019, Mr. Cheung has been working at BPO Global Services Limited as senior manager of its listed company division.

Mr. Cheung obtained a master's degree of science in finance from the City University of Hong Kong in July 2017. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2014.

Save as disclosed above, Mr. Cheung has not held any directorship in any listed companies in the three years immediately preceding the Latest Practicable Date.

BOARD COMMITTEES

The Board has established the audit committee, the remuneration committee and the nomination committee.

Audit committee

Our Company established an audit committee on 18 February 2020 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph C.3.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules pursuant to a resolution of our Directors passed on 18 February 2020. The primary duties of the audit committee are, among others, to make recommendations to our Board on the appointment, reappointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of our Company and perform other duties and responsibilities assigned by our Board.

At present, the audit committee comprises of three members, including Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong), Ms. Lee Wing Yin Jessica and Mr. George Christopher Holland, all being independent non-executive Directors. Ms. Lee Wing Yin Jessica is the chairman of the audit committee.

Remuneration committee

Our Company established a remuneration committee on 18 February 2020 with written terms of reference in compliance with Rule 3.26 of the Listing Rules and paragraph B.1.2 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to review and approve the management's remuneration proposals, make recommendations to our Board on the remuneration package of our Directors and senior management and ensure none of our Directors determine their own remuneration.

At present, the remuneration committee comprises three members, including Mr. Ng TF, Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) and Ms. Lee Wing Yin Jessica. Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) is the chairman of the remuneration committee.

Nomination committee

Our Company established a nomination committee on 18 February 2020 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are, among others, to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, the nomination committee comprises three members, including Mr. Ng TS, Mr. Gary Ng Sin Tong (alias Mr. Gary Huang Chendong) and Mr. George Christopher Holland. Mr. Ng TS is the chairman of the nomination committee.

COMPLIANCE ADVISER

Our Company have appointed Grande Capital Limited as the compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the term commencing on the Listing Date and ending on the date on which our Company distributes annual report in respect of its financial results for the first full financial year commencing after the Listing Date.

Pursuant to Rule 3A.23 of the Listing Rules, our Company shall seek advice from the compliance adviser on a timely basis in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where our Company propose to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where business activities, developments or results of our Company deviate to a material extent from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to their performance. Our Group also reimburse them for expenses which are necessarily and reasonably incurred in relation to all business and affairs carried out by our Group from time to time or for providing services to our Group or executing their functions in relation to our Group's business and operations. Our Group regularly review and determine the remuneration and compensation package of our Directors and senior management by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and performance of our Group.

After the Listing, our Directors and senior management may also receive options to be granted under the Share Option Scheme.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, the aggregate remuneration including basic salaries, allowance, other benefits and contribution to retirement benefit scheme, paid/payable to our Directors by our Group was approximately S$0.7 million, S$0.6 million, S$0.8 million and S$0.6 million, respectively.

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, two of the five highest paid individuals were our Directors. The aggregate remuneration including basic salaries, allowance, other benefits and contribution to retirement benefit scheme paid/payable to the remaining highest paid individuals by our Group was approximately S$0.5 million, S$0.6 million, S$0.6 million and S$0.4 million, respectively.

Save as disclosed in the paragraphs above, no other emoluments have been paid, or are payable, by our Group to our Directors and the five highest paid individuals in respect of each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (excluding discretionary bonus) for FY2019 will be approximately S$1.0 million. Upon completion of the Listing, the remuneration committee will make recommendations on the remuneration of our Directors taking into account the performance of our Directors and market standards and the remuneration will be subject to approval by our Shareholders. Accordingly, the historical remuneration to our Directors during the Track Record Period may not reflect the future levels of remuneration of our Directors.

During the Track Record Period, no remuneration was paid by our Group to, or received by, our Directors or the five highest individuals as an inducement to join or upon joining our Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to the Accountant's Report set out in Appendix I to this prospectus.

BOARD DIVERSITY POLICY

Our Group has adopted the Board Diversity Policy (the "**Board Diversity Policy**") which sets out our approach to accomplish and preserve diversity on our Board so as to advance the effectiveness of our Board. Our Group is aware of and embraces the advantages of our Board diversity to reinforce the quality of our performance and we endeavour to ensure that our Board has appropriate balance and level of skills, experience and perspectives which we reckon essential to support and consolidate the execution of our business strategies. Our Group seeks to achieve board diversity by the selection of candidates for our Board based on a number of considerations. Those factors include but not limited to gender, age, ethnicity, cultural and education background, professional experience, skills, expertise, knowledge and length of services.

Measurable objectives

- Selection of candidates will take into account the Board Diversity Policy. The ultimate decision will be based on merit and contribution that the selected candidates will bring to our Board, having due regard to the benefits of diversity on our Board and also the needs of our Board without focusing on a single diversity aspect.

- Our Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for our Board appointments.

- Our Board would ensure that appropriate balance of gender diversity is achieved with reference to recommended best practices including making references to the fair employment practices as published by the Ministry of Manpower from time to time, with the ultimate goal of bringing our Board to gender parity.

- Our Board also aspires to have an appropriate proportion of directors who have direct experience in our Group's core markets, with different ethnic backgrounds, and reflect our Group's strategy.

Due to the industry nature of our business as a contractor specialised in the provision of civil engineering utilities works and the prevailing gender dominance in the industry, our Board comprises four male members (including two executive Directors and two independent non-executive Directors) and one female member (an independent non-executive Director). Our Directors have a balanced mix of experiences, including business management, business development, industry knowledge, investment banking, accounting, legal and compliance experiences. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but not limited to our Board and senior management levels. We have one female member among our five senior management members. While we recognise that gender diversity at the Board level has been achieved given its current composition, we will continue to apply the principle of appointments based on merits with reference to our Board Diversity Policy as a whole.

Nevertheless, in recognising the particular importance of gender diversity, our Company confirms that our nomination committee will, within three years from the Listing, identify and develop a pipeline of potential successors to our Board for its consideration to ensure that gender diversity can be maintained.

Our Board will also review such objectives from time to time, so to make sure their appropriateness and ascertain the progress made towards actualising our objectives. After Listing, the nomination committee will revisit the Board Diversity Policy and monitor its implementation from time to time.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Further information on the Share Option Scheme is set forth in the section headed "D. Share Option Scheme" in Appendix VI to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), the following persons will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Long position in the Shares

Shareholder	Capacity/nature of interest	Number of Shares held as at the date of submission of application for the Listing	Number of Shares held immediately after completion of the Capitalisation Issue and the Share Offer *(Note 1)*	Percentage of interests in our Company immediately after completion of the Capitalisation Issue and the Share Offer
WG International	Beneficial owner *(Note 2)*	100 Shares	798,000,000 (L)	75%
Mr. Ng TS	Interest in controlled corporation and parties acting in concert *(Notes 2 and 3)*	100 Shares	798,000,000 (L)	75%
Mr. Ng TF	Interest in controlled corporation and parties acting in concert *(Notes 2 and 3)*	100 Shares	798,000,000 (L)	75%
Mr. Ng TK	Interest in controlled corporation and parties acting in concert *(Notes 2 and 3)*	100 Shares	798,000,000 (L)	75%

Shareholder	Capacity/nature of interest	Number of Shares held as at the date of submission of application for the Listing	Number of Shares held immediately after completion of the Capitalisation Issue and the Share Offer *(Note 1)*	Percentage of interests in our Company immediately after completion of the Capitalisation Issue and the Share Offer
Ms. Ng ML	Interest in controlled corporation and parties acting in concert *(Notes 2 and 3)*	100 Shares	798,000,000 (L)	75%
Mr. Chai KL	Interest in controlled corporation and parties acting in concert *(Notes 2 and 3)*	100 Shares	798,000,000 (L)	75%
Ms. Pang Kip Moi	Spouse interest *(Note 4)*	100 Shares	798,000,000 (L)	75%
Ms. Phang May Lan	Spouse interest *(Note 5)*	100 Shares	798,000,000 (L)	75%
Ms. Tang Siaw Tien	Spouse interest *(Note 6)*	100 Shares	798,000,000 (L)	75%
Mr. Chen Teck Men	Spouse interest *(Note 7)*	100 Shares	798,000,000 (L)	75%

Notes:

1. The letter "L" denotes a person's/corporation's "long position" (as defined under Part XV of the SFO) in the Shares.

2. Our Company will be owned as to 75% by WG International immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme). WG International is owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL.

3. Pursuant to the Concert Parties Confirmatory Deed, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL became parties acting in concert and therefore they are deemed to be interested in the same number of Shares held by WG International.

4. Ms. Pang Kip Moi is the spouse of Mr. Ng TS. Accordingly, Ms. Pang Kip Moi is deemed, or taken to be, interested in all the Shares that Mr. Ng TS is interested in by virtue of the SFO.

5. Ms. Phang May Lan is the spouse of Mr. Ng TF. Accordingly, Ms. Phang May Lan is deemed, or taken to be, interested in all the Shares that Mr. Ng TF is interested in by virtue of the SFO.

6. Ms. Tang Siaw Tien is the spouse of Mr. Ng TK. Accordingly, Ms. Tang Siaw Tien is deemed, or taken to be, interested in all the Shares that Mr. Ng TK is interested in by virtue of the SFO.

7. Mr. Chen Teck Men is the spouse of Ms. Ng ML. Accordingly, Mr. Chen Teck Men is deemed, or taken to be, interested in all the Shares that Ms. Ng ML is interested in by virtue of the SFO.

Save as disclosed above, our Directors are not aware of any person/corporation who/which will, immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), have an interest or short position in Shares or underlying Shares which fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

Without taking into account any Shares to be issued upon exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, our issued share capital immediately following the Share Offer will be as follows:

Authorised share capital:		*HK$*
2,000,000,000	Shares of HK$0.01 each	20,000,000

Issued and to be issued, fully paid or credited as fully paid upon completion of the Capitalisation Issue and the Share Offer:

Shares		*HK$*
200	Shares in issue as at the date of this prospectus	2
797,999,800	Shares to be issued pursuant to the Capitalisation Issue	7,979,998
266,000,000	Shares to be issued pursuant to the Share Offer	2,660,000
1,064,000,000	Total	10,640,000

Assuming the Over-allotment Option is exercised in full, and without taking into account any option that may be granted under the Share Option Scheme, the share capital of our Company immediately following the completion of the Capitalisation Issue and the Share Offer will be as follows:

Authorised Share Capital		*HK$*
2,000,000,000	Shares of HK$0.01 each	20,000,000

Issued or to be issued, fully paid or credited as fully paid:		*HK$*
200	Shares in issue as at the date of this prospectus	2
797,999,800	Shares to be issued pursuant to the Capitalisation Issue	7,979,998
266,000,000	Shares to be issued pursuant to the Share Offer	2,660,000
39,900,000	Shares to be issued upon exercise of the Over-allotment Option	399,000
1,103,900,000	Total	11,039,000

RANKING

The offer Shares will rank pari passu in all respect with all the Shares now in issue or to be issued as mentioned in this prospectus, and in particular, will qualify in full for all dividends or other distribution declared, made or paid on the Shares in respect of a record date which falls after the date of Listing.

PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at all times after Listing, our Group must maintain the minimum prescribed percentage of 25.0% (or such applicable percentage as prescribed by the Stock Exchange) of the issued share capital of our Group in the hands of the public (as defined in the Listing Rules).

CAPITALISATION ISSUE

Pursuant to the resolutions of our sole Shareholder passed on 18 February 2020, subject to the share premium account of our Company being credited as a result of the Share Offer, our Directors are authorised to allot and issue a total of 797,999,800 Shares credited as fully paid at par to the person(s) whose name(s) appear on the register of members of our Company at the close of business on 18 February 2020 in proportion to its/their then existing shareholdings (as nearly as possible without involving fractions) by way of capitalisation of the sum of HK$7,979,998 standing to the credit of the share premium account of our Company, and our Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed "Structure and conditions of the Share Offer — Conditions of the Public Offer" in this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of our Shares so allotted and issued or agreed conditionally or unconditionally to be allotted issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

(a) 20% of the number of Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme); and

(b) the aggregate number of Shares repurchased pursuant to the authority granted to our Directors referred to in the paragraph headed "General mandate to repurchase shares" in this section below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or pursuant to the exercise of any option which may be granted under the Share Option Scheme. The general mandate to issue Shares will remain in effect until the earliest of:

(a) the conclusion of the next annual meeting of our Company;

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed "A. Further information about our Company — 5. Written resolutions of our sole Shareholder passed on 18 February 2020" in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the conditions as stated in the section headed "Structure and conditions of the Share Offer — Conditions of the Public Offer" in this prospectus, our Directors have been granted a general unconditional mandate to exercise all powers to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with an aggregate number of not more than 10% of the aggregate number of Shares in issue immediately following completion of the Capitalisation Issue and the Share Offer (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which our Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose) and made in connection with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the paragraph headed "A. Further information about our Company — 6. Repurchase of the Shares" in Appendix VI to this prospectus.

This general mandate to repurchase Shares will remain in effect until whichever is the earliest of:

(a) the conclusion of our Company's next annual general meeting; or

(b) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or

(c) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraphs headed "A. Further information about our Company — 5. Written resolutions of our sole Shareholder passed on 18 February 2020" and "A. Further information about our Company — 6. Repurchase of the Shares" in Appendix VI to his prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the section headed "D. Share Option Scheme" in Appendix VI to this prospectus.

Our Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into our Shares as at the Latest Practicable Date.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" set out in Appendix V to this prospectus.

The following discussion of our Group's financial condition and results of operations should be read in conjunction with our Group's combined financial information as at the end of and for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, including the notes thereto, included in Appendix I to this prospectus. The combined financial information of our Group has been prepared in accordance with IFRSs. The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our Group's future results could differ materially from those discussed below as a result of various factors, including those set forth under the section headed "Risk factors" and elsewhere in this prospectus.

OVERVIEW

We are a Singapore-based contractor specialised in the provision of civil engineering utilities works to customers for over 27 years. During the Track Record Period, we were engaged in and our revenue mainly derived from (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines, by applying open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary support and other services; and (iv) sales of goods and milled waste. For further information relating to the services of our Group, please refer to the section headed "Business — Our services" in this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, including, in particular, the following:

Our quotation and tender success rate on civil engineering utilities projects

During the Track Record Period, we attained new businesses mainly through (i) invitation to quote or tender; (ii) tender opportunities on our customers' online portals; or (iii) tender opportunities published on the GeBIZ. For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our success rate was 59.0%, 33.3%, 32.1% and 37.7% respectively. For details, please refer to the section headed "Business — Our business model — Our operation flow" in this prospectus.

Our Directors consider our success rate depends on various factors, such as our pricing and tendering strategy, our competitors' pricing and tendering strategy, level of competition and our customers' quotation or tender evaluation standards. The number of quotation and tender invitations or projects available for bidding in the future and our success rate will affect our financial position and performance.

Pricing of our projects

Our pricing is generally determined based on certain markups over our estimated costs. We may take into account the estimated material costs with reference to the related price indicators, and there is no guarantee that the actual amount of costs will be confined and not exceed our estimation during the implementation of our projects. There are a range of factors that we typically consider when determining our pricing, including but not to limited the nature, scale and complexity of the project, the schedules of rates issued by our customers (if applicable), the estimated scopes and types of work required, the estimated number and types of machinery involved, the time schedule fixed by the customer, the availability of our machinery and manpower, whether subcontracting needed, the prospect of obtaining future collaborations with the customer, the market rate and status quo, our existing order books on hand, and current macro environment. For further details, please refer to the section headed "Business — Sales and marketing — Pricing strategy" in this prospectus.

Fluctuation in our cost of sales

Our cost of sales mainly comprises (i) labour costs; (ii) subcontracting charges; and (iii) raw materials and consumables used. Please refer to the section headed "Business — Our suppliers" in this prospectus for further details of our subcontractors and suppliers.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of labour costs and subcontracting charges, and raw materials and consumables used (being the major components of our cost of sales) on our profit before income tax during the Track Record Period. The hypothetical fluctuation rates for labour costs and subcontracting charges are set at 1.2% and 15.7%, which correspond to the approximate minimum and maximum percentage changes in the average monthly wages of construction workers in Singapore from 2013 to 2018 as stated in the Ipsos Report (see "Industry overview — Potential challenges — Labour shortage" in this prospectus) and are therefore considered reasonable for the purpose of this sensitivity analysis. The hypothetical fluctuation rates for raw materials and consumables used are set at 0.1% and 23.2%, which correspond to the approximate minimum and maximum percentage changes in the average price of ready mixed concrete, general pipes and asphalt mix in Singapore from 2013 to 2018 as stated in the Ipsos Report (see "Industry overview — Potential challenges — Fluctuating cost of raw materials in Singapore" in this prospectus) and are therefore considered reasonable for the purpose of this sensitivity analysis.

Hypothetical fluctuations in our labour costs and subcontracting charges	-1.2%	-15.7%	+1.2%	+15.7%
Increase/(decrease) in profit before income tax *(Note)*	*S$*	*S$*	*S$*	*S$*
FY2016	299,027	3,912,273	(299,027)	(3,912,273)
FY2017	512,688	6,707,662	(512,688)	(6,707,662)
FY2018	345,751	4,523,579	(345,751)	(4,523,579)
For the eight months ended 31 August 2019	180,861	2,366,269	(180,861)	(2,366,269)

Hypothetical fluctuations in our raw materials and consumables used	-0.1%	-23.2%	+0.1%	+23.2%
Increase/(decrease) in profit before income tax *(Note)*	*S$*	*S$*	*S$*	*S$*
FY2016	7,049	1,635,300	(7,049)	(1,635,300)
FY2017	8,261	1,916,514	(8,261)	(1,916,514)
FY2018	8,391	1,946,757	(8,391)	(1,946,757)
For the eight months ended 31 August 2019	4,752	1,102,485	(4,752)	(1,102,485)

Note: Our profit before income tax was approximately S$5.9 million, S$5.5 million, S$11.2 million and S$4.4 million for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019 respectively.

BASIS OF PRESENTATION AND PREPARATION OF FINANCIAL INFORMATION

Please refer to notes 1.3 and 2.1 of the Accountant's Report as set out in Appendix I to this prospectus.

ADOPTION OF IFRS 9, IFRS 15 AND IFRS 16

Our historical financial information has been prepared based on the underlying financial statements, in which IFRS 9, "Financial instruments" ("**IFRS 9**"), IFRS 15, "Revenue from contracts with customers" ("**IFRS 15**") and IFRS16, "Leases" ("**IFRS 16**") have been adopted using the full retrospective method and applied consistently since the beginning of, and throughout, the Track Record Period.

Given that the Track Record Period spans from 1 January 2016 to 31 August 2019, by which time IFRS 9, IFRS 15 and IFRS 16 would be mandatorily applied, we have adopted IFRS 9, IFRS 15 and IFRS 16 in lieu of IAS 18 "Revenue" ("**IAS 18**")/IAS 11 "Construction contract" ("**IAS 11**") and IAS 39 "Financial Instruments: Recognition and Measurement" ("**IAS 39**") and IAS 17 "Leases" ("**IAS 17**") in the preparation of our financial statements, such that our historical financial information prepared under IFRS 9, IFRS 15 and IFRS 16 is comparable on a period-to-period basis.

We have carried out internal assessments based on the principles set out in IAS 18/IAS 11, IAS 39 and IAS 17, and set forth below certain estimated key impact on our financial position and performance if IAS 18/IAS 11, IAS 39 and IAS 17 were adopted instead:

- Adoption of new impairment model — IFRS 9 requires the recognition of impairment provisions of financial assets measured at amortised cost based on expected credit losses while it is based on as-incurred model under IAS 39. We have assessed that the adoption of these two different models would not result in significant difference on bad debt provision and the adoption of IFRS 9 did not have any significant impact on the Group's financial position and performance as compared with IAS 39.

- Revenue recognition — Under IFRS 15, the Group's revenue from contract works and road milling and resurfacing services are recognised over time using the input method with reference to the actual costs incurred relative to the estimated total costs. Under IAS 11, the Group's revenue from contract works and road milling and resurfacing services would be recognised using percentage of completion method. Under IFRS 15, the Group's revenue from ancillary support and other services is recognised over time during the period when the services are rendered by the Group. Under IAS 18, such revenue would be recognised when the services were rendered and the collectability of the related receivables were reasonably assured. Under IFRS 15, revenue from sales of goods and milled waste is recognised at the point of time when control of the goods has been transferred to the customers, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the product. Under IAS 18, such revenue would be recognised when the goods were delivered to customers and the collectability of the related receivables was reasonably assured. Management assessed that the adoption of IFRS 15 has no significant impact on timing of revenue recognition compared to IAS 18/IAS 11.

  Our Directors considered that the adoption of IFRS 15 as compared to the requirements of IAS18/IAS11, did not have any significant impact on our financial position and performance during the Track Record Period, except for reclassification in relation to gross amount due from customers for contract work-in-progress and gross amount due to customers for contract work-in-progress to contract assets and contract liabilities respectively.

- Leases — Under IAS 17, operating lease commitments are disclosed in a note to the financial statement and are not recognised in statement of financial position. Under IFRS 16, all leases (except for those with lease term of less than 12 months or of low value) must be recognised in the form of assets (being the right-of-use assets in our financial statements) and financial liabilities (being the lease liabilities in our financial statements).

The table set forth below summarised the impacts of the adoption of IFRS 16 on certain key items of our combined financial statements:

	Currently reported under IFRS 16	**As if reported under IAS 17**	**Difference**
	(a)	*(b)*	*(a)–(b)*
	S$	*S$*	*S$*
Profit after tax			
— FY2016	5,578,135	5,579,737	(1,602)
— FY2017	4,971,147	4,984,946	(13,799)
— FY2018	9,211,208	9,226,077	(14,869)
— For the eight months ended 31 August 2019	3,424,825	3,433,784	(8,959)
Total assets			
— As at 31 December 2016	50,316,821	48,437,805	1,879,016
— As at 31 December 2017	56,605,342	55,178,306	1,427,036
— As at 31 December 2018	58,357,862	57,075,085	1,282,777
— As at 31 August 2019	63,146,916	61,995,516	1,151,400
Total liabilities			
— As at 31 December 2016	28,221,952	26,341,334	1,880,618
— As at 31 December 2017	31,539,326	30,096,889	1,442,437
— As at 31 December 2018	26,985,638	25,672,591	1,313,047
— As at 31 August 2019	29,549,867	28,359,238	1,190,629
Net assets			
— As at 31 December 2016	22,094,869	22,096,471	(1,602)
— As at 31 December 2017	25,066,016	25,081,417	(15,401)
— As at 31 December 2018	31,372,224	31,402,494	(30,270)
— As at 31 August 2019	33,597,049	33,636,278	(39,229)

The above-mentioned differences are primarily due to the increase in our right-of-use assets and lease liabilities in the combined statements of financial position; and increase in depreciation and interest expenses and decrease in rental expenses in the combined statements of comprehensive income for the Track Record Period as a result of the adoption of IFRS 16.

The table set forth below summarised the impacts of the adoption of IFRS 16 on gearing ratios:

	Currently reported under IFRS 16	As if reported under IAS 17	Difference
	(a)	*(b)*	*(a)–(b)*
Gearing ratio			
— For the year ended 31 December 2016	74.2%	65.7%	8.5%
— For the year ended 31 December 2017	62.4%	56.6%	5.8%
— For the year ended 31 December 2018	44.3%	40.1%	4.2%
— For the eight months ended 31 August 2019	52.1%	47.0%	5.1%

Our gearing ratios increased as a result of the increase in lease liabilities. The adoption of IFRS 16 has no significant impact on other key ratios such as current and quick ratio, interest coverage ratio, return on equity and return on total assets, and did not result in the breach of any covenant of our bank borrowings.

Based on management's assessment, the adoption of IFRS 16 has resulted in an increase in the right-of-use assets and lease liabilities as well as the recognition of depreciation charges of right-of-use assets and the interest expense on lease liabilities. However, the adoption of IFRS did not have significant impact to our financial position and performance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group has been prepared in accordance with accounting policies which conform with IFRSs. The significant accounting policies adopted by our Group are set forth in detail in note 2 to the Accountant's Report set out in Appendix I to this prospectus.

Some of the accounting policies involve judgments, estimates, and assumptions made by our management team. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Further information regarding the key judgements made in applying our accounting policies are set forth in note 4 to the Accountant's Report as set out in Appendix I to this prospectus.

Revenue recognition

Our Group recognises revenue from contract works progressively over time using the input method (based on the proportion of the actual costs incurred relative to the estimated total costs), and our Group reviews the budged costs which mainly comprise labour costs, subcontracting charges, material and consumables and other costs, and in turn, the measurement of progress which drives the revenue recognition of contract works, include the changes in estimations of costs to be incurred for labour costs, subcontracting charges, material and consumables and other costs. Our management constantly conducts periodic review of the relevance of budgets by reviewing the actual amounts incurred and comparing with previous estimated amounts in order to mitigate the exposure to significant variances.

Revenue from providing road milling and resurfacing services to customers for road-patching work is recognised over time during the period as the services performed by our Group create or enhance an asset that the customer controls. Therefore, this is determined based on the proportion of the actual costs incurred relative to the estimated total costs.

Revenue from providing ancillary support and other services to customers is recognised over time during the period when the services are rendered by our Group based on the actual service provided as the customer receives and uses the benefits simultaneously, and this is determined based on costs of the actual labour hours spent relative to the total expected labour hours.

For the revenue generated from the sales of goods and milled waste, revenue is recognised at the point of time when control of the goods has been transferred to the customers, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or our Group has objective evidence that all criteria for acceptance have been satisfied.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. For details of our Group's revenue recognition policy, please refer to notes 2 and 4 to the Accountant's Report as set out in Appendix I to this prospectus.

SUMMARY OF RESULTS OF OPERATIONS

The combined statements of comprehensive income during the Track Record Period are summarised below, which have been extracted from the Accountant's Report set out in Appendix I to this prospectus:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Revenue	53,126,850	72,784,807	64,729,635	40,230,308	37,638,822
Cost of sales	(40,412,261)	(60,673,921)	(46,716,180)	(30,385,513)	(26,345,877)
Gross profit	12,714,589	12,110,886	18,013,455	9,844,795	11,292,945
Other income and other (losses)/gains, net	659,666	398,023	380,379	297,153	691,406
Administrative expenses	(6,467,233)	(6,575,766)	(6,477,143)	(4,154,455)	(6,679,643)
(Allowance for)/reversal of impairment of receivables	(456,901)	205,791	103,271	76,597	(75,789)
Operating profit	6,450,121	6,138,934	12,019,962	6,064,090	5,228,919
Finance income	—	170	729	365	8,247
Finance costs	(600,616)	(583,922)	(661,799)	(438,449)	(455,869)
Share of loss of joint ventures, net of tax	—	(13,413)	(200,528)	(217,679)	(333,522)
Profit before income tax	5,849,505	5,541,769	11,158,364	5,408,327	4,447,775
Income tax expense	(271,370)	(570,622)	(1,947,156)	(939,454)	(1,022,950)
Total comprehensive income	5,578,135	4,971,147	9,211,208	4,468,873	3,424,825
Profit and total comprehensive income attributable to:					
Equity holders of the Company	4,591,855	4,773,497	8,990,345	4,282,870	3,321,394
Non-controlling interests	986,280	197,650	220,863	186,003	103,431
	5,578,135	4,971,147	9,221,208	4,468,873	3,424,825

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was primarily derived from the provision of (i) contract works in relation to the installation of power cables, telecommunication cables (including ISP works and OSP works) and sewerage pipelines by applying methods such as open cut excavation or trenchless methods; (ii) road milling and resurfacing services; (iii) ancillary and other support services; and (iv) sales of goods and milled waste. For detailed breakdowns of our revenue during the Track Record Period by services types, by customer type, by our role in the project for contract works and by project type (public or private) for contract works, please refer to the section headed "Business — Overview" in this prospectus.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for a discussion of material fluctuations in our revenue during the Track Record Period.

Cost of sales

The table below sets forth a breakdown of our cost of sales during the Track Record Period:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	S$	%	S$	%	S$	%	S$	%	S$	%
							(Unaudited)			
Subcontracting charges	12,491,090	30.9%	27,021,025	44.5%	12,529,337	26.8%	8,373,829	27.6%	5,460,113	20.7%
Employee benefit expenses	12,427,844	30.8%	15,702,935	25.9%	16,283,269	34.9%	10,712,352	35.3%	9,611,662	36.5%
Raw materials and consumables used	7,048,708	17.4%	8,260,835	13.6%	8,391,193	18.0%	4,680,200	15.4%	4,752,090	18.0%
Depreciation	2,408,336	6.0%	2,629,654	4.3%	3,357,682	7.2%	2,209,322	7.3%	2,425,811	9.2%
Transportation expenses	2,075,716	5.1%	3,491,039	5.8%	2,812,878	6.0%	1,967,632	6.5%	1,842,019	7.0%
Site expenses	1,582,681	3.9%	1,776,016	2.9%	897,130	1.9%	601,970	2.0%	819,118	3.1%
Insurance expenses	294,970	0.7%	145,806	0.2%	271,358	0.6%	197,615	0.7%	177,657	0.7%
Legal and professional fees	109,088	0.3%	178,968	0.3%	257,450	0.6%	129,050	0.4%	138,511	0.5%
Others	1,973,828	4.9%	1,467,643	2.5%	1,915,883	4.0%	1,513,543	4.8%	1,118,896	4.3%
Total	40,412,261	100.0%	60,673,921	100.0%	46,716,180	100.0%	30,385,513	100.0%	26,345,877	100.0%

Our cost of sales during the Track Record Period comprised:

(a) subcontracting charges, which represented costs for engaging subcontractors for performing certain site works undertaken by us for contract works, such as trench excavation, cable installation, pipe laying and installation, and design and build for upgrading of sewerage network, etc.;

(b) employee benefit expenses, which represented salaries and benefits provided to our staff who are directly involved in carrying out our projects for contract works and other services;

(c) raw materials and consumables used, which mainly represented costs for purchasing materials used for road construction and civil engineering works, such as asphalt premix, pipes, concrete, etc.;

(d) depreciation, which represented annual depreciation for our land, machinery and equipment and motor vehicles used in our projects for contract works and other services;

(e) transportation expenses, which mainly represented motor vehicles repairment and maintenance, diesel expenses for transporting workers, materials and excavators;

(f) site expenses, which mainly represented dumping fees, security expenses and purchase of safety equipment, etc.;

(g) insurance expenses, which mainly represented insurance premiums for insurance policies as discussed in the section headed "Business — Our insurance" in this prospectus;

(h) legal and professional fees, which mainly represented fees for professional engineers and project consultants, etc.;

(i) others, which include various miscellaneous expenses such as upkeep of machinery, expenses relating to short-term leases for temporary storage and low value assets such as office equipment, etc..

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for a discussion of material fluctuations in our cost of sales.

Gross profit and gross profit margin

For FY2016, FY2017, FY2018, the eight months ended 31 August 2018 and the eight months ended 31 August 2019, our gross profit was approximately S$12.7 million, S$12.1 million, S$18.0 million, S$9.8 million and S$11.3 million respectively, while our gross profit margin was approximately 23.9%, 16.6%, 27.8%, 24.5% and 30.0% respectively. In this regard, contract works has been the major source of our Group's revenue during the Track Record Period, in which it accounted approximately 81.2%, 84.9%, 86.3%, 84.8% and 85.5% of our total revenue respectively for FY2016, FY2017, FY2018, the eight months ended 31 August 2018 and the eight months ended 31 August 2019.

For the fluctuation of gross profit and gross profit margin during the Track Record Period, please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section.

Other income and other (losses)/gains, net

The table below sets forth a breakdown of our other income and other (losses)/gains, net, during the Track Record Period:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Rental income from investment properties	89,000	43,500	25,500	17,500	16,000
Interest income from					
— a related party	9,610	24,622	—	—	—
— a third party	—	12,307	12,065	4,065	—
Government grants *(Notes)*	394,951	255,309	215,731	178,512	164,637
Others	182,452	40,868	69,100	55,625	111,387
(Loss)/gain on foreign exchange difference — net	(11,136)	22,762	5,988	5,814	(17,802)
Gain on disposal of property, plant and equipment, net	64,789	58,655	82,146	35,637	467,184
Fair value loss on investment properties	(70,000)	(60,000)	(10,000)	—	(50,000)
Changes in cash surrender value of key management insurance contracts	—	—	(20,151)	—	—
Total	659,666	398,023	380,379	297,153	691,406

Our other income and other (losses)/gains, net, during the Track Record Period mainly comprised:

(a) rental income from investment properties, which represented income generated from leasing of our Group's investment properties;

(b) interest income from a related party/a third party, which represented the interest income generated from the loans to our related party and an independent third party;

(c) government grants, which were granted pursuant to schemes including (i) the Productivity and Innovation Credit Scheme; (ii) the Government-Paid Child Care Leave Scheme; (iii) the Skill Development Fund; (iv) the Wage Credit Scheme; (v) the Special Employment Credit; (vi) the Temporary Employment Credit Scheme; (vii) the Innovation & Capability Voucher Scheme; (viii) the Workforce Training Scheme; and (ix) the Enhanced iSprint Grant in Singapore;

Notes:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Productivity and Innovation Credit Scheme (i)	82,411	—	—	—	—
Government-Paid Child Care Leave Scheme (ii)	854	153	2,664	2,664	—
Skill Development Fund (iii)	5,013	22,398	23,986	18,783	7,953
Wage Credit Scheme (iv)	155,350	72,041	106,886	106,886	68,163
Special Employment Credit Scheme (v)	82,560	57,788	40,167	21,631	24,287
Temporary Employment Credit Scheme (vi)	42,720	32,492	11,783	11,783	—
Innovation & Capability Voucher Scheme (vii)	9,394	—	—	—	—
Workforce Training Scheme (viii)	11,649	55,597	30,245	16,765	64,234
Enhanced iSprint Grant (ix)	5,000	14,840	—	—	—
	394,951	255,309	215,731	178,512	164,637

(i) the Productivity and Innovation Credit Scheme is of non-recurring nature, and eligible businesses under the cash payout option can apply to convert up to S$100,000 of their total expenditure for each year of assessment in six qualifying activities into a non-taxable cash payout, with the cash payout rate of 60% of the qualifying expenditure incurred till 31 July 2016, and the cash payout ratio is 40% for qualifying expenditure incurred on or after 1 Aug 2016. The Productivity and Innovation Credit Scheme had expired after the year of assessment of 2018, or FY2017;

(ii) the Government-Paid Child Care Leave Scheme is of recurring nature, which the working parents in Singapore are entitled to child care leave, and the Singapore Government will reimburse the employers a maximum of three child care leave days over a 12-month period with a cap of S$500;

(iii) the Skill Development Fund is of recurring nature, and the employers in Singapore would be entitled to claim subsidies if they sponsor their employees who are either Singapore citizen or permanent resident to enroll in the qualifying courses;

(iv) the Wage Credit Scheme is of recurring nature, which the Singapore Government would co-fund 20% of wage increase of Singapore citizen employees from 2016 to 2018 who earned a gross monthly wage up to S$4,000 for the eligible employers, and the co-funding ratio would be adjusted to 15% in 2019 and 10% in 2020;

(v) the Special Employment Credit is of recurring nature, it is a support scheme by the Singapore Government to provide employers with continued support to hire older Singaporean workers and persons with disabilities with certain percentage of wage offsets to employers in hiring Singaporean workers who are aged 55 and above and earning up to S$4,000;

(vi) the Temporary Employment Credit Scheme is of non-recurring nature, which ran from 2015 to 2017 and has already ceased, in which a percentage of salary with cap was paid to the eligible employers based on the CPF contributions they made for their employees from January 2015 to December 2017;

(vii) the Innovation & Capability Voucher Scheme is of non-recurring nature, and the eligible companies in Singapore could be entitled to claim enhancement expenses on improving the business productivity, human resources, innovation and financial management, with the claim up to S$5,000 for each enhancement activity with a maximum of two enhancement activities to be claimed;

(viii) Workforce Training Scheme is of recurring nature, which encourages employers to sponsor their lower wage employees for training to upgrade their work skills, and the employers will receive course fee subsidy to lower training costs and absentee payroll funding for employees who are sent for training; and

(ix) Enhanced iSprint Grant is of non-recurring nature, the scheme is designed to help small and medium enterprises to enhance productivity, where eligible companies could claim certain percentage of the qualifying costs.(d)

others, which mainly included income from provision of workers' place, insurance compensation and safety compliance incentive for main contractors;

(e) (loss)/gain on foreign exchange difference — net, which represented the loss/gain resulting from the settlement of payments with our overseas suppliers which denominated in foreign currencies;

(f) gain on disposal of property, plant and equipment, net, which represented our gain on disposal of our motor vehicles, office equipment, and plant and equipment;

(g) fair value loss on investment properties, which represented the loss of fair value from our investment properties;

(h) changes in cash surrender value of key management insurance contracts, which represented the loss of fair value from our key management insurance contract purchased for our senior management, please refer to the section headed "Business — Our insurance — Other insurance coverage" in this prospectus for details of our key management insurance contracts.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for a discussion of material fluctuations in our other income and other (losses)/gains, net.

Administrative expenses

The table below sets forth a breakdown of our administrative expenses during the Track Record Period:

	FY2016		FY2017		FY2018		For the eight months ended 31 August 2018		For the eight months ended 31 August 2019	
	S$	%	S$	%	S$	%	S$ (Unaudited)	%	S$	%
Employee benefit expenses (including directors' emoluments)	3,225,635	49.9%	3,161,971	48.1%	3,520,858	54.4%	2,207,733	53.1%	2,220,151	33.2%
Depreciation	1,299,548	20.1%	1,325,976	20.2%	1,365,235	21.1%	912,023	22.0%	866,936	13.0%
Others	867,039	13.4%	1,006,264	15.3%	735,755	11.4%	477,301	11.4%	500,788	7.5%
Legal and professional fees	646,052	10.0%	506,222	7.7%	258,764	4.0%	198,329	4.8%	192,202	2.9%
Listing expenses	—	0.0%	—	0.0%	—	0.0%	—	0.0%	2,432,174	36.4%
Insurance expenses	48,179	0.7%	166,006	2.5%	177,876	2.7%	95,166	2.3%	127,547	1.9%
Property tax	133,746	2.1%	124,042	1.9%	165,158	2.5%	110,106	2.7%	119,618	1.8%
Audit fee	78,968	1.2%	171,239	2.6%	152,000	2.3%	80,000	1.9%	85,476	1.3%
Transportation expenses	168,066	2.6%	114,046	1.7%	101,497	1.6%	73,797	1.8%	134,751	2.0%
Total	6,467,233	100.0%	6,575,766	100.0%	6,477,143	100.0%	4,154,455	100.0%	6,679,643	100.0%

Our administrative expenses during the Track Record Period comprised:

(a) employee benefit expenses (including directors' emoluments), which represented salaries and benefits provided to our Directors, administrative and back office staff;

(b) depreciation, which represented depreciation charges for leasehold property, computers, office equipment and furniture and fittings and renovation;

(c) others, which include various expense, such as expenses for utilities, telecommunication, office maintenance, etc.;

(d) legal and professional fees, which mainly represented fees for legal advisers, valuers and legal expenses, etc.;

(e) listing expenses, which represented the expenses in relation to the Listing;

(f) insurance expenses, which represented insurance premiums for insurance policies discussed in the section headed "Business — Our insurance" in this prospectus;

(g) property tax, which represented tax paid for our Group's properties discussed in the section headed "Business — Our properties" in this prospectus;

(h) audit fee, which represented annual fees to statutory auditors for auditing the financial statements of our Group's Singapore incorporated subsidiaries;

(i) transportation, which represented the travelling costs incurred by our administrative staff for handling our Group's business operations.

(Allowance for)/reversal of impairment of receivables

Allowance for expected credit loss is made when our Group will not collect all amounts due. The allowance is determined by grouping together debtors with similar risk characteristics and collectively, or individually assessing them for likelihood of recovery. The allowance reflects either 12-month expected credit losses, or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk. Judgement has been applied in determining the level of allowance for expected credit losses, taking into account the credit risk characteristics of debtors and the likelihood of recovery assessed on a combination of collective and individual bases as relevant. While any subsequent recovery of such amount will be recognised as a reversal of impairment of receivables.

Finance income

Our finance income during the Track Record Period represented interest income from bank deposits and fixed deposits, and the table below sets forth a breakdown of our finance income during the Track Record Period:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Interests from:					
— Bank deposits	—	170	729	365	321
— Pledged bank deposits	—	—	—	—	7,926
Total	—	170	729	365	8,247

Finance costs

Our finance costs during the Track Record Period represented interest expense relating to our bank and other borrowings, lease liabilities and unwinding of discount of reinstatement costs, and the table below sets forth a breakdown of our finance costs during the Track Record Period:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Interests on:					
— Bank and other borrowings	503,324	497,686	588,696	390,289	408,510
— Lease liabilities	81,482	69,491	55,368	36,337	34,837
— Unwinding of discount of reinstatement costs	15,810	16,745	17,735	11,823	12,522
Total	600,616	583,922	661,799	438,449	455,869

For details of our bank and other borrowings and lease liabilities, please refer to the paragraph headed "Indebtedness" in this section.

Income tax expense

Profit before income tax has been provided at the applicable tax rate of 17% on the estimated assessable profits during Track Record Period.

Hong Kong profits tax has not been provided for as our Group had no assessable profit in Hong Kong during Track Record Period.

Tax incentives relate to corporate income tax rebates and Productivity and Innovation Credit Scheme by Inland Revenue Authority of Singapore (IRAS) which allows our Group entities to claim 400% tax deduction on qualifying expenditures from the years of assessment 2011 to 2018.

During the years of assessment 2017 to 2019, partial tax exemption relates to 75% tax exemption of the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income. From years of assessment 2020 onwards, partial tax exemption relates to 75% tax exemption of the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income.

The tax on our Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the companies comprising our Group as follows:

	FY2016	**FY2017**	**FY2018**	**For the eight months ended 31 August 2018**	**For the eight months ended 31 August 2019**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Profit before income tax	5,849,505	5,541,769	11,158,364	5,408,327	4,447,775
Share of loss of joint ventures, net of tax	—	13,413	200,528	217,679	333,522
Profit before income tax and share of loss of joint ventures	5,849,505	5,555,182	11,358,892	5,626,006	4,781,297
Tax calculated at 17%	994,416	944,381	1,931,012	956,421	812,820
Tax incentives *(Note (i))*	(879,486)	(706,535)	(186,332)	(132,485)	(45,417)
Income not subject to tax	(17,001)	(6,756)	(701)	(701)	—
Expenses not deductible for tax purposes *(Note (ii))*	299,492	447,256	308,989	191,614	524,791
Statutory income tax exemption *(Note (iii))*	(42,045)	(25,925)	(51,850)	(51,850)	(52,275)
Tax losses not recognised as deferred tax assets	29,231	—	1,044	32,701	921
Utilisation of unrecognised deferred tax assets in prior years	(83,378)	(157,939)	(39,271)	(38,365)	(221,904)
(Over)/under provision in prior years	(29,859)	76,140	(15,735)	(17,881)	4,014
Income tax expense	271,370	570,622	1,947,156	939,454	1,022,950

Notes:

(i) Tax incentives related to corporate Income Tax Rebates and Productivity and Innovation Credit Scheme (PIC) by Inland Revenue Authority of Singapore (IRAS) which allowed our Group to claim 400% tax deduction on qualifying expenditures from the years of assessment 2011 to 2018. The decrease of our tax incentives from approximately

S$0.7 million for FY2017 to approximately S$0.2 million for FY2018 was mainly because the PIC had expired after the year of assessment 2018, or FY2017, such that any qualifying expenditures incurred by our Group during the year of assessment of 2019, or FY2018, would not be qualified for any PIC benefits.

(ii) Expenses not deductible for tax purposes mainly comprise depreciation for non-qualifying fixed assets, non-deductible donations and vehicle expenses and listing expenses. The increase of such non-deductible expenses from approximately S$0.3 million for FY2016 to approximately S$0.4 million for FY2017 was mainly due to increase in amount of non-deductible depreciation for non-qualifying fixed assets and non-deductible donations, while the non-deductible expenses increased from approximately S$0.3 million for FY2018 to approximately S$0.5 million for eight months ended 31 August 2019 was mainly due to non-deductible listing expenses incurred of approximately S$2.4 million.

(iii) During the years of assessment 2017 to 2019, tax exemption relates to 75% tax exemption of the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income. From years of assessment 2020 onwards, tax exemption relates to 75% tax exemption of the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income.

Our profit before income tax, income tax expense and effective tax rates (calculated as income tax expense divided by profit before income tax for the year/period) during the Track Record Period are illustrated in the below table:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Profit before income tax	5,849,505	5,541,769	11,158,364	5,408,327	4,447,775
Income tax expense	271,370	570,622	1,947,156	939,454	1,022,950
Effective tax rate	4.6%	10.3%	17.5%	17.4%	23.0%

Our effective tax rates for FY2016, FY2017, FY2018, the eight months ended 31 August 2018 and the eight months ended 31 August 2019 was approximately 4.6%, 10.3%, 17.5%, 17.4% and 23.0% respectively. The relatively low effective tax rates for FY2016 and FY2017 was mainly attributable to (i) the tax incentives of approximately S$0.9 million and approximately S$0.7 million we recorded for FY2016 and FY2017 respectively in relation to the corporate income tax rebates and Productivity and Innovation Credit Scheme; and (ii) the expenses not deductible for tax purposes of approximately S$0.3 million and S$0.4 million for FY2016 and FY2017 respectively mainly in relation to non-deductible depreciation for non-qualifying fixed assets and non tax-deductible donations.

Our effective tax rate was approximately 17.5% for FY2018 and it increased from approximately 17.4% for the eight months ended 31 August 2018 to approximately 23.0% for the eight months ended 31 August 2019, and such increase in the effective tax rate was mainly attributable to (i) the tax effect of non-deductible listing expense of approximately S$2.4 million incurred during the eight months ended 31 August 2019, while we did not have such expense incurred during the eight months ended 31 August 2018; and (ii) the increase in the share of loss of joint ventures by approximately S$116,000 during the eight months ended 31 August 2019 as compared to the corresponding period.

Set out below is the reconciliation of movements of our Group's current tax liabilities, income tax expense and income tax payment during the Track Record Period:

	FY2016	**FY2017**	**FY2018**	**For the eight months ended 31 August 2019**
	S$	*S$*	*S$*	*S$*
Opening current tax liabilities as at beginning of the year/period	358,893	1,031,686	725,609	1,662,562
Current income tax for the year/ period	795,034	524,644	1,664,063	966,962
(Over)/under provision in prior years	(29,859)	76,140	(15,735)	4,014
Tax paid for financial years prior to the Track Record Period *(Note 1)*	(92,382)	(69,981)	(201,201)	—
Tax paid for FY2016	—	(836,880)	(16,464)	(973)
Tax paid for FY2017	—	—	(493,710)	(839)
Tax paid for FY2018	—	—	—	(1,166,644)
Closing current tax liabilities as at end of the year/period *(Note 2)*	1,031,686	725,609	1,662,562	1,465,082
Actual net cash outflows for tax payment *(Note 3)*	92,382	906,861	711,375	1,168,456

Notes:

1. The tax payment for financial years prior to the Track Record Period was mainly due to (i) time lag of the relevant normal tax payment in respect of FY2014 and FY2015 of about one to two years; and (ii) additional tax payable/ refundable due to IRAS'routine compliance review on the tax computation of non-deductible expenses, capital allowances and enhanced allowances under the Productivity and Innovation Credit Scheme (the "**PIC scheme**") for FY2012 to FY2015. For the amount of tax paid in respect of financial years prior to the Track Record Period, our Group had made the relevant amount of tax provision in the financial statements of FY2016, FY2017 and FY2018. As of FY2018, our Group had received final notice of assessments from IRAS for FY2012 to FY2014, our Directors therefore did not expect any additional tax liabilities arising from these financial years going forward.

2. Closing current tax liabilities as at end of the year are as shown in our combined balanced sheet set out in Appendix I to this prospectus.

3. Actual net cash outflows for tax payment during the year are as shown in our combined statements of cash flows set out in Appendix I to this prospectus.

During the preparation of the Listing, the management of our Group had prepared the management accounts of FY2015, FY2016 and FY2017 in accordance with IFRS 15 retrospectively. We recognise revenue from contract works progressively over time based on the input method (percentage of completion measured by reference to the percentage of contract costs incurred to date to the estimated total contract costs for the contract). After each project was completed, our Group had revised the estimated total contract cost to the total actual costs that had been incurred, which also affected the percentage of completion of the project as well as the revenue recognised in each of the final year. Subsequently, our Group has engaged Baker Tilly TFW LLP as our tax agent for the preparation of tax refiling for FY2015, FY2016 and FY2017 and submitted the revised tax computations in June 2019 to IRAS (the "**2019 Tax Re-filing**"). The Tax Adviser had reviewed the revised tax computations prepared by the management and are of the opinion that our Group had complied with corporate income tax return filing requirements. For tax previously undercharged due to the restatement of accounts arising from the retrospective adoption of IFRS 15 and changes in accounting estimates, the Tax Adviser view the risk of penalties being imposed by the IRAS as low. However, regarding the adjustments in capital allowance claims, in the event the IRAS views these adjustments as being the result of incorrect returns being filed without reasonable excuse, the potential penalty could be up to 200% of the tax undercharged (i.e. S$9,050).

As at the Latest Practicable Date, the IRAS has neither imposed any penalties to the Company in respect of the above tax re-filing, nor indicated in their correspondences that penalties will be imposed. The total net additional tax payable as assessed by the IRAS on the 2019 Tax Re-Filing was S$26,360, approximately S$6,000 has been paid in FY2019 and the remaining will be settled in FY2020.

Share of loss of joint ventures, net of tax

Our Group invested in two joint ventures during FY2017, namely (a) SAP, an investment holding company established in Singapore on 10 March 2017, which is owned by our Group and an independent third party as to 40.0% and 60.0% respectively, with its subsidiaries principally engaged in manufacture of pre-cast concrete, cement or artificial stone articles, manufacture of asphalt products, manufacture of quarry products; and (b) FCP, a private limited company established on 28 June 2017 in Singapore, which is owned by our Group and an independent third party as to 40.0% and 60.0% respectively, and its principal business activities involved in renting and wholesaling of construction and civil engineering machinery and equipment. Following our investments in SAP and FCP during FY2017, both joint ventures incurred certain initial operating costs, including depreciation charges on fixed assets, rental expenses and salary expenses, etc. Our Directors expect SAP would increase its existing sales and production level, whereas FCP would increase its existing sales level, and both joint ventures would start generating profit and positive cash flow in FY2020. Therefore, no impairment losses were recognised on the investments in SAP and its subsidiaries and FCP during the Track Record Period. For details of our investments in joint ventures, please refer to note 16 of the Accountant's Report as set out in Appendix I to this prospectus.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Eight months ended 31 August 2019 compared with eight months ended 31 August 2018

Revenue

Despite we recorded an increase in the number of projects that contributed revenue during the financial periods from 39 for the eight months ended 31 August 2018 to 50 for the eight months ended 31 August 2019, our revenue decreased slightly from approximately S$40.2 million for the eight months ended 31 August 2018 to approximately S$37.6 million for the eight months ended 31 August 2019, representing a decrease of approximately S$2.6 million or 6.4%. Such decrease was mainly attributable to the decrease in the revenue contribution from contract works by approximately S$2.0 million, in particular, two projects had a revenue contribution of over S$5.0 million respectively during the eight months ended 31 August 2018, including Project No. 11 and 13 (project code corresponds with the table disclosed in the section headed "Business — Our projects undertaken during the Track Record Period" in this prospectus) in relation to power cable and telecommunication works, and the two projects had a total revenue contribution of approximately S$14.6 million and S$2.6 million for the eight months ended 31 August 2018 and 2019, respectively. Whereas our Group only recorded one project with revenue contribution of over S$5.0 million during the eight months ended 31 August 2019, Project No. 12 in relation to power cable works for LS Cable & System Ltd Singapore Branch, which had a revenue contribution of approximately S$11.1 million for the financial period.

Cost of sales

Our cost of sales decreased from approximately S$30.4 million for the eight months ended 31 August 2018 to approximately S$26.3 million for the eight months ended 31 August 2019, representing a decrease of approximately S$4.0 million or 13.3%, which was greater than the decrease in our revenue of approximately 6.4% primarily as a result of the decrease in our subcontracting charges by approximately S$2.9 million or 34.8% mainly in relation to (a) Project No.7 and 10, which we had outsourced more substantial amount of work to subcontractors for these two projects with majority of works performed during FY2018 as further discussed in the paragraph headed "FY2018 compared with FY2017" in this section; and (b) Project No. 12, which we mainly relied on our Group's internal skilled workers and equipment to undertake the project due to the specific technical requirements as further elaborated below.

Gross profit and gross profit margin

Our revenue decreased by approximately 6.4% for the eight months ended 31 August 2019, which was less than the decrease in our cost of sales by approximately 13.3% for the corresponding period, therefore, our overall gross profit increased from approximately S$9.8 million for the eight months ended 31 August 2018 to approximately S$11.3 million for the eight months ended 31 August 2019 respectively, representing an increase of approximately 14.7%, as our overall gross profit margin increased from approximately 24.5% for the eight months ended 31 August 2018 to approximately 30.0% for the eight months ended 31 August 2019. Such increase in our overall gross profit was primarily attributable to (i) the relatively high portion of subcontracting charges incurred for Project No.7 and 10 during the eight months ended 31 August 2018 as further discussed in the paragraph headed "FY2018 compared with FY2017" in this section. In view of the lower gross profit margin for projects with substantial use of subcontractors for the provision of full scope of services during FY2017, our Directors considered to reduce the reliance of subcontractors for the provision of full scope of services while improving the efficiency of our own workers in order to achieve better gross profit margin for projects undertook in late FY2018 and FY2019; and (ii) the majority of work for Project No. 12 was performed during the eight months ended 31 August 2019, which was our Group's largest project during the financial period, and we recorded a gross profit margin of approximately 39.9% in this period, as compared to the overall gross profit margin of approximately 25.7% for our contract works during the eight months ended 31 August 2018. In our Director's opinion and years of industry experience, our Group was able to undertake and perform Project No. 12 with a relatively higher gross profit margin because our Group (a) has an established presence in the civil engineering utilities works in Singapore and commands the new technology and methodology in cable tunnel projects as discussed in the section headed "Business — Competitive strengths" in this prospectus which gave us a competitive edge over other competitors; and (b) had the sufficient number of skilled workers and specific equipment that became available after we had completed Project No. 11 during FY2018, and the continuous investment we made in our equipment, such as the cable laying machine, enabled us to perform cable laying works in deep tunnel more efficiently. In particular, there were approximately 100 workers became available following the completion of Project No. 11, in addition with the increase in the number of workers from 302 as at 31 December 2017 to 317 as at 31 December 2018, and further to 334 as at the Latest Practicable Date, which corresponded to the increased amount of work we performed for Project No. 12 during FY2018 and FY2019. As such, these utilisation of internal manpower and resources had enabled our Group to undertake and perform Project No. 12 with a relatively higher profit margin. For further details, please refer to the section headed "Business — Our subcontractors — Reason for subcontracting arrangement" in this prospectus.

Other income and other (losses)/gains, net

Our other income and other (losses)/gains, net, increased slightly from a net income of approximately S$297,000 for the eight months ended 31 August 2018 to approximately S$691,000 for the eight months ended 31 August 2019. Such increase was primarily due to the increase in the net gain on disposal of property, plant and equipment by approximately S$0.4 million for the eight months ended 31 August 2019 as compared to the eight months ended 31 August 2018, which was mainly in relation to the sale of auger boring machine to Ecobore Sdn Bhd, a related party of our Group. For further details of Ecobore Sdn Bhd, please refer to the paragraph headed "Related party transactions" in this section.

Administrative expenses

Our administrative expenses increased from approximately S$4.2 million for the eight months ended 31 August 2018 to approximately S$6.7 million for the eight months ended 31 August 2019. Such increase in our administrative expenses was mainly due to the non-recurring listing expenses of approximately S$2.4 million incurred during the eight months ended 31 August 2019 (the eight months ended 31 August 2018: nil).

(Allowance for)/reversal of impairment of receivables

Our Group recorded a reversal of impairment of receivables of approximately S$77,000 for the eight months ended 31 August 2018 and an allowance for impairment of receivables of approximately S$76,000 for the eight months ended 31 August 2019. The reversal of impairment of receivables for the eight months ended 31 August 2018 corresponded to the decrease in the trade receivables which aged over 120 days from approximately S$0.6 million as at 31 December 2017 to approximately S$0.3 million as at 31 December 2018, whereas the allowance for impairment of receivables for the eight months ended 31 August 2019 was mainly due to the increase in trade receivables that were aged over 120 days.

Finance income

Our finance income increased from S$365 for the eight months ended 31 August 2018 to approximately S$8,000 for the eight months ended 31 August 2019. Such increase in our finance income was mainly due to our Group's pledged bank deposit of approximately S$1.0 million as of 31 August 2019 as compared to nil as of 31 August 2018.

Finance costs

Our finance costs remained broadly stable at approximately S$438,000 for the eight months ended 31 August 2018 and approximately S$456,000 for the eight months ended 31 August 2019.

Share of loss of joint ventures, net of tax

Our Group's investments in the joint ventures recorded an increase in loss from approximately S$218,000 for the eight months ended 31 August 2018 to approximately S$334,000 for the eight months ended 31 August 2019 as the operating subsidiaries under SAP and FCP were still at the early stage of operations.

Income tax expense

Despite our profit before income tax decreased from approximately S$5.4 million for the eight months ended 31 August 2018 to approximately S$4.4 million for the eight months ended 31 August 2019, our income tax expense increased slightly by approximately S$83,000 mainly due to the increase in our effective tax rate from approximately 17.4% for the eight months ended 31 August 2018 to approximately 23.0% for the eight months ended 31 August 2019 as discussed in the paragraph headed "Principal components of results of operations — Income tax expense" in this section.

FY2018 compared with FY2017

Revenue

Our revenue decreased from approximately S$72.8 million for FY2017 to approximately S$64.7 million for FY2018, representing a decrease of approximately S$8.1 million or 11.1%. Such decrease was mainly due to the combined effects of:

(i) the revenue contribution from our contract works decreased by approximately S$6.0 million or 9.6% for FY2018, as there was a decrease in the number of civil engineering utilities projects with revenue contribution of above S$1.0 million for the respective year from 14 for FY2017 to 10 for FY2018 as demonstrated in the below table:

	FY2017 *Number of projects*	**FY2018** *Number of projects*
Revenue recognised		
S$10.0 million or above	—	1
S$5.0 million to below S$10.0 million	4	3
S$1.0 million to below S$5.0 million	10	6
Below S$1.0 million	38	38
	52	48

Amongst these 14 and 10 projects with revenue contribution of above S$1.0 million, their revenue contribution amounted to approximately S$55.3 million and S$48.4 million for FY2017 and FY2018 respectively, representing a decrease of approximately S$6.9 million, in which six projects (including Project No.7, 8, 9, 11 and 13) were carried forward from FY2017 to FY2018 with revenue contribution of approximately S$27.1 million and S$32.5 million respectively for the corresponding financial years. Despite our Group recorded such increase in revenue contribution from these six projects for FY2018, the aggregate revenue contribution from the remaining projects with revenue contribution of above S$1.0 million in FY2017 and FY2018 decreased from approximately S$28.2 million for FY2017 to approximately S$15.9 million for FY2018, as we had several projects substantially completed during FY2017, including Project No.6 with a revenue contribution of approximately S$7.8 million for FY2017 and nil for FY2018; and

(ii) the aggregate revenue contribution from ancillary support and other services and sales of goods and milled waste decreased from approximately S$3.8 million for FY2017 to approximately S$1.9 million for FY2018, as our Group engaged more subcontractors during FY2017 as discussed below in this paragraph, in which the revenue generated from ancillary support and other services and sales of goods and milled waste corresponded to the engagement of our subcontractors in providing subcontractor support services and leasing of vehicles and equipment, technical support advisory services in relation to cable pulling services, as well as selling of tools and devices, such as protective equipment, diesel, small construction related material for the relevant projects. For details of our ancillary support and other services and sales of goods and milled waste, please refer to the section headed "Business — Our business model — Our services" in this prospectus.

Cost of sales

Our cost of sales decreased from approximately S$60.7 million for FY2017 to approximately S$46.7 million for FY2018, representing a decrease of approximately 23.0%, which was greater than the decrease in our revenue of approximately 11.1% primarily due to the limited capacity of our Group's internal manpower in providing civil engineering utilities works for FY2017, when we had 36 projects on hand as at 31 December 2016 (as at 31 December 2017: 23 projects on hand), hence, we had outsourced more substantial amount of work to subcontractors during FY2017 as compared to FY2018, in particular, for Project No.7 and 9 in relation to the power cable works, as well as Project No.10 in relation to sewerage works, and following the decreased number of projects on hand as at 31 December 2017, also the decreased number of projects and revenue recognition as discussed under the paragraph headed "FY2018 compared with FY2017 — Revenue" in this section, as well as the similar capacity of our Group's internal manpower (number of site workers of our Group was 332 as at 31 December 2017 and 302 as at 31 December 2018 respectively), we had therefore reduced the amount of works outsourced to subcontractors during FY2018, therefore, our subcontracting charges subsequently decreased significantly from approximately S$27.0 million for FY2017 to approximately S$12.5 million for FY2018.

Gross profit and gross profit margin

Despite the revenue of our Group decreased from FY2017 to FY2018 as discussed in the above, our total gross profit amounted to approximately S$12.1 million and S$18.0 million for FY2017 and FY2018 respectively, representing an increase of approximately 48.7%, while our overall gross profit margin increased from approximately 16.6% in FY2017 to approximately 27.8% in FY2018.

We recorded a lower overall gross profit and gross profit margin in FY2017 mainly because our Group had relied on the substantial use of subcontractors in providing us the full scope of contract works services for Project 7, 9 and 10 during FY2017. Given that the majority of works for these three projects with substantial use of subcontractors for the provision of full scope of services were conducted during FY2017 and less works were conducted during FY2018, these have led to the lower overall gross profit margin for FY2017 as compared to FY2018. In view of the lower gross profit margin for projects with substantial use of subcontractors for the provision of full scope of services during FY2017, our Directors considered to reduce the reliance of subcontractors for the provision of full scope of services while improving the efficiency of our own workers in order to achieve better gross profit margin for projects undertook in late FY2018. As a result, we had optimised our Group's internal manpower and resources in performing contract works during FY2018, including Project No. 11 and 12, leading to the increase in the overall gross profit margin for FY2018. For details of our Group's subcontracting arrangement, please refer to the section headed "Business — Our subcontractors — Reason for subcontracting arrangement" in this prospectus.

Furthermore, we recorded an increase in the gross profit margin of our sales of goods and milled waste segment from approximately 44.1% for FY2017 to approximately 76.9% for FY2018 mainly attributable to the lower pricing of sales of goods and milled waste from our Group to our subcontractors, particularly for Project No. 7, 9 and 10, which were the three of the top five largest revenue contributing projects during FY2017 to our Group, as our Directors consider it is crucial to maintain long term business relationships with our subcontractors.

Such increase in our Group's overall gross profit and gross profit margin for FY2018 was partially offset by our road milling and resurfacing services, of which the segment's gross profit decreased by approximately S$1.1 million for FY2018, and its gross profit margin decreased from approximately 30.2% for FY2017 to approximately 15.0% for FY2018. During the Track Record Period, our Group also provided road milling and resurfacing services together in our contract works projects to the customers, and such provision of one-stop services allowed us to attain a more favourable profit margin for our road milling and resurfacing services segment. Therefore, the decrease in the gross profit margin of our road milling and resurfacing services segment is mainly due to our Group undertook major cable tunnel projects during FY2018, which did not require road milling and resurfacing services from our internal resources, such that our Group optimised our internal resources by sourcing for external road milling and resurfacing services projects with competitive prices.

Other income and (losses)/gains, net

Our other income and other (losses)/gains, net, remained broadly stable for FY2017 and FY2018, which amounted to approximately S$398,000 and S$380,000, respectively.

Administrative expenses

Our administrative expenses decreased from approximately S$6.6 million for FY2017 to approximately S$6.5 million for FY2018, which was mainly attributable to the decrease in our legal and professional fees, audit fees and miscellaneous expenses.

(Allowance for)/reversal of impairment of receivables

Our Group recorded a reversal of impairment of receivables of approximately S$0.2 million for FY2017 and approximately S$0.1 million for FY2018 respectively. These corresponded to the ageing analysis of our trade receivables, as our Group recorded a decrease in trade receivables that aged over 120 days from approximately S$0.6 million as at 31 December 2017 to approximately S$0.3 million as at 31 December 2018. For details of our trade receivables ageing analysis, please refer to the paragraph headed "Discussion on selected balance sheets items — Trade receivables ageing analysis and subsequent settlement" in this section.

Finance income

Our finance income increased from S$170 for FY2017 to S$729 for FY2018 due to the increase in our cash at banks from approximately S$3.3 million as at 31 December 2017 to approximately S$4.3 million as at 31 December 2018.

Finance costs

Our finance costs increased from approximately S$0.6 million for FY2017 to approximately S$0.7 million for FY2018, mainly due to the increase in our interest expenses incurred from bank overdrafts, borrowings as well as lease liabilities.

Share of loss of joint ventures, net of tax

Our Group's investments in the two joint ventures recorded an increase in loss from approximately S$13,000 for FY2017 to approximately S$201,000 for FY2018 as the operating subsidiaries under SAP and FCP were still at the early stage of operations.

Income tax expense

Our profit before income tax increased from approximately S$5.5 million for FY2017 to approximately S$11.2 million for FY2018, which was mainly attributable to the increase in our gross profit margin as discussed above. In view of such increase in our profit before income tax as well as the increase in the effective tax rate from approximately 10.3% for FY2017 to approximately 17.5% for FY2018 as discussed in the paragraph headed "Principal components of results of operations — Income tax expense" in this section, our income tax expense increased from approximately S$0.6 million for FY2017 to approximately S$1.9 million for FY2018.

FY2017 compared with FY2016

Revenue

Our revenue increased from approximately S$53.1 million for FY2016 to approximately S$72.8 million for FY2017, representing an increase of approximately S$19.7 million or 37.0%. Such increase was mainly due to the combined effects of:

(i) despite there was a decrease in the total number of the civil engineering utilities projects with revenue contribution from 57 for FY2016 to 52 for FY2017, the revenue contribution from our contract works increased by approximately S$18.7 million or 43.4% for FY2017, as there was an increase in the number of civil engineering utilities projects with revenue contribution of between S$5.0 million and S$10.0 million for the respective year from nil for FY2016 to four for FY2017 as demonstrated in the below table:

	FY2016 *Number of projects*	**FY2017** *Number of projects*
Revenue recognised		
S$10.0 million or above	—	—
S$5.0 million or below S$10.0 million	—	4
S$1.0 million or below S$5.0 million	15	10
Below S$1.0 million	42	38
	57	52

For the four projects with revenue contribution of between S$5.0 million and S$10.0 million for FY2017, including Project No.6, 7, 8 and 9, as being our Group's top four largest projects in terms of revenue contribution for FY2017, they contributed an aggregate revenue of approximately S$28.3 million during the financial year, which offset the decrease in the revenue contribution from civil engineering projects with revenue contribution of below S$5.0 million by approximately S$9.6 million for FY2017. For details of our top five largest projects in terms of revenue contribution during the Track Record Period, please refer to the section headed "Business — Our projects — Our projects undertaken during the Track Record Period" in this prospectus; and

(ii) the increase in the aggregate revenue contribution from ancillary support and other services and sales of goods and milled waste by approximately S$1.5 million for FY2017 mainly attributable to more substantial amount of works outsourced to subcontractors for Project No.7, 9 and 10 as discussed in the paragraph headed "FY2018 compared with FY2017" in this section. For details of our ancillary support and other services and sales of goods and milled waste, please refer to the section headed "Business — Our business model — Our services" in this prospectus.

Cost of sales

Our cost of sales increased from approximately S$40.4 million for FY2016 to approximately S$60.7 million for FY2017, representing an increase of approximately 50.1%, which was higher than the increase in our revenue of approximately 37.0% primarily as a result of the combined effect of (i) the increase in our subcontracting charges by approximately S$14.5 million or 116.3% for FY2017 mainly due to the increased outsource of works to subcontractors for Project No.7, 9 and 10 as discussed above; (ii) the increase in our number of site workers from 265 as at 31 December 2016 to 332 as at 31 December 2017 as illustrated in the section headed "Business — Our employees — Number of employees" in this prospectus, and such increase in our number of employees corresponded to the increased work done and revenue recognised during the FY2017 as compared to FY2016, hence, our employee benefit expenses increased by approximately S$3.3 million or 26.4% for FY2017; and (iii) the increase in our raw materials and consumables used by approximately S$1.2 million or 17.2% due to the requirement and respective stage of the projects.

Gross profit and gross profit margin

Our overall gross profit amounted to approximately S$12.7 million and S$12.1 million for FY2016 and FY2017 respectively, representing a decrease of approximately 4.7%, while our overall gross profit margin decreased from approximately 23.9% for FY2016 to approximately 16.6% for FY2017. The decrease in our overall gross profit was primarily due to (i) the low gross profit margin contributed by Project No.7, 9 and 10 as discussed in the paragraph headed "FY2018 compared with FY2017" in this section, and these three projects contributed an aggregate revenue of approximately S$1.7 million and S$17.6 million for FY2016 and FY2017 respectively; and (ii) for our Group's road milling and resurfacing services segment, its gross profit decreased by approximately S$1.2 million, whereas its gross profit margin decreased from approximately 43.3% for FY2016 to approximately 30.2% for FY2017 mainly attributable to the Group's intention in increasing market share from such segment by lowering our project margins in securing more projects.

Other income and other (losses)/gains, net

Our other income and other (losses)/gains, net, decreased from approximately S$0.7 million for FY2016 to approximately S$0.4 million for FY2017. Such decrease was primarily attributable to (i) the decrease in our government grants by approximately S$140,000 for FY2017; and (ii) the decrease in other income mainly from the provision of workers' place to contractors in relation to our projects by approximately S$142,000 for FY2017.

Administrative expenses

Our administrative expenses increased slightly from approximately S$6.5 million for FY2016 to approximately S$6.6 million for FY2017 mainly attributable to the increase in insurance expenses, audit fee and others.

(Allowance for)/reversal of impairment of receivables

Our Group recorded an allowance for impairment of receivables of approximately S$0.5 million for FY2016 and a reversal of impairment of receivables of approximately S$0.2 million for FY2017. Such increase in our reversal of impairment of receivables corresponded to the ageing analysis of our trade receivables, as our Group recorded a decrease in trade receivables that aged over 120 days from approximately S$1.0 million as at 31 December 2016 to approximately S$0.6 million as at 31 December 2017. For details of our trade receivables ageing analysis, please refer to the paragraph headed "Discussion on selected balance sheets items — Trade receivables ageing analysis and subsequent settlement" in this section.

Finance income

We recorded an increase in our finance income by S$170 for FY2017 mainly due to the interest income generated from our cash at banks of approximately S$3.3 million as at 31 December 2017.

Finance costs

Our finance costs remained relatively stable for FY2016 and FY2017, which we recorded approximately S$0.6 million for both FY2016 and FY2017.

Share of loss of joint ventures, net of tax

Our Group invested in two joint ventures during FY2017, namely SAP and FCP, and we recorded a loss of approximately S$13,000 for FY2017 as the operating subsidiaries under SAP and FCP were at the early stage of operations following our investments during the financial year.

Income tax expense

Despite our profit before income tax decreased from approximately S$5.9 million for FY2016 to approximately S$5.5 million for FY2017, our income tax expenses increased from approximately S$0.3 million for FY2016 to approximately S$0.6 million for FY2017 mainly attributable to (i) the decrease in the amount of tax incentives we received for FY2017 by approximately S$173,000; (ii) the slight increase in the amount of expenses not deductible for tax purpose for FY2017 by approximately S$0.1 million; and (iii) we had an over provision in prior years for FY2016 and an under provision in prior years for FY2017, which constituted a difference of approximately S$106,000 in income tax expenses between the two financial years.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of funds have historically been our equity capital, cash generated from our operations and borrowings. Our primary liquidity requirements are to finance our working capital needs and fund our capital expenditures and growth of our operations. Going forward, we expect these sources to continue to be our principal sources of liquidity, and we may use a portion of the proceeds from the Share Offer to finance a portion of our liquidity requirements.

The net cash used in operating activities for the eight months ended 31 August 2019 was largely related to the substantial amount of work we performed for Project No. 12 for facilitating the cable installation process, which is the next milestone of the project. Given that (i), our Directors expect that our Group will complete the next milestone for Project No. 12 in or around April 2020; (ii) our Group has established a good business relationship with LS Cable & System Ltd Singapore Branch since 2007; and (iii) the operation scale is large and historical settlement record of the customer was satisfactory, our Directors are of the opinion that there is no material concern to the settlement ability of LS Cable & System Ltd Singapore Branch, and, such operating cash flow used in Project No. 12 is expected to be recovered following the completion of the upcoming milestone. In addition, our Group will (1) continue to follow up closely with others customers in settling the respective projects' outstanding balances for the milestone we had completed; (2) prior to the commencement of each milestone project, our project management staff will make forecast on the cash inflow and cash outflow for the respective project, and negotiate with our customers in our best effort to set out the most favourable milestone payment term for our Group; (3) our project management staff is responsible for documenting expected cash inflow from customers and cash outflow to suppliers and preparing cashflow plans for each project and submitting the cashflow plans to our accounting and finance staff on a monthly basis; (4) our accounting and finance staff, led by our group financial controller, will be responsible for reviewing the cashflow plans for our projects, and submitting the cashflow plans to our management for review; and (5) in the event that there is expected net cash outflow for a particular month, we will (a) actively follow up with our customers for payment; and (b) negotiate with our suppliers for an extension of credit term, if necessary. Please also refer to the sections headed "Risk factors — We recorded negative operating cashflow for the eight months ended 31 August 2019", "Business — Risk management and internal control systems — Liquidity risk management" and "Financial information — Liquidity and capital resources — Cash flows — Cash flows from operating activities" in this prospectus for further details.

As at 31 December 2019, being the most recent practicable date for the purpose of the disclosure of our liquidity position, we had cash and cash equivalents of approximately S$3.4 million and unutilised banking facilities of approximately S$0.3 million for cash drawdown.

Cash flows

The following table sets forth a summary of our cash flows for the periods indicated:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Operating cash flow before working capital changes	10,631,253	9,878,071	16,588,352	9,067,387	8,198,073
Net cash generated from/(used in) operating activities	6,911,140	11,161,383	11,797,629	5,399,535	(763,409)
Net cash used in investing activities	(2,423,407)	(6,414,317)	(5,259,290)	(3,427,276)	(2,717,840)
Net cash (used in)/generated from financing activities	(4,600,879)	99,888	(5,600,123)	(4,921,371)	(1,682,120)
Net (decrease)/increase in cash and cash equivalents	(113,146)	4,846,954	938,216	(2,949,112)	(5,163,369)
Cash and cash equivalents at beginning of year/period *(Note)*	(1,319,183)	(1,432,329)	3,414,625	3,414,625	4,352,841
Cash and cash equivalents at end of year/period	(1,432,329)	3,414,625	4,352,841	465,513	(810,528)
Analysis of the balances of cash and cash equivalents					
Cash and cash equivalents	1,990,727	3,414,625	4,352,841	2,706,498	2,258,848
Bank overdrafts	(3,423,056)	—	—	(2,240,985)	(3,069,376)
	(1,432,329)	3,414,625	4,352,841	465,513	(810,528)

Note: The approximately S$1.3 million of negative balance of cash and cash equivalents at beginning of FY2016 is mainly due to the total bank overdrafts of approximately S$2.9 million as at 31 December 2015.

Cash flows from operating activities

Our operating cash inflows is primarily derived from our revenue from the provision of civil engineering utilities works, whereas our operating cash outflows mainly includes payment for purchase of raw materials and consumables used, subcontracting charges, employee benefit expenses, as well as other working capital needs. Net cash generated from operating activities primarily consisted of profit before income tax adjusted for finance income, finance costs, allowance for/reversal of impairment of receivables, foreign exchange loss/gain — unrealised, write down of inventories, gain on disposal of property, plant and equipment, depreciation of property, plant and equipment, depreciation of right-of-use assets, fair value loss on investment properties, changes in cash surrender value of key management insurance contracts, share of loss in joint venture and the effect of changes in working capital such as changes in inventories, trade and retention receivables, deposits, prepayments and other receivables, net contract assets, trade payables, accruals, other payables and provisions, income tax paid and interest received.

The following table sets forth a reconciliation of our profit before income tax to net cash generated from/used in operating activities:

	FY2016	**FY2017**	**FY2018**	**For the eight months ended 31 August 2018**	**For the eight months ended 31 August 2019**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Profit before income tax	5,849,505	5,541,769	11,158,364	5,408,327	4,447,775
Adjustments for:					
Finance income	—	(170)	(729)	(365)	(8,247)
Finance costs	600,616	583,922	661,799	438,449	455,869
Allowance for/(reversal of) impairment of receivables	456,901	(205,791)	(103,271)	(76,597)	75,789
Foreign exchange loss/(gain) — unrealised	11,136	(22,762)	(5,988)	(5,814)	17,802
Write down of inventories	—	10,715	6,727	—	—
Gain on disposal of property, plant and equipment	(64,789)	(58,655)	(82,146)	(35,637)	(467,184)
Depreciation of property, plant and equipment	3,320,258	3,503,650	4,266,996	2,820,025	2,957,468
Depreciation of right-of-use assets	387,626	451,980	455,921	301,320	335,279
Fair value loss on investment properties	70,000	60,000	10,000	—	50,000
Changes in cash surrender value of key management insurance contracts	—	—	20,151	—	—
Share of loss in joint venture	—	13,413	200,528	217,679	333,522
Operating cash flow before working capital changes	10,631,253	9,878,071	16,588,352	9,067,387	8,198,073

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Changes in working capital					
Decrease/(increase) in inventories	17,504	44,899	(161,444)	(569,151)	297,353
(Increase)/decrease in trade and retention receivables	(3,121,958)	4,618,072	499,341	494,305	504,935
(Increase)/decrease in deposits, prepayments and other receivables	(130,689)	(474,486)	38,410	(37,371)	(605,714)
Decrease/(increase) in contract assets, net	412,912	(6,579,332)	(797,339)	2,608,797	(7,047,706)
Increase/(decrease) in trade payables	166,461	3,906,941	(2,831,745)	(3,955,800)	(509,374)
(Decrease)/increase in accruals, other payables and provisions	(971,961)	673,909	(827,300)	(1,600,889)	(440,767)
Cash flows generated from operating activities	7,003,522	12,068,074	12,508,275	6,007,278	396,800
Income tax paid	(92,382)	(906,861)	(711,375)	(608,108)	(1,168,456)
Interest received	—	170	729	365	8,247
Net cash generated from/(used in) operating activities	6,911,140	11,161,383	11,797,629	5,399,535	(763,409)

Our Group's operating cash flow before working capital changes remained relatively stable for FY2016 and FY2017 at approximately S$10.6 million and S$9.9 million, respectively, and further increased to approximately S$16.6 million for FY2018 mainly due to (i) the increase in our profit before income tax by approximately S$5.6 million; and (ii) the approximately S$4.3 million positive adjustments from the depreciation of property, plant and equipment. Whereas our operating cash flow before working capital changes remained relatively stable for the eight months ended 31 August 2018 and 2019 at approximately S$9.1 million and S$8.2 million, respectively.

For FY2016, we recorded profit before income tax of approximately S$5.9 million and net cash generated from operating activities of approximately S$6.9 million, which was mainly resulted from (i) the positive adjustments for depreciation of property, plant and equipment of approximately S$3.3 million; (ii) the positive adjustments for finance costs of approximately S$0.6 million; (iii) the decrease in net contract assets by approximately S$0.4 million; and partly offset by (iv) the increase in trade and retention receivables by approximately S$3.1 million; and (v) the decrease in accruals, other payables and provisions by approximately S$1.0 million. The increase in trade and retention receivables by approximately S$3.1 million during FY2016 was mainly due to the trade receivables attributable to LS Cable & System Ltd Singapore Branch on Project No. 1, 2 and 5, as these three projects ended in FY2016 with most of the progress billings were issued during the last quarter of the financial year.

For FY2017, we recorded profit before income tax of approximately S$5.5 million and net cash generated from operating activities of approximately S$11.2 million, which was mainly resulted from (i) the decrease in trade and retention receivables by approximately S$4.6 million; (ii) increase in trade payables by approximately S$3.9 million; (iii) the positive adjustments for depreciation of property, plant and equipment of approximately S$3.5 million; and partly offset by (iv) the increase in net contract assets by approximately S$6.6 million. The decrease in trade and retention receivables by approximately S$4.6 million during FY2017 was mainly due to the settlement of trade receivables from LS Cable & System Ltd Singapore Branch on Project No. 1, 2 and 5 during the first quarter of FY2017. The increase in trade payables by approximately S$3.9 million during FY2017 was mainly due to the upfront cost incurred for Project No. 11, which the project commenced in September 2017, and the increase in net contract assets by approximately S$6.6 million during FY2017 was mainly due to the approximately S$6.3 million of contract assets attributable to Project No. 8 for the substantial amount of work we performed during the financial year, which contributed to the approximately S$6.9 million of revenue we recognised from the project for FY2017.

For FY2018, we recorded profit before income tax of approximately S$11.2 million and net cash generated from operating activities of approximately S$11.8 million, which was mainly resulted from (i) the positive adjustments for depreciation of property, plant and equipment of approximately S$4.3 million; and partly offset by (ii) the decrease in trade payables by approximately S$2.8 million; (iii) the decrease in accruals, other payables and provisions by approximately S$0.8 million; and (iv) the increase in net contract assets by approximately S$0.8 million. The decrease in trade payables by approximately S$2.8 million during FY2018 was mainly due to the settlement of subcontracting charges for Project No. 6, which the project ended in October 2017, and the settlement of the upfront cost incurred for Project No. 11 during the financial year.

For the eight months ended 31 August 2018, we recorded profit before income tax of approximately S$5.4 million and net cash generated from operating activities of approximately S$5.4 million, which was mainly resulted from (i) the decrease in trade payables by approximately S$4.0 million mainly for settling the supplier and subcontractor cost for Project No. 3, 6, 8 and 11 due to the respective stages of the projects; (ii) the decrease in accruals, other payables and provisions by approximately S$1.6 million; and partly offset by (iii) the positive adjustments for depreciation of property, plant and equipment of approximately S$2.8 million; and (iv) the decrease in net contract assets by approximately S$2.6 million.

For the eight months ended 31 August 2019, we recorded profit before income tax of approximately S$4.4 million and net cash used in operating activities of approximately S$0.8 million, which was mainly resulted from (i) the increase in net contract assets by approximately S$7.0 million mainly due to the substantial amount of work we performed for Project No. 12 during the eight months ended 31 August 2019 as discussed under the paragraph headed "Period-to-period comparison of results of operations" in this section; (ii) the increase in deposits, prepayments and other receivables by approximately S$0.6 million; (iii) the decrease in trade payables by approximately S$0.5 million; and partly offset by (iv) the positive adjustments for depreciation of property, plant and equipment of approximately S$3.0 million. The net cash used in operating activities for the eight months ended 31 August 2019 was covered by the bank borrowings as utilised by our Group during the financial period, which was reflected from our cash flows from financing activities for the corresponding period.

Cash flows from investing activities

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Proceeds from disposal of property, plant and equipment	109,694	228,098	393,915	275,890	229,689
Purchase of property, plant and equipment	(2,153,101)	(5,702,415)	(3,668,251)	(3,023,166)	(1,723,364)
Loans to related parties	(380,000)	—	(2,000,000)	(800,000)	(200,000)
Repayment from related party	—	260,000	120,000	120,000	—
Investments in joint ventures	—	(1,200,000)	—	—	—
Other investments	—	—	(104,954)	—	—
Changes in pledged bank deposits	—	—	—	—	(1,024,165)
Net cash used in investing activities	(2,423,407)	(6,414,317)	(5,259,290)	(3,427,276)	(2,717,840)

During the Track Record Period, our cash inflows from investing activities primarily included proceeds from disposal of property, plant and equipment and repayment from related party, whereas our cash outflows from investing activities primarily included purchase of property, plant and equipment, loans to related parties, changes in pledged bank deposits and investments in joint ventures.

For FY2016, we recorded net cash used in investing activities of approximately S$2.4 million, which was primarily attributable to our purchase of property, plant and equipment.

For FY2017, we recorded net cash used in investing activities of approximately S$6.4 million, which was primarily attributable to the purchase in property, plant and equipment and investments in joint ventures.

For FY2018, we recorded net cash used in investing activities of approximately S$5.3 million, which was primarily attributable to the purchase of property, plant and equipment and loans to related parties.

For the eight months ended 31 August 2018, we recorded net cash used in investing activities of approximately S$3.4 million, which was primarily attributable to the purchase of property, plant and equipment.

For the eight months ended 31 August 2019, we recorded net cash used in investing activities of approximately S$2.7 million, which was primarily attributable to the purchase of property, plant and equipment and the changes in pledged bank deposits.

Cash flows from financing activities

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Interest paid	(584,806)	(567,177)	(644,064)	(426,626)	(443,347)
Dividend paid	(550,000)	(2,000,000)	(3,150,000)	(2,650,000)	(1,200,000)
Proceeds from issue of ordinary shares	450,000	—	—	—	—
Contribution of capital from non-controlling interests	—	—	245,000	245,000	—
Proceeds from a controlling shareholder	30,000	114,000	—	—	500,000
Repayments to controlling shareholders	(1,352,200)	—	(144,000)	(144,000)	—
Repayments to non-controlling shareholders	(418,000)	—	—	—	—
Proceeds from a related party	—	30,000	—	—	—
Repayments to a related party	—	—	(30,000)	(30,000)	—
Proceeds from borrowings	5,572,573	13,552,052	10,688,970	7,298,923	7,646,442
Repayments of borrowings	(7,362,422)	(10,590,802)	(12,124,978)	(8,922,873)	(7,481,078)
Repayments of obligations under leases	(386,024)	(438,185)	(441,051)	(291,795)	(326,318)
Payment of listing expenses	—	—	—	—	(377,819)
Net cash (used in)/generated from financing activities	(4,600,879)	99,888	(5,600,123)	(4,921,371)	(1,682,120)

During the Track Record Period, our cash inflows from financing activities primarily included proceeds from borrowings, proceeds from issue of ordinary shares, contribution of capital from non-controlling interests, proceeds from a controlling shareholder and proceeds from a related party, whereas our cash outflows from financing activities primarily included repayments of borrowings, repayments to controlling shareholders, repayments to non-controlling shareholders, repayments of obligations under leases, dividend paid, interest paid, payment of listing expenses and repayments to a related party.

For FY2016, we recorded net cash used in financing activities of approximately S$4.6 million, which was mainly due to the net effects of the cash inflows from the proceeds of borrowings, and the cash outflows for (i) the repayments of borrowings; and (ii) repayments to controlling shareholders.

For FY2017, we recorded net cash generated from financing activities of approximately S$100,000, which was mainly due to the net effects of the cash inflows from the proceeds of borrowings, and the cash outflows for (i) the repayments of borrowings; and (ii) the dividend paid.

For FY2018, the eight months ended 31 August 2018 and the eight months ended 31 August 2019, we recorded net cash used in financing activities of approximately S$5.6 million, S$4.9 million and S$1.7 million, respectively. These was mainly due to the net effects of the cash inflows from the proceeds of borrowings, and the cash outflows for (i) the repayments of borrowings; and (ii) the dividend paid.

Capital expenditures

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our Group incurred capital expenditures of approximately S$2.2 million, S$5.7 million, S$3.7 million and S$1.7 million respectively as set out below:

	FY2016	**FY2017**	**FY2018**	**For the eight months ended 31 August 2019**
	S$	*S$*	*S$*	*S$*
Motor vehicles	701,662	2,492,015	823,047	883,392
Computers, office equipment and furniture and fittings	113,150	267,956	134,718	72,682
Plant and machinery	1,327,039	2,890,204	2,670,247	745,079
Renovation	11,250	52,240	40,239	22,211
Total	2,153,101	5,702,415	3,668,251	1,723,364

Our Group's capital expenditures primarily consisted of purchase of motor vehicles, computers, office equipment and furniture and fittings, plant and machinery and renovation for our business operations. Our Group plans to finance future capital expenditures primarily through finance lease arrangements as well as from cash flows generated from operations.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration our internal resources, cash generated from our operations, banking facilities presently available to our Group, our existing cash and cash equivalents, and the net proceeds to be received by us from the Listing, our Group has sufficient working capital for our present requirements for at least 12 months from the date of this prospectus.

NET CURRENT ASSETS

The following table sets forth a breakdown of our Group's current assets and liabilities as at the dates indicated:

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019	As at 31 December 2019
	S$	*S$*	*S$*	*S$*	*S$*
					(Unaudited)
Current assets					
Deposits, prepayments and other receivables	1,009,785	1,224,271	3,065,861	4,722,394	5,764,098
Inventories	988,584	932,970	1,087,687	790,334	785,268
Contract assets	10,638,026	17,017,132	17,729,899	24,846,807	41,051,535
Trade and retention receivables	13,766,833	9,354,552	8,958,482	8,377,758	7,724,416
Pledged bank deposits	—	—	—	1,024,165	1,043,537
Cash and cash equivalents	1,990,727	3,414,625	4,352,841	2,258,848	3,385,766
Total current assets	28,393,955	31,943,550	35,194,770	42,020,306	59,757,620
Current liabilities					
Trade payables	6,220,172	10,104,351	7,266,617	6,775,045	10,074,780
Accruals, other payables and provisions	4,007,549	4,825,458	3,824,158	3,883,391	5,037,979
Contract liabilities	297,465	97,239	12,667	81,869	6,891
Current income tax liabilities	1,031,686	725,609	1,662,562	1,465,082	1,835,403
Bank and other borrowings	12,906,192	12,185,025	10,221,853	14,008,931	22,917,980
Lease liabilities	438,184	406,608	412,289	372,230	649,075
Total current liabilities	24,901,248	28,344,290	23,400,146	26,586,548	40,522,108
Net current assets	3,492,707	3,599,260	11,794,624	15,433,758	19,235,512

Our net current assets remained broadly stable at approximately S$3.5 million and S$3.6 million respectively as at 31 December 2016 and 31 December 2017, and increased to approximately S$11.8 million as at 31 December 2018 mainly due to the combined effects of (i) the increase in the deposits, prepayments and other receivables and cash and cash equivalents mainly in relation to our loans to a related party and the settlement of our trade and retention receivables respectively, and (ii) the decrease in our trade payables and accruals, other payables and provisions which corresponded to our decreased engagement of subcontractors and accrual of operating expenses respectively.

Our net current assets increased from approximately S$11.8 million as at 31 December 2018 to approximately S$15.4 million as at 31 August 2019 mainly due to (i) the increase in contract assets as further discussed under the paragraph headed "Trade receivables turnover days" in this section; (ii) the increase in deposits, prepayments and other receivables; and (iii) the increase in pledged bank deposits, and partly offset by (iv) the increase in bank and other borrowings.

As at 31 December 2019, being the latest practicable date for ascertaining our net current assets position, our net current assets amounted to approximately S$19.2 million, and such increase in our net current assets as compared to that as at 31 August 2019 was mainly due to (i) the increase in our contract assets primarily attributable to the finalisation of the underground site foundation works for Project No. 12 prior to the commencement of the power cable installation works for the next major billing milestone and partly offset by (ii) the increase in bank and other borrowings.

DISCUSSION ON SELECTED BALANCE SHEETS ITEMS

Trade and retention receivables

Our trade and retention receivables as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019 amounted to approximately S$13.8 million, S$9.4 million, S$9.0 million and S$8.4 million respectively. The following table sets forth a breakdown of our trade and retention receivables.

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019
	S$	*S$*	*S$*	*S$*
Trade receivables				
— Third parties	13,155,616	6,922,085	7,242,946	6,848,709
— Related parties	863,347	2,067,081	171,252	17,306
	14,018,963	8,989,166	7,414,198	6,866,015
Less: Allowance for impairment of receivables	(648,645)	(314,117)	(210,846)	(264,958)
Trade receivables — net	13,370,318	8,675,049	7,203,352	6,601,057
Retention sum for contract works	396,515	679,503	1,755,130	1,776,701
	13,766,833	9,354,552	8,958,482	8,377,758

Trade receivables — net

Our net trade receivables decreased from approximately S$13.4 million as at 31 December 2016 to approximately S$8.7 million as at 31 December 2017, subsequently decreased to approximately S$7.2 million as at 31 December 2018, and further decreased to approximately S$6.6 million as at 31 August 2019. Such decrease in our net trade receivables over the Track Record Period was primarily due to (i) the fluctuation of work done of different projects near each year end dates; and (ii) fluctuation of the amount settled by different customers to us as at the respective reporting dates due to the different settlement practices of different customers as well as the different credit terms granted by us.

Retention sum for contract works

Based on the actual work done carried out up to the end of each month or upon completion of a milestone, a payment application will be submitted to our customer for the estimated fee of our work done along with variations (if applicable). When our payment application is accepted by the customer, a payment certificate will be issued to us and the payment will be remitted to us accordingly. In the case of private sector project, customers may retain up to 20% of each interim payment and up to 10% of the contract sum as retention sum for the project.

Depending on the requirements and practical condition of different projects, a defects liability period of 12 to 60 months from the date of the certificate of substantial completion may be provided by us. During the defects liability period, we are liable to render remedial works which may arise from the defective works or materials used as identified by our customers. The retention money will be withheld by our customer, half of which will be released to us upon the issuance of certificate of substantial completion, while the remaining half upon the expiry of the defects liability period.

The fluctuation of our retention sum for contract works as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019 was mainly due to the respective project stage of Project No. 13.

Concentration

As at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019, approximately 73.1%, 48.8%, 51.3% and 56.7% of our gross trade and retention receivables were due from five largest customers. For further information regarding our customer concentration risk and our Directors' view as to the sustainability of our business model in view of our customer concentration, please refer to the section headed "Business — Our customers — Customer concentration" in this prospectus.

Trade receivables turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period:

	FY2016	**FY2017**	**FY2018**	**For the eight months ended 31 August 2019**
Trade receivables turnover days *(Note 1)*	87.0 days	57.7 days	46.2 days	46.1 days
Trade receivables turnover days including contract assets *(Note 2)*	151.5 days	127.0 days	144.2 days	183.5 days

Note 1: Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables (excluding allowance for impairment of receivables and retention sum for contract works) divided by total revenue recognised during the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 243 days for the eight months period).

Note 2: Trade receivables turnover days including contract assets is calculated based on the average of the beginning and ending balance of trade receivables (excluding allowance for impairment of receivables and retention sum for contract works) and contract assets divided by total revenue recognised during the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 243 days for the eight months period).

The credit terms that we granted to customers is generally 30 to 45 days. Our trade receivables turnover days were approximately 87.0 days, 57.7 days, 46.2 days and 46.1 days for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019 respectively. Such fluctuation was mainly due to the fluctuation of the amounts settled by different customers to us as at the respective reporting dates due to the different settlement practices of different customers as well as the different credit terms granted by us. In particular, our average trade receivables remained broadly stable at approximately S$12.7 million and S$11.5 million for FY2016 and FY2017 respectively, which was mainly attributable to LS Cable & System Ltd Singapore Branch, who accounted for the largest trade receivables of approximately S$8.2 million as at 31 December 2016 mainly for Project No. 1, 2 and 5, whereas our revenue increased by approximately 37.0% to approximately S$72.8 million for FY2017, thus, these led to the decrease in the trade receivables turnovers from approximately 87.0 days for FY2016 to approximately 57.7 days for FY2017. Thereafter, our average trade receivables decreased by approximately 28.7% to approximately S$8.2 million for FY2018, following LS Cable & System Ltd Singapore Branch had settled the majority of its trade receivables as at 31 December 2017, compared to the decrease in our revenue by approximately 11.1% to approximately S$64.7 million for FY2018, subsequently leading to the decrease in our trade receivables turnover days from approximately 57.7 days for FY2017 to approximately 46.2 days for FY2018.

Our Group's trade receivables turnover days, after including contract assets, was approximately 151.5 days, 127.0 days, 144.2 days and 183.5 days for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, respectively. The decrease in our trade receivables turnover days including contract assets from approximately 151.5 days for FY2016 to approximately 127.0 days for FY2017 was mainly attributable to the increase in revenue by approximately 37.0% to approximately S$72.8 million for FY2017 as discussed in the above. Whereas the general increase in our trade receivables turnover days including contract assets from approximately 127.0 days for FY2017 to approximately 144.2 days for FY2018, and further to approximately 183.5 days for the eight months ended 31 August 2019 was mainly attributable to the increase in our net contract assets by approximately S$7.0 million during the eight months ended 31 August 2019 mainly because our workers were performing substantial amount of works during the eight months ended 31 August 2019 for Project No. 12 in order to facilitate the cable installation process which is the next milestone of the project.

Trade receivables ageing analysis and subsequent settlement

The following table sets forth an ageing analysis of trade receivables based on invoice dates:

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019
	S$	*S$*	*S$*	*S$*
Less than 30 days	9,230,795	6,393,534	5,603,900	3,318,531
31–60 days	475,941	1,480,177	1,432,465	2,134,609
61–90 days	2,958,207	145,955	12,014	528,485
91–120 days	306,698	369,735	102,725	299,772
121–365 days	83,585	501,017	104,153	363,597
More than one year	963,737	98,748	158,941	221,021
	14,018,963	8,989,166	7,414,198	6,866,015

As of the Latest Practicable Date, approximately S$6.4 million or 92.7% of our trade receivables as at 31 August 2019 had been settled.

Deposits, prepayments and other receivables

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019
	S$	*S$*	*S$*	*S$*
Other receivables — third parties	124,116	212,295	20,459	228,888
Other receivables — related parties	—	—	—	473,000
Loans to related parties	380,000	120,000	2,000,000	2,200,000
Deposits	251,918	340,403	760,124	646,650
Prepayments	253,751	551,573	285,278	1,173,856
	1,009,785	1,224,271	3,065,861	4,722,394

Other receivables — third parties

Our other receivables from third parties as at 31 December 2016 and 31 December 2017 mainly represented the receivable in relation to the advance payment from our Group to a subcontractor, which is an independent third party, with a fee of 0.5% per month, and such amount has been fully repaid during FY2018, leading to the decrease in our other receivables from third parties from approximately S$212,000 as at 31 December 2017 to approximately S$20,000 as at 31 December 2018. Whereas our other receivables from third parties as at 31 August 2019 mainly represented receivables in relation to the operating expenses of our projects.

Other receivables — related parties

Our other receivables from related parties mainly represented the receivable from Ecobore Sdn Bhd in relation to the sale of auger boring machine by our Group during the eight months ended 31 August 2019. Such outstanding balance is expected to be settled by Ecobore Sdn Bhd before 31 August 2020. For further details of Ecobore Sdn Bhd, please refer to the paragraph headed "Related party transactions" in this section and note 31 of the Accountant's Report as set out in Appendix I to this prospectus.

Loans to related parties

Our loans to related parties mainly represented the loans to D Trenchless Engineering Company Pte Ltd and SAP. For details of D Trenchless Engineering Company Pte Ltd and SAP, please refer to the paragraphs headed "Related party transactions" and "Principal components of results of operations — Share of loss of joint ventures, net of tax" in this section respectively.

Our loans to D Trenchless Engineering Company Pte Ltd amounted to S$380,000 and S$120,000 as at 31 December 2016 and 2017, respectively, which were mainly for the working capital purpose of D Trenchless Engineering Company Pte Ltd, and were charged at an interest rate of 0.5% per month and was fully repaid during FY2018.

Our loans to SAP amounted to S$2.0 million as at 31 December 2018 and S$2.2 million as at 31 August 2019, respectively, such loans were mainly for the purpose of business establishment for SAP's subsidiaries in Singapore and Malaysia, the purchase of machineries and working capital for SAP's operation. The loans were contributed in the shareholding proportion of the shareholders in order to meet SAP's business requirements in accordance with one of the clauses under the SAP shareholders agreement. Such loans have no prevailing interest, were repayable on demand and proportional to our Group's shareholding interest in the joint venture. As at the Latest Practicable Date, our Directors confirm that our Group is in the process of negotiation of a settlement plan with SAP as SAP is still at its initial business development stage which our Directors expect SAP only starts generating profit and positive cash flow in FY2020, such that it is expected our loans to SAP will not be settled prior to the Listing.

Deposits and prepayments

Our deposits and prepayments mainly represented the prepaid insurance expenses for motor vehicles, medical, machineries and properties.

Contract assets and liabilities

A contract asset is recognised in the combined balance sheets when our Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed under expected credit losses ("**ECL**") model and are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised in the combined balance sheets when the customer pays consideration before our Group recognises the corresponding revenue. A contract liability would also be recognised if our Group has an unconditional right to receive consideration before our Group recognises the related revenue.

The following table sets out the movement of contract assets and liabilities:

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019
	S$	*S$*	*S$*	*S$*
Analysed for reporting purposes as:				
Contract assets	10,638,026	17,017,132	17,729,899	24,846,807
Contract liabilities	(297,465)	(97,239)	(12,667)	(81,869)
Contract assets — net	10,340,561	16,919,893	17,717,232	24,764,938

Our contract assets increased from approximately S$10.6 million as at 31 December 2016 to approximately S$17.0 million as at 31 December 2017, and further increased to approximately S$17.7 million as at 31 December 2018 and approximately S$24.8 million as at 31 August 2019. Whereas our contract liabilities decreased from approximately S$297,000 as at 31 December 2016 to approximately S$97,000 as at 31 December 2017, and further decreased to approximately S$13,000 as at 31 December 2018 but then increased to approximately S$82,000 as at 31 August 2019. The general increase in contract assets and decrease in contract liabilities were mainly attributable to (i) the increased number of projects which have made substantial progress of the contract activities ahead of the agreed payment schedule; and (ii) the decreased number of new projects which were still at a relatively early stage of the project with slight progress made at the end of financial years of FY2017 and FY2018, hence, resulting in a lower contract liabilities balance at the respective financial year end. In particular, our net contract assets increased from approximately S$17.7 million as of 31 December 2018 to approximately S$24.8 million as of 31 August 2019 mainly due to the substantial amount of work we performed for Project No. 12 during the eight months ended 31 August 2019 as discussed under the paragraph headed "Period-to-period comparison of results of operations" in this section.

The following table sets forth an ageing analysis and progress billing status of contract assets as at the dates indicated:

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019
	S$	*S$*	*S$*	*S$*
Less than 30 days	6,665,351	9,213,974	6,025,857	3,517,202
31–60 days	2,569,029	2,169,783	4,955,838	3,548,251
61–90 days	513,437	2,161,071	3,102,935	3,333,498
91–120 days	757,856	1,482,280	2,517,159	1,939,781
121–365 days	96,377	1,902,563	1,123,325	12,174,306
More than 365 days	35,976	87,461	4,785	333,769
	10,638,026	17,017,132	17,729,899	24,846,807
% of progress billing as at the Latest Practicable Date	100.0%	100.0%	99.4%	47.8%

Our Directors confirm that no impairment or reversal was made for contract assets as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019, respectively. During the Track Record Period, the average time for our Group's customers to certify our work performed ranged from approximately two to three months, and approximately four months for our Group to bill our customers after the relevant revenue has been recognised.

Subsequent settlement of contract assets

As of the Latest Practicable Date, approximately S$11.8 million or 47.8% and approximately S$9.8 million or 39.5% of our contract assets as at 31 August 2019 had been billed and settled, respectively. According to our Directors, the billing and settlement of our contract assets is subject to certain major factors, including (i) the billing structure of the respective projects; (ii) the amount of work to be performed by our Group in order to reach the next milestone stage; (iii) the overall completion status of the respective projects; (iv) the status of obtaining the relevant statutory approvals from the Singapore local authorities by the end-customer; and (v) the time taken by the customers' internal procedure in processing the billing, which could be subject to the back-to-back arrangement with the end-customers as specified in the contract. In particular, regarding the billing and settlement status of our contract assets as at 31 August 2019, (i) our Group need to finalise the underground site foundation works for Project No. 12 prior to the commencement of the power cable installation works which has to be completed for the next major billing milestone; (ii) certain projects were pending our customers to complete the internal procedure before issuing the payment to our Group, including Project No. 18; and (iii) a number of projects' billings were only to be settled upon completion as specified in the contract, namely Project No. 23 and 25, where were expected to be completed by the end of December 2020 and the end of April 2020, respectively, with a total contract sum of approximately S$11.9 million.

Trade payables

Our trade payables mainly comprised payables to subcontractors and construction material suppliers.

Our trade payables increased from approximately S$6.2 million as at 31 December 2016 to approximately S$10.1 million as at 31 December 2017, then subsequently decreased to approximately S$7.3 million as at 31 December 2018 and further decreased to approximately S$6.8 million as at 31 August 2019. Such fluctuation was mainly due to different amounts of work performed and billed by our subcontractors or different amounts of construction materials purchased from our construction material suppliers for each financial year/period and the table below sets forth a breakdown of our trade payables.

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019
	S$	*S$*	*S$*	*S$*
Trade payables				
— Third parties	5,318,917	9,082,048	7,035,227	6,500,205
— Related parties	901,255	1,022,303	231,390	274,840
	6,220,172	10,104,351	7,266,617	6,775,045

Trade payables turnover days

The following table sets out our trade payables turnover days during the Track Record Period:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2019
Trade payables turnover days *(Note)*	55.4 days	49.1 days	67.9 days	64.8 days

Note: Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by total cost of sales incurred during the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 243 days for the eight months period).

We usually granted by our suppliers a credit period of 30 to 90 days. Our trade payables turnover days decreased slightly from approximately 55.4 days for FY2016 to approximately 49.1 days for FY2017, then increased to approximately 67.9 days for FY2018 and subsequently decreased slightly to approximately 64.8 days for the eight months ended 31 August 2019, which was primarily affected by different credit periods granted by different suppliers and different time required to certify works of our subcontractors for different projects. In particular, our trade payables turnover days increased from approximately 49.1 days for FY2017 to approximately 67.9 days for FY2018, as our average trade payables increased from approximately S$8.2 million for FY2017 to approximately S$8.7 million for FY2018, whereas our cost of sales decreased by approximately S$14.0 million or 23.0% to approximately S$46.7 million for FY2018 given that we had engaged more subcontractors during FY2017, thus, these led to the increase in our trade payables turnover days from FY2017 to FY2018.

Trade payables ageing analysis and subsequent settlement

The following table sets forth an ageing analysis of trade payables based on invoice date:

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019
	S$	*S$*	*S$*	*S$*
Less than 30 days	4,113,531	7,345,486	4,870,318	4,430,388
31–60 days	805,713	951,944	1,063,980	835,351
61–90 days	196,917	580,169	534,013	503,377
91–120 days	292,027	198,069	571,075	250,209
121–365 days	803,722	977,140	206,505	508,752
More than one year	8,262	51,543	20,726	246,968
	6,220,172	10,104,351	7,266,617	6,775,045

As of the Latest Practicable Date, approximately 90.5% of our trade payables as at 31 August 2019 had been settled.

Accruals, other payables and provisions

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019
	S$	*S$*	*S$*	*S$*
Other payable				
— Third parties	259,654	352,410	4,569	1,586,265
— Related parties	30,000	174,000	—	500,000
Accruals for operating expenses	2,505,579	3,762,731	2,943,405	1,440,972
Deposits received-refundable	500,923	30,079	49,720	7,724
Good and services tax payable	609,704	327,898	702,163	224,129
Provisions	101,689	178,340	124,301	124,301
	4,007,549	4,825,458	3,824,158	3,883,391

Other payable to third parties and related parties

Other payable to third parties as at 31 August 2019 was approximately S$1.6 million, which mainly represented the listing expenses payable by our Group and is expected to be settled upon Listing. Whereas our other payable to related parties as at 31 August 2019 was approximately S$0.5 million, which was provided by Mr. Ng TS for our Group's working capital purpose and this has been settled in December 2019. For further details, please refer to note 31 to the Accountant's Report as set out in Appendix I to this prospectus.

Accruals for operating expenses

Our accruals for operating expenses mainly comprised of staff cost payables, accrued interest from bank borrowings and professional fees, increased from approximately S$2.5 million as at 31 December 2016 to approximately S$3.8 million as at 31 December 2017, then subsequently decreased to approximately S$2.9 million as at 31 December 2018, and further decreased to approximately S$1.4 million as at 31 August 2019 mainly due to settlement of professional fees.

The following table sets forth the changes in the net book amount of our leased property for the respective financial year/period:

	For FY2016	For FY2017	For FY2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*
Opening net book amount	12,533,718	11,497,130	10,460,542	9,423,953
Depreciation	(1,036,588)	(1,036,588)	(1,036,589)	(691,059)
Closing net book amount	11,497,130	10,460,542	9,423,953	8,732,894

Our interest in the Kranji Property has been our Group's head office, storage and ancillary workers dormitory during the Track Record Period, and it arises under a leasehold estate as granted by JTC. For further details, please refer to the section headed "Business — Our properties — Leased properties" of this prospectus.

The table below shows a reconciliation of the reporting amount of our property as reflected in our combined financial statements as at 31 August 2019 as set out in Appendix I to this prospectus with the fair value of our property as at 31 December 2019 as set out in Appendix III to this prospectus:

	S$
Reporting amount of our property as at 31 August 2019	8,732,894
Net gain from change in reporting amount	267,106
Fair value of our property as at 31 December 2019	9,000,000

INDEBTEDNESS

As at 31 December 2019, being the latest practicable date for the purpose of the indebtedness statement, the total balance of our current bank and other borrowings was approximately S$22.9 million, whereas the total balance of our non-current bank and other borrowings was approximately S$2.6 million and we had unutilised banking facilities of approximately S$78.0 million. Other than as disclosed above and apart from intra-group liabilities, we did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants or other material contingent liabilities.

The following table sets forth our Group's indebtedness as at the respective dates indicated. Our Directors confirm that we had neither experienced any difficulties in obtaining or repaying, nor breached any major covenant or restriction of our bank loans or other banking facilities during the Track Record Period. As at the Latest Practicable Date, there are no material covenants related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing. Our Directors confirm that there has not been any material change in our indebtedness or contingent liabilities since 31 December 2019 and up to the date of this prospectus. Our Directors confirm that as at the Latest Practicable Date, we did not have any immediate plan for additional material external debt financing.

The following table sets forth our Group's indebtedness as at the respective dates indicated:

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019	As at 31 December 2019
	S$	*S$*	*S$*	*S$*	*S$*
					(Unaudited)
Non-current liabilities					
Bank and other borrowings	1,580,476	1,839,837	2,367,001	1,814,663	2,641,917
Lease liabilities	1,442,434	1,035,825	900,756	818,399	1,143,719
Current liabilities					
Bank and other borrowings	12,906,192	12,185,025	10,221,853	14,008,931	22,917,980
Lease liabilities	438,184	406,608	412,289	372,230	649,075
Amount due to related parties	30,000	174,000	—	500,000	—
	16,397,286	15,641,295	13,901,899	17,514,223	27,352,691

Bank and other borrowings

As at 31 December 2016, 31 December 2017, 31 December 2018, 31 August 2019 and 31 December 2019, our Group had bank and other borrowings as follows:

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019	As at 31 December 2019
	S$	*S$*	*S$*	*S$*	*S$*
					(Unaudited)
Bank overdrafts	3,423,056	—	—	3,069,376	4,223,205
Borrowings — secured	11,063,612	14,024,862	12,539,854	12,656,218	21,238,692
Borrowing from third party — unsecured	—	—	49,000	98,000	98,000
	14,486,668	14,024,862	12,588,854	15,823,594	25,559,897

At 31 December 2016, 31 December 2017, 31 December 2018, 31 August 2019 and 31 December 2019, our Group's bank and other borrowings, after taking into account of repayable on demand clause, were repayable as follows:

	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019	As at 31 December 2019
	S$	*S$*	*S$*	*S$*	*S$*
					(Unaudited)
Within 1 year or on demand	12,906,192	12,185,025	10,221,853	14,008,931	22,917,980
After 1 year but within 2 years	990,135	1,159,159	1,476,829	1,303,329	1,478,681
After 2 years but within 5 years	590,341	680,678	890,172	511,334	1,163,236
	14,486,668	14,024,862	12,588,854	15,823,594	25,559,897

As at 31 December 2016, 31 December 2017, 31 December 2018, 31 August 2019 and 31 December 2019, the weighted average interest rates of our bank and other borrowings ranged from 2.29% to 3.92%.

Banking facilities

As at 31 December 2016, 31 December 2017, 31 December 2018, 31 August 2019 and 31 December 2019, our Group had available banking facilities (mainly including project financing, property loan and overdraft) amount to approximately S$25.4 million, S$24.7 million, S$41.3 million, S$55.9 million and S$102.3 million respectively, which were secured by the joint and several guarantee given by (i) Mr. Ng TS, Mr. Ng TK, Mr. Ng TF, Mr. Ng Choon Wee (a senior management of our Group and the son of Mr. Ng TS) and Mr. Chen Teck Men (spouse of Ms. Ng ML); (ii) our owned properties; and (iii) fixed deposits. The guarantees in relation to the aforementioned facilities will be released and replaced by our Company's corporate guarantee upon Listing.

The utilised banking facilities as at 31 December 2016, 31 December 2017, 31 December 2018, 31 August 2019 and 31 December 2019 amounted to approximately S$11.6 million, S$10.4 million, S$9.9 million, S$15.1 million and S$24.3 million respectively.

The unutilised banking facilities as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019 amounted to approximately S$13.8 million, S$14.3 million, S$31.4 million and S$40.8 million respectively. As at 31 December 2019, we had unutilised banking facilities of approximately S$78.0 million, of which approximately S$72.2 million was related to project financing with banking facilities available for the relevant projects specifically upon fulfilling the specific conditions as set by the bank, including Project No. 12, 13, 18, 20, 21, 22, 26 and 28. As for the remaining unutilised banking facilities of approximately S$5.8 million, the main underlying restrictions on utilising such amounts include (i) approximately S$3.7 million trade facilities with specific conditions; (ii) approximately S$0.3 million unutilised bank overdraft that shall be revoked as at the end of February 2020; and (iii) approximately S$1.0 million that is a banker's guarantee for the issuance of performance/security/tender guarantee in lieu of cash deposit.

Lease liabilities

During the Track Record Period and as at 31 December 2019, such amounts mainly represented the liabilities arising from our leased properties and office equipment, as determined under the relevant accounting standard (IFRS 16).

Amounts due to related parties

During the Track Record Period, the amounts due to related parties represented the cash advanced by Mr. Ng TS and Ms. Pang Kip Moi (spouse of Mr. Ng TS) to our Group for working capital purpose and were fully repaid as at the Latest Practicable Date.

Contingent liabilities

Our Group had performance bonds of guarantees for completion of projects issued by insurance companies amounting to approximately S$4.7 million, S$6.1 million, S$5.3 million, S$6.6 million and S$13.7 million as at 31 December 2016, 31 December 2017, 31 December 2018, 31 August 2019 and 31 December 2019, respectively.

Our Group also had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to approximately S$1.4 million, S$1.8 million, S$1.6 million, S$1.8 million and S$2.0 million as at 31 December 2016, 31 December 2017, 31 December 2018, 31 August 2019 and 31 December 2019, respectively.

Off-balance sheet arrangements and commitments

Our Directors confirm that as at the Latest Practicable Date, we did not have any off-balance sheet arrangements or commitments.

KEY FINANCIAL RATIOS

	FY2016 or as at 31 December 2016	FY2017 or as at 31 December 2017	FY2018 or as at 31 December 2018	For the eight months ended 31 August 2019 or as at 31 August 2019
Revenue growth	N/A	37.0%	(11.1)%	(6.4)%
Net profit growth	N/A	(10.9)%	85.3%	(23.4)%
Gross profit margin	23.9%	16.6%	27.8%	30.0%
Net profit margin before interest and tax	12.1%	8.4%	18.3%	13.0%
Net profit margin	10.5%	6.8%	14.2%	9.1%
Return on equity	22.0%	20.2%	30.3%	10.4%
Return on total assets	11.1%	8.8%	15.8%	5.4%
Current ratio	1.1 times	1.1 times	1.5 times	1.6 times
Quick ratio	1.1 times	1.1 times	1.5 times	1.6 times
Inventories turnover days	9.0 days	5.8 days	7.9 days	8.7 days
Trade receivables turnover days	87.0 days	57.7 days	46.2 days	46.1 days
Trade payables turnover days	55.4 days	49.1 days	67.9 days	64.8 days
Gearing ratio	74.2%	62.4%	44.3%	52.1%
Net debt to equity ratio	65.2%	48.8%	30.4%	42.4%
Interest coverage	10.7 times	10.5 times	17.9 times	10.8 times

Non-IFRS measures

The following table sets forth our adjusted net profit before interest and tax and adjusted total comprehensive income, as well as the adjusted net profit margin before interest and tax and adjusted net profit margin for each respective financial year/period during the Track Record Period:

	FY2016 or as at 31 December 2016	FY2017 or as at 31 December 2017	FY2018 or as at 31 December 2018	For the eight months ended 31 August 2019
Net profit before interest and tax	S$6,450,121	S$6,125,691	S$11,820,163	S$4,903,644
Total comprehensive income	S$5,578,135	S$4,971,147	S$9,211,208	S$3,424,825
Add: Listing expenses	—	—	—	S$2,432,174
Adjusted net profit before interest and tax	S$6,450,121	S$6,125,691	S$11,820,163	S$7,335,818
Adjusted total comprehensive income	S$5,578,135	S$4,971,147	S$9,211,208	S$5,856,999
Adjusted net profit margin before interest and tax *(Note)*	12.1%	8.4%	18.3%	19.5%
Adjusted net profit margin *(Note)*	10.5%	6.8%	14.2%	15.6%

Note: We recognised non-recurring items such as listing expenses during the Track Record Period and therefore we also present the adjusted net profit before interest and tax and adjusted total comprehensive income for the financial year/period, which is a non-IFRS measure to supplement our consolidated financial information which are presented in accordance with IFRS.

We present such additional financial measure as it was used by our management to evaluate our financial performance by eliminating the impact of Listing expenses, which is with one-off nature and is considered not indicative for evaluation of the actual performance of our business. Our Directors believe that such non-IFRS measure provides additional information to investors and others in understanding and evaluating our results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

Revenue growth

Revenue growth is calculated as the difference between revenue of the respective year/period and revenue of the previous corresponding year/period, then divided by revenue of the previous corresponding year/period.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for the reasons for the fluctuation in our revenue.

Net profit growth

Net profit growth is calculated as the difference between total comprehensive income of the respective year/period and total comprehensive income of the previous corresponding year/period, then divided by profit and total comprehensive income of the previous corresponding year/period.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for the reasons for the fluctuation in our net profit.

Gross profit margin

Gross profit margin is calculated as gross profit divided by total revenue of the respective year/period.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for the reasons for the fluctuation in our gross profit margin.

Net profit margin before interest and tax

Net profit margin before interest and tax is calculated as profit before finance costs and income tax divided by total revenue of the respective year/period.

Our net profit margin before interest and tax decreased from approximately 12.1% for FY2016 to approximately 8.4% for FY2017 and increased to approximately 18.3% for FY2018, such fluctuation was mainly due to the fluctuation in our gross profit margin as discussed in the paragraph headed "Period-to-period comparison of results of operations" in this section.

Our net profit margin before interest and tax decreased from approximately 14.5% for the eight months ended 31 August 2018 to approximately 13.0% for the eight months ended 31 August 2019, which was mainly due to the recognition of non-recurring listing expenses of approximately S$2.4 million during the eight months ended 31 August 2019. The net profit margin before interest and tax for the eight months ended 31 August 2019 after excluding the non-recurring listing expenses would be approximately 19.5% mainly due to the increase in our gross profit as discussed in the paragraph headed "Period-to-period comparison of results of operations" in this section.

Net profit margin

Net profit margin is calculated as total comprehensive income divided by total revenue of the respective year/period.

Our net profit margin decreased from approximately 10.5% for FY2016 to approximately 6.8% for FY2017, and subsequently increased to approximately 14.2% for FY2018. Our net profit margin decreased from approximately 11.1% for the eight months ended 31 August 2018 to approximately 9.1% for the eight months ended 31 August 2019. Such decrease was mainly due to the decrease of net profit margin before interest and tax as discussed above. The net profit margin for the eight months ended 31 August 2019 after excluding the listing expenses would be approximately 15.6% mainly due to the increase in our gross profit as discussed in the paragraph headed "Period-to-period comparison of results of operations" in this section.

Return on equity

Return on equity is calculated as total comprehensive income attributable to equity holders of the Company for the year/period divided by the ending total equity attributable to owners of the Company as at the respective reporting dates.

Our return on equity remained stable at approximately 22.0% for FY2016 and approximately 20.2% for FY2017, and further increased to approximately 30.3% for FY2018. Such increase was mainly driven by our enhanced profitability for the corresponding financial years mainly due to the increase in our gross profit margin as discussed in the paragraph headed "Period-to-period comparison of results of operations — FY2018 compared with FY2017" in this section.

Our return on equity decreased from approximately 16.8% for the eight months ended 31 August 2018 to approximately 10.4% for the eight months ended 31 August 2019 mainly due to the non-recurring listing expenses of approximately S$2.4 million we incurred during the eight months ended 31 August 2019, which lowered the profit and total comprehensive income attributable to equity holders of the Company.

Return on total assets

Return on total assets is calculated as total comprehensive income for the year/period divided by the ending total assets as at the respective reporting dates.

Our return on total assets decreased from approximately 11.1% for FY2016 to approximately 8.8% for FY2017 mainly due to the decrease in our total comprehensive income for the year by approximately 10.9% as well as the increase in our total assets by approximately 12.5%. Subsequently, our return on total assets increased to approximately 15.8% for FY2018 mainly due to reason similar to those for the increase in our return on equity mentioned above.

Our return on total assets decreased from approximately 8.4% for the eight months ended 31 August 2018 to approximately 5.4% for the eight months ended 31 August 2019 mainly due to the non-recurring listing expenses of approximately S$2.4 million we incurred during the eight months ended 31 August 2019, which lowered the corresponding total comprehensive income.

Current ratio

Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

Our current ratio amounted to approximately 1.1 times, 1.1 times, 1.5 times and 1.6 times as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019 respectively, which was broadly stable.

Quick ratio

Quick ratio is calculated as current assets minus inventories, then divided by current liabilities as at the respective reporting dates.

Our quick ratio was approximately 1.1 times, 1.1 times, 1.5 times and 1.6 times as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019 respectively. Due to the nature of our business model, we did not maintain high level of inventories during the Track Record Period, and therefore, our quick ratios were generally in line with the current ratios, and was broadly stable.

Inventories turnover days

Inventories turnover days is calculated based on the average of the beginning and ending balance of inventories divided by total cost of sales incurred during the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 243 days for the eight months period).

Our inventories turnover days were approximately 9.0 days, 5.8 days, 7.9 days and 8.7 days as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019 respectively. Due to the nature of our business model, the change in our inventories level was mainly due to the timing of order and usage of materials for different projects.

Trade receivables turnover days

Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables (excluding allowance for impairment of receivables and retention sum for contract works) divided by total revenue recognised during the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 243 days for the eight months period).

Please refer to the paragraph headed "Discussion on selected balance sheets items — Trade and retention receivables" in this section for the reasons for the change in our trade receivables turnover days.

Trade payables turnover days

Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by total cost of sales incurred during the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 243 days for the eight months period).

Please refer to the paragraph headed "Discussion on selected balance sheets items — Trade payables" in this section for the reasons for the change in our trade payables turnover days.

Gearing ratio

Gearing ratio is calculated as total borrowings (including bank and other borrowings, lease liabilities and amount due to related parties) divided by the total equity as at the respective reporting dates.

Our gearing ratio was approximately 74.2%, 62.4%, 44.3% and 52.1% as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019 respectively. The fluctuation in our gearing ratio during the Track Record Period was mainly due to our decreasing bank and other borrowings as well as increasing equity base.

Net debt to equity ratio

Net debt to equity ratio is calculated as net debts (i.e. total borrowings, including bank and other borrowings, lease liabilities and amount due to related parties, net of cash and cash equivalents and pledged bank deposits) divided by total equity as at the respective reporting dates.

Our net debt to equity ratio was approximately 65.2%, 48.8%, 30.4% and 42.4% as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019 respectively. The fluctuation in our net debt to equity ratio during the Track Record Period was mainly due to our decreasing bank and other borrowings as well as increasing equity base and cash level over the Track Record Period.

Interest coverage

Interest coverage is calculated as profit before finance costs and income tax divided by finance costs of the respective reporting dates.

Our interest coverage was approximately 10.7 times, 10.5 times, 17.9 times and 10.8 times as at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019 respectively. As our finance costs remained broadly stable over the Track Record Period, the fluctuation in our interest coverage was mainly attributable to the fluctuation in our net profit margin before interest and tax as discussed above in this section.

FINANCIAL RISK AND CAPITAL MANAGEMENT

Our Group is exposed to interest rate risk, credit risk and liquidity risk in the normal course of business. For further details of our financial risk management, please refer to the section headed "Business — Risk management and internal control systems" and note 3 of the Accountant's Report set out in Appendix I to this prospectus.

We manage our capital to ensure that entities in our Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted net tangible assets, which was prepared to illustrate the effect of the Share Offer on the audited combined net tangible assets of our Group attributable to owners of our Company as of 31 August 2019 as if the Share Offer had taken place on 31 August 2019, was approximately HK$0.26 per Share and HK$0.28 per Share, respectively, based on the indicative Offer Price Range of HK$0.48 per Offer Share to HK$0.60 per Offer Share. Please refer to Appendix II to this prospectus for the bases and assumptions in calculating the unaudited pro forma adjusted net tangible assets figure.

LISTING EXPENSES

Our Directors estimate that the total amount of expenses in relation to the Listing is approximately S$9.3 million (equivalent to approximately HK$53.4 million), which is approximately 37.1% of gross proceeds from the Share Offer calculated using mid-point of the indicative price range and assuming the Over-allotment Option is not exercised. Out of the amount of approximately S$9.3 million (equivalent to approximately HK$53.4 million), approximately S$5.4 million (equivalent to approximately HK$30.9 million) is directly attributable to the issue of the Offer Shares and is expected to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately S$3.5 million and S$0.4 million (equivalent to approximately HK$20.2 million and HK$2.3 million, respectively), which cannot be so deducted, shall be charged to profit or loss for FY2019 and FY2020, respectively. For the amount of approximately S$3.5 million (equivalent to approximately HK$20.1 million) that shall be charged to our Group's profit or loss for FY2019, approximately S$2.4 million (equivalent to approximately HK$13.9 million) has been charged to our Group' profit or loss during the eight months ended 31 August 2019. Expenses in relation to the Listing are non-recurring in nature. Our Group's financial performance and results of operations for FY2019 and FY2020 will be adversely affected by the estimated expenses in relation to the Listing.

DIVIDEND

For FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, we declared dividends of approximately S$0.6 million, S$2.0 million, S$3.2 million and S$1.2 million 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.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 15 May 2019. As at 31 December 2016, 31 December 2017, 31 December 2018 and 31 August 2019, our Company had no reserves available for distribution to our Shareholders.

RELATED PARTY TRANSACTIONS

Our related party transactions during the Track Record Period are summarised in note 31 to the Accountant's Report as set out in Appendix I to this prospectus. During the Track Record Period, our material transactions with related parties there were trade in nature mainly include the following:

a. Contract works revenue from:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Eastern Green Power Pte Ltd	—	578,944	257,000	157,000	—
	—	578,944	257,000	157,000	—

b. Sale of goods:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
D Trenchless Engineering Company Pte Ltd	314,707	412,847	178,870	178,870	—
	314,707	412,847	178,870	178,870	—

c. Ancillary support services to:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
D Trenchless Engineering Company Pte Ltd	509,366	860,600	317,705	318,927	—
	509,366	860,600	317,705	318,927	—

d. Subcontracting charges from:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
D Trenchless Engineering Company Pte Ltd	(1,056,872)	(3,662,349)	(1,447,991)	(1,336,324)	(4,804)
Komasi Construction Pte Ltd	—	(804,820)	(210,482)	—	(18,160)
	(1,056,872)	(4,467,169)	(1,658,473)	(1,336,324)	(22,964)

e. (Purchase of property, plant and equipment from)/Sale of property, plant and equipment to:

	FY2016	FY2017	FY2018	For the eight months ended 31 August 2018	For the eight months ended 31 August 2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
D Trenchless Engineering Company Pte Ltd	—	—	(116,653)	(116,653)	—
Ecobore Sdn Bhd	—	—	—	—	473,000
	—	—	(116,653)	(116,653)	473,000

Eastern Green Power Pte Ltd is a limited liability company established in Singapore on 9 July 2005 and is owned by Mr. Ng TS as to approximately 34.3%. The principal business activities of Eastern Green Power Pte Ltd mainly included the provision of power transmission and distribution system solutions as well as the supply of power transmission equipment in Singapore. During the Track Record Period, our transactions with Eastern Green Power Pte Ltd mainly included our provision of contract works services to Eastern Green Power Pte Ltd.

D Trenchless Engineering Company Pte Ltd is a limited liability company established in Singapore on 1 September 2015 and is owned by Mr. Chen Teck Men (spouse of Ms. Ng ML) as to 60.0%. The principal business activities of D Trenchless Engineering Company Pte Ltd mainly included water and gas pipe-line and sewerage construction services in Singapore. During the Track Record Period, our transactions with D Trenchless Engineering Company Pte Ltd mainly included (i) sale of goods to D Trenchless Engineering Company Pte Ltd; (ii) our provision of ancillary support services to D Trenchless Engineering Company Pte Ltd; (iii) the provision of subcontracting services from D Trenchless Engineering Company Pte Ltd to our Group; and (iv) the purchase of property, plant and equipment from D Trenchless Engineering Company Pte Ltd.

Komasi Construction Pte Ltd is a limited liability company established in Singapore on 16 January 2009 and is owned by Mr. Ng Choon Tat as to 50.0%. The principal business activities of Komasi Construction Pte Ltd mainly included communications and power line construction services in Singapore. During the Track Record Period, our transactions with Komasi Construction Pte Ltd mainly included the provision of subcontracting services from Komasi Construction Pte Ltd to our Group.

Ecobore Sdn Bhd is a private limited company established in Malaysia on 14 April 2017 and is owned by Mr. Ng TS as to 25.0%. The principal business activities of Ecobore Sdn Bhd is mainly engaged as a general contractor in Malaysia. During the Track Record Period, our transactions with Ecobore Sdn Bhd mainly included the sale of property, plant and equipment from our Group to Ecobore Sdn Bhd.

Our Directors confirm that these related party transactions were conducted on arm's length basis and would not distort our results during the Track Record Period, as supported by the fact that the fees charged to/by these related parties were comparable and within the range of fees charged to/by other independent customers or materials suppliers or services providers engaged by our Group for similar sales or purchases.

The transactions with Eastern Green Power Pte Ltd and Komasi Construction Pte Ltd are expected to continue following the Listing, while the transactions with D Trenchless Engineering Company Ltd and Ecobore Sdn Bhd will discontinue following the Listing. For details of transactions with Eastern Green Power Pte Ltd, please refer to the section headed "Connected transactions" in this prospectus.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2019

Our Directors estimate, on the bases as set out in Appendix III to this prospectus and in the absence of unforeseen circumstances, that our estimated combined profit attributable to owners of our Company and unaudited pro forma estimated earnings per share for the year ended 31 December 2019 as follows:

Estimated combined profit attributable to owners of our Company for the year ended 31 December 2019	not less than S$6.6 million (approximately HK$37.8 million)
Unaudited pro forma estimated earnings per Share for the year ended 31 December 2019.	not less than S$0.0062 (approximately HK$0.036)

Note: The estimated combined profit attributable to owners of our Company for the year ended 31 December 2019 has taken into account of our estimated listing expenses of approximately S$3.5 million incurred during the year ended 31 December 2019.

The profit estimate, for which our Directors are solely responsible, has been prepared by them based on the audited combined results of our Group for the eight months ended 31 August 2019 as set out in the Accountants' Report in Appendix I to this prospectus and the unaudited combined results based on the management accounts of our Group for the four months ended 31 December 2019.

The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit for the year ended 31 December 2019 attributable to owners of our Company by 1,064,000,000 shares that had been assumed to be issued as at 1 January 2020, including 266,000,000 shares to be issued under the Share Offer, 797,999,800 shares to be issued under the Capitalisation Issue and 100 shares to be issued pursuant to the Reorganisation had been in issue as at 1 January 2019. The calculation of the estimated earnings per Share does not take into account any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate to issue Shares and the general mandate to repurchase Shares.

RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, they were not aware of any circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

MATERIAL ADVERSE CHANGE

Our Directors confirm that, save for the expenses in connection with the Listing, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospect since 31 August 2019, and there had been no events since 31 August 2019 which would materially affect the information shown in our combined financial statements included in the Accountant's Report set out in Appendix I to this prospectus.

BUSINESS STRATEGIES AND FUTURE PLANS

Our principal business objective is to strengthen our market position in the civil engineering utilities works segment. For details of our business strategies and future plans, please refer to the section headed "Business — Business strategies" in this prospectus.

USE OF PROCEEDS

Assuming an Offer Price of HK$0.54, being the mid-point of the indicative Offer Price range, and after deducting related underwriting fees and estimated expenses in connection with the Share Offer and the Over-allotment Option is not exercised, our Group estimates that the aggregate net proceeds to our Company from the Share Offer will be approximately HK$90.3 million. Our Directors presently intend to apply such net proceeds as follows:

	Total	**Approximate percentage of net proceeds**
	HK$ million	*%*
Strengthening our financial position	71.1	78.8
Recruitment of staff	19.2	21.2
Total:	90.3	100.0

Strengthening our financial position

Approximately HK$71.1 million, representing approximately 78.8% of the net proceeds will be applied towards the strengthening of our financial position in order to pay for upfront costs for the three earmarked projects.

To commence the new projects, we are generally required to incur significant upfront costs in the early stage before such costs can be recovered from our customers. Historically, for projects with a contract sum of approximately S$5.0 million, we may generate positive cumulative cash flow on average after approximately 12 months. The upfront costs of our projects generally include raw material costs, subcontracting charges, staff costs and other project-related costs. Based on our operating history during the Track Record Period, the upfront costs of our projects would generally amount to approximately 9.7% of the total contract sum.

Earmarked projects

Our Directors have earmarked three projects which we intend to apply our net proceeds towards fulfilling part of the relevant upfront costs. The remaining portion will be funded by our internal resources and available banking facilities. The following table sets forth the particulars of the three earmarked projects in descending order by total contract sum:

Project code	Customer	Type of projects	Our role	Quotation or tender date	Status	Award date	Expected project period (*Note*)	Total contract sum *HK$'000*	Estimated amount of upfront costs *HK$'000*
Project No. 28	Customer C	Contract works — power cable	Main contractor	April 2019	Letter of award received	October 2019	January 2020 to September 2022	777,248	75,732
Project No. 29	Customer F	Contract works — power cable	Subcontractor	May 2019	Letter of award received	November 2019	November 2019 to October 2022	227,950	22,210
Project No. 30	LS Cable & System Ltd Singapore Branch	Contract works — power cable	Subcontractor	May 2019	Subcontracting agreement signed	December 2019	December 2019 to October 2022	107,495	10,474
								1,112,693	108,416

Note: The expected project period represents the duration of our works with reference to the commencement date of the relevant project set out in the architect instruction issued by our customer or its authorised persons or the actual work schedule up to the Latest Practicable Date; and the future completion date based on our management's best estimates according to the expected completion dates specified in the letter of award or relevant contracts (if any), the extension period granted by customers (if any), and the actual work schedule up to the Latest Practicable Date.

Project No. 28 is a three-year term contract for the installation of 66kV power cables, auxiliary cables and accessories for the entire West Region and Jurong Island in Singapore with the estimated volume of power cables and accessories of up to 150 kilometres, whilst in previous projects of a similar nature we were responsible for power cable installation for one or several route(s) with an estimated volume of several kilometres each. The increased scale and higher contract sum of Project No.28 align with the shift in tendering strategy of our customers from multiple tenders with definite routes in the past to term contract based on work orders issued within a fixed zone according to the Ipsos Report.

Based on the cost estimations prepared during the tendering process, our Directors consider that, subject to any unforeseen circumstances, the gross profit margin of the abovementioned projects shall be comparable with that of our existing projects during the Track Record Period. As at the Latest Practicable Date, the abovementioned projects had an aggregate total contract sum and estimated upfront costs of approximately HK$1,112.7 million and HK$108.4 million, respectively. These projects were still at an early stage and our Directors expect that we will not incur significant upfront costs in relations to such projects until or around April 2020.

Comparison between the earmarked projects and projects undertaken by us during the Track Record Period

The estimated total contract sum of each of the earmarked projects is significantly higher than that of the projects we undertook during the Track Record Period. According to the Ipsos Report, it has been observed that major private clients in the civil engineering utilities works segment have exhibited a slight shift in tendering strategy. In the past, private clients adopted the practice to breakdown bigger projects and accepted multiple tenders, leading them to work with multiple contractors. However, it is observed that these private clients have since shifted their tendering strategy as current scope of work is based on the works orders issued within a fixed zone during the term of the term contract. As such, the earlier scope of work is defined by routes with definite completion dates for each route, whilst current scope of work is based on the works orders issued within a fixed zone during the term of the term contract, resulting in the significantly wider scope of work issued by the major private clients, and contractors are tendering for contracts that are larger in scale and higher in contract sum. Therefore, our Directors consider that our tendering strategy is in line with the latest industry trend in the civil engineering utilities works segment.

The earmarked projects are related to power cable installation work. The higher estimated total contract sum of these projects reflects the increased volume of works and additional requirements imposed on us as compared to previous similar projects undertaken by us during the Track Record Period. The followings are the major additional requirements and differences, among others, under the earmarked projects:

- More safety requirements: a project safety review is introduced which requires us, among others, to submit risk assessment reports throughout the project life cycle.

- More monitoring requirements: we are required to deploy closed-circuit television (CCTV) system and employ command centre supervisor for remote monitoring worksites as well as to provide supervisory staff, cable detection workers, surveyors, workplace safety and health personnel, labourers, equipment for satisfactory execution and completion of the works.

- Additional insurance costs: we are required under the contracts to incur additional costs on taking out a cyber insurance, in order to protect us from internet-based risks.

- Less certainty in the dates of completion of work: the dates of completion of work are dependent on the dates of issue of the work orders by the customer within a specified period, while most of the previous contracts of similar projects set out clearly the dates of completion.

For safety and monitoring requirements, we have established our in-house 24-hour integrated operation centre since 2016, which is responsible for overseeing the daily operations of all of our projects. We had also deployed closed-circuit television (CCTV) system for remote monitoring at worksites for certain of our projects during the Track Record Period. As at the Latest Practicable Date, we have employed two workplace safety and health officers for evaluating, developing, promoting and supporting the establishment and maintenance of our safety, health and environmental management system as well as assisting our management to identify and assess any foreseeable hazard arising from work activities. In addition, we intend to recruit two workplace safety and health officers, four workplace safety and health coordinators from the net proceeds from the Share Offer with the additional work teams by FY2020. Hence, our Directors believe that we would be able to satisfy the additional safety and monitoring requirements for the earmarked projects.

For additional insurance costs and less certainty in the dates of completion of work, our Directors believe that we may need to bear more upfront costs and manpower resources for projects awarded. As such, we intend to apply the net proceeds from Share Offer to (i) strengthen our financial position in order to pay for upfront costs; and (ii) expand our capacity by increasing our workforce through recruiting additional staff.

Save and except for the increased volume of works and above additional requirements, other technical requirements, technical specifications, test requirements, and qualification/experience requirements on major personnel involved from the abovementioned projects are generally on similar terms to the previous projects undertaken by us during the Track Record Period. Given that the additional requirements above are not overly stringent or technical and we will increase our capacity by recruiting additional staff using the net proceeds from the Share Offer, our Directors are of the view that we will have sufficient capacity and experience to handle the earmarked projects. In addition, Customer C (a subsidiary indirectly wholly-owned by the Singapore Government, and one of our major customers during the Track Record Period which has established business relationship with us since 2004) has recently awarded to us a power cable installation work project, namely Project No. 28, with a total contract sum of approximately HK$777.2 million. Our Directors consider the award of a sizeable project by our long-term major customer is also an evidence showing our customers are confident that we have sufficient capacity and experience to handle projects of significantly larger size.

Sufficient demand for our services to support our business expansion

We outperformed the industry trend and achieved a considerable growth in business in terms of revenue and gross profit between 2016 and 2018 even when the civil engineering utilities works segment in Singapore experienced a contraction during the same period with the value of certified payments decreased from approximately S$1,733.01 million in 2016 to approximately S$1,126.63 million in 2018 according to the Ipsos Report. Through the construction works we had carried out, our Directors believe that our Company has a good reputation as to the quality of our completed works which have met the required standard. We also believe that our experiences allow us to evaluate and manage each project's specifications, resources needs and level of difficulty accurately so that our projects would be completed in a timely and reliable manner. For instance, we have been assessed as one of the top five contractors by Customer C in their annual contractor assessment. Our Directors therefore believe that our Company's long-term presence and the active role we have been playing in the industry gives our customers confidence in our capability and capacity to offer quality services in Singapore, which place us in an advantageous position when competing for tenders and in turn allow us to increase our market share over other competitors. For FY2016, FY2017 and FY2018, we recorded revenue of approximately S$53.1 million, S$72.8 million and S$64.7 million, respectively, while we recorded gross profit of approximately S$12.7 million, S$12.1 million, S$18.0 million, respectively. For details on the reasons of the fluctuations in our financial performance, please refer to the section headed "Financial information — Period-to-period comparison of results of operations" in this prospectus.

According to the Ipsos Report, it is anticipated that the civil engineering utilities works segment will experience a stronger growth, in line with the anticipated growth of the civil engineering segment following the Singapore government's plan to increase the overall population to a range of 6.5 to 6.9 million by 2030 and to optimise land use. Furthermore, the announcements of new township and development of infrastructure projects (e.g. North-South Corridor) are anticipated to drive demand for civil engineering works further. As such, the civil engineering utilities works segment is anticipated to grow at a CAGR of approximately 4.08% to reach S$1,813.18 million in 2023. In particular, the Singapore Government has put into motion various projects involving underground works in order to clear up the spaces above ground that is occupied by infrastructures such as cables and pipes to ensure that there will be sufficient space for the growing population and infrastructures. Several upcoming underground developments have been planned up till 2030 to further the objective of optimisation of land use, including Thomson-East Coast Line, Deep Tunnel Sewerage System Phase 2, Four-in-One Depot at Changi, North-South Corridor, and Cross Island Line. These underground works projects are expected to progress in line with the anticipated overall developments of the construction works industry, notably with the development of private, public, commercial and industrial buildings which would require proper infrastructures such as electricity and water to meet the needs of society. For details, please refer to the section headed "Industry overview" in this prospectus.

Having considered our competitive strengths as mentioned in the section headed "Business — Competitive strengths" in this prospectus and the anticipated growth in the value of certified payments of civil engineering utilities works segment in Singapore, our Directors believe that we can expand our business on top of our present scale of operation if we continue to further strengthen our market position in the civil engineering utilities works segment in Singapore by pursuing the following strategies: (i) expanding our market share through undertaking projects of more sizeable scale; (ii) continuing to emphasise and maintain high standards of project planning, management and implementation; and (iii) adhering to prudent financial management to ensure sustainable growth and capital sufficiency. For details of our business strategies, please refer to the section headed "Business — Business strategies" in this prospectus.

In view of the expected growth of the civil engineering utilities works segment, we intend to cultivate new business opportunities actively by undertaking more projects with more sizable scale. According to the Ipsos Report, major private clients in the civil engineering utilities works segment have exhibited a slight shift in tendering strategy. As such, the current scope of work is significantly wider in scope, and contractors are tendering for contracts that are larger in scale and higher in contractual sum. Our Directors consider that there would be considerable business opportunities and growth drivers for us to increase our market share and to satisfy the demand for our services. The award of a sizeable power cable installation work project (Project No. 28) to us by Customer C with a total contract sum of approximately HK$777.2 million is an example of how we are benefited from a shift in tendering strategy by our customers.

Furthermore, our Directors consider that we are experiencing an ongoing business growth because as at the Latest Practicable Date, we had 28 projects on hand (including 23 ongoing projects and five projects that have been awarded to us but we have not yet commenced on-site works) with an outstanding contract sum of approximately S$271.6 million, which is significantly higher than the corresponding value as at 31 December 2016, 31 December 2017 and 31 December 2018. In addition, for each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, our quotation and tender success rate was approximately 59.0%, 33.3%, 32.1% and 37.7%, respectively. Our Directors therefore consider that our overall tendering performance during the Track Record Period has been maintained in a satisfactory level. If we are able to secure the quotations and tenders which we have submitted or any additional new projects, we can even achieve further growth in our business.

Taking into account that (i) the civil engineering utilities works segment in Singapore is anticipated to experience a stronger growth according to the Ipsos Report; (ii) the considerable growth in our business in terms of revenue, gross profit and our projects on hand during the Track Record Period; (iii) the award of three sizeable power cable installation work projects (Project No. 28, Project No. 29 and Project No. 30) to us by Customer C, Customer F and LS Cable & System Ltd Singapore branch, respectively, with a total contract sum of approximately HK$1,112.7 million; and (iv) we will continue to actively submit quotations and tenders for new projects given our historical quotation and tender success rate, our Directors are of the view that there will be sufficient demand for our services to support our additional work teams and we have imminent and genuine need to apply the net proceeds from the Share Offer to finance the project upfront costs.

There is no assurance that we can accurately estimate when the results for quotations and tenders submitted or to be submitted will be released, or when exactly we will be required to bear upfront costs for projects awarded. These timelines will depend on, among others, (i) the timetable of the potential project, which may or may not be available to us prior to submitting the quotation and tender; (ii) a particular customer's internal arrangements which may be further affected by market conditions, and may or may not adhere to the original project timetable; (iii) the scope of work of the project, which may in turn affect whether and when we are required to make payments to our suppliers; and (iv) our negotiations with our customers which may in turn affect the payment terms for our projects.

Historically, when we did not have sufficient resources at a project commencement date to support the related upfront costs, we had resorted to shareholders' loans to fund such costs.

Since the abovementioned earmarked projects are expected to commence by the first quarter of FY2020, we intend to apply the net proceeds towards their upfront costs and the allocation of the net proceeds for upfront costs will be reviewed regularly depending on the projects in our pipeline. Should the Listing become unsuccessful or delayed, our Directors believe that we could only procure financial resources to finance such project by seeking relatively high interest-bearing loans from non-traditional financial institutions as it is unlikely for our Group to obtain additional banking facilities from traditional banks at reasonable interest rates due to lack of further securities that our Group could provide and the fact that personal guarantees by our Controlling Shareholders were already used for securing existing banking facilities as set out above. As the drawdown of high-interest bearing loans from non-traditional financial institutions would incur much higher finance costs and would deteriorate our Group's profit margin in the long run, our Directors therefore believe that the use of approximately HK$71.1 million from the net proceeds to fund the abovementioned projects is to the benefit of our Group as a whole given the advantages of equity financing over debt financing as set out above.

Recruitment of staff

Approximately HK$19.2 million, representing approximately 21.2% of the net proceeds will be applied towards expanding our workforce through the recruitment of additional staff.

In order to maintain flexibility and agility, we plan to recruit a number of staff to form two work teams that can move between sites by FY2020. A project manager will compose a team for each project with various compositions of staff members and skill level based on the complexity and requirements of the project. The following table sets out the preferred qualification, experience and salary of the additional staff we plan to employ with the net proceeds from the Share Offer:

Role	**Number of staff to be recruited by FY2020**	**Preferred qualification and experience**	**Approximate annual direct salary cost per staff**	**Approximate net proceeds allocated**
			HK$ million	*HK$ million*
Project management				
Project manager	2	• Degree holder in civil engineering or project management • Holder of Certificate from Construction Safety Course for Project Managers • Minimum eight years of working experience in relevant industry	0.6	1.2
Project engineer	4	• Degree holder in civil engineering or project management (preferred degree listed in Professional Engineer Board of Singapore) • Minimum two years of working experience in relevant industry	0.2	1.1
Safety management				
Workplace safety and health officer	2	• Specialist diploma holder in workplace safety and health or degree holder in health, safety and environment • Workplace Safety and Health Officer Certificate issued by MOM • Minimum four years of working experience in relevant industry	0.3	0.7
Workplace safety and health coordinator	4	• Attended building construction safety supervisor course • Minimum two years of working experience in relevant industry	0.2	0.9
Site management				
Site manager	4	• Relevant certificates on building construction supervisors • Minimum four years of working experience in relevant industry	0.5	1.8
Site supervisor	12	• Relevant certificates on building construction supervisors • Minimum four years of working experience in relevant industry	0.3	8.0

Role	Number of staff to be recruited by FY2020	Preferred qualification and experience	Approximate annual direct salary cost per staff *HK$ million*	Approximate net proceeds allocated *HK$ million*
On-site staff				
Skilled and general site worker	60	• Attended Construction Safety Orientation Course (CSOC) • Minimum four years of working experience in relevant industry for higher skilled site workers	0.1	5.5
			Total	19.2

Roles and responsibilities of the project, safety and site management staff to be recruited

(a) Project manager

Our project manager is responsible for liaising with other members of the project team on the project status, progress report review and site daily record prepared by our engineer, as well as to manage project cashflow planning and projection, and to correspond with subcontractors for the works conducted by them. Our project manager will directly report to our executive Directors on the project matters and current status. Progress meetings shall be arranged and attended by project manager to inform our customer on the project status.

(b) Project engineer

Our project engineer is responsible for worksite planning and preparing the site daily record properly which contains (i) the number of workers; and (ii) description of works both performed by our workers or subcontractors. Our engineer conveys the site daily record to the project manager for review and keeps it in the site office for spot check by our executive Directors.

(c) Workplace safety and health officer

We are required under the Workplace Safety and Health (Workplace Safety and Health Officers) Regulations to appoint a workplace safety and health officer for engineering construction works with contract sum exceeding S$10.0 million in respect of every worksite. Our workplace safety and health officer is responsible for evaluating, developing, promoting and supporting the establishment and maintenance of our safety, health and environmental management system as well as assisting our management to identify and assess any foreseeable hazard arising from work activities, recommending reasonably practical measures to eliminate the foreseeable hazards and reducing risk to a safe minimum working level. Our workplace safety and health officer will also identify safety, health and environmental training needs and ensure adequate and sufficient training is provided to all personnel. Our workplace safety and health officer is also responsible for scheduling and assigning tasks to our workplace safety and health coordinators.

(d) Workplace safety and health coordinator

We are required under the Workplace Safety and Health (Construction) Regulations 2007 to appoint a workplace safety and health coordinator for engineering construction works with contract sum less than S$10.0 million in respect of every worksite. Our workplace safety and health coordinator is responsible for conducting regular site inspections and corrective actions as well as enforcing and monitoring safety conduct on site. Our workplace safety and health coordinator will always liaise closely with project team to provide assistance in any workplace safety and health matters and assist the workplace safety and health officer in implementation of safety measurement on the worksite.

(e) Site manager

Our site manager is responsible for managing and overseeing overall day-to-day construction management of the project and reporting to project manager of project details, including progress, risks and opportunities in a timely manner. In addition, our site manager will also review man-hours and duration forecasts to completion for project and monitor construction productivity and schedule performance and investigate reasons for less than satisfactory performance.

(f) Site supervisor

Our site supervisor is responsible for inspecting field works including monitoring the work progress and communicating with our foreman about the actual operation details of each project.

We do not have sufficient manpower to take up more sizeable projects

As at the Latest Practicable Date, we have 28 projects on hand with a total contract sum of approximately S$344.8 million, of which approximately S$271.6 million was outstanding and expected to be recognised as revenue for the period after the Latest Practicable Date. Therefore, based on all the foregoing, in view of the anticipated new projects on top of our current scale of operation, our Directors consider that our existing manpower will not be able to cater for the expected increase in number and size of projects as a substantial number of manpower will be required simultaneously, and therefore there is no assurance that our projects on hand can be finished on time due to additional works and thus the relevant manpower may not be released as scheduled. Therefore, to in line with our past strategy, in order to cope with our expansion by undertaking our projects on hand and potential projects simultaneously, we intend to further recruit up to six, six and 16 project, safety and site management staff, respectively, and up to 60 additional skilled and general site workers by FY2020 in view of the anticipated additional new projects on top of our current scale of operation.

Among the three earmarked projects for which we intend to apply our net proceeds towards upfront costs, all of which were awarded to us as at the Latest Practicable Date with a total contract sum of approximately HK$1,112.7 million, namely Project No. 28, 29 and 30. The total contract sum of these three earmarked projects were significantly higher than the outstanding contract sum of the projects on hand as at 31 August 2019. For details of our earmarked projects and further demands for our services, please refer to the paragraph headed "Use of proceeds — Strengthening our financial position" in this section. Furthermore, our current workforce had been fully deployed and only 3 out of 15 projects of contract sum exceeding S$5 million as at the Latest Practicable Date will be completed by the first half of 2020. The relevant manpower will not be released until the first half of FY2020 and may be subject to delay due to any unexpected circumstances. For management staff, we have 66, 19 and 117 project, safety and site management staff respectively as at the Latest Practicable Date. Given that they had an increasing workload in terms of number of projects and aggregate contract sums of projects they were responsible for, and some of them were generally required to work on several projects simultaneously during the Track Record Period, our Directors consider that our current management staff had been fully deployed. With the 28 projects on hand as at the Latest Practicable Date, an average of two project management staff, one safety management staff and four site management staff were assigned to each project, respectively. Having considered that we have recently secured a sizeable power cable installation work project (Project No. 28) from Customer C with a total contract sum of approximately HK$777.2 million and we intend to tender for other potential projects, some of which will likely to commence by the first half of FY2020, the existing management staff will not be sufficient for the upcoming workloads. Therefore, we have a genuine need to set up two additional work teams for the anticipated additional workloads with more stringent safety and monitoring requirements from the newly awarded projects and other potential projects to be awarded to us in the near future. Coupled with the fact that we are also intending to deploy more of our own staff thereby reducing the reliance of subcontractors, we believe that the number of additional recruitment is tailored to our needs. We intend to apply the net proceeds from Share Offer to recruit up to 60 additional site workers on top of approximately 334 site workers in our current workforce as at the Latest Practicable Date, which is in line with our revenue growth of approximately 20% from FY2016 to FY2018.

Qualitative and quantitative benefits from deploying our own direct labour resources

Although we subcontract certain activities in a project to our subcontractors in order to optimise our business operation, our Directors consider that going forward, it may be beneficial for us to carry out works using our own direct labour resources rather than subcontracting, since the use of our own labour resources would generally lead to a higher profit margin for our Group as compared to that of the adoption of subcontractors and we have more control as to the profit markup, as well as more control on the availability of labour resources and their performance.

With a stable and expanded workforce consisting our management staff and site workers, we expect to benefit from a qualitative perspective as follows:

(i) we can ensure that sufficient manpower is available, in particular our direct workers, when business opportunities do arise such as when a series of sizeable projects are awarded to us and works are expected to commence at about the same time;

(ii) our additional staff in particular our direct workers will benefit from a greater sense of commitment and job security, which translates into greater job satisfaction, thereby enhancing work quality and productivity;

(iii) we can nurture a permanent and consistent workforce with strong teamwork and collaboration and is familiar with our own and customers' requirements, thereby enhancing work quality, customer satisfaction and our reputation;

(iv) a permanent and consistent workforce offers greater flexibility in scheduling our projects, making sure we are able to address sudden changes by our customers and adhere to project timelines; and

(v) work quality of a permanent and consistent workforce can be controlled and monitored effectively when compared to workers provided by our subcontractors.

From a quantitative perspective, our Directors take the view that with the proceeds from the Listing, we will be able to achieve a higher profit margin through using our own direct labour resources under our projects where appropriate. Given that the monthly subcontracting charges per subcontracting skilled and general worker and the average monthly salary per own site worker for FY2020 will reach approximately S$2,730 and S$1,680, respectively, the cost savings will be approximately S$1,050 per headcount. According to the recruitment of additional staff under our expansion plan, it is estimated that in FY2020 the total cost savings we can realise from our 60 additional direct skilled and general workers will be approximately S$535,500, which represents approximately 16% of costs savings comparing to the costs of engaging the same number of skilled and general workers from subcontractors, thus our Directors believe that our Group will be able to achieve a higher profit margin by reducing our reliance on subcontractors. The cost saving analysis set out above is based on the following basis and key assumptions:

- It is assumed that projects undertaken will proceed over the contracted period and that the projects will be completed as scheduled;
- There will be no material unfavorable changes in the material costs and staff costs from those currently prevailing;
- Our Group's operations will not be adversely affected by occurrences such as labor shortages and disputes, unexpected significant increase in the labour costs, or any other factors outside the control of the management of our Group. In addition, our Group will be able to recruit enough staff and workers and engage providers of construction of manpower to meet its operating requirements;
- There will be no significant changes in our Group's business relationship with our existing business partners, major customers and suppliers;
- Our Group will be able to continue its operations in substantially the same way as we have been operating and our Group will also be able to carry out our business plans without disruptions. Please refer to the section headed "Business — Business strategies" in the Prospectus for details of our business strategies;
- There will be no material changes in legislation or regulations whether in Singapore or elsewhere which will materially affect the business carried on by our Group; and
- Our Group's operations will not be materially and adversely affected by any of the risk factors disclosed in the section headed "Risk factors" in this prospectus.

Given the cost savings benefit above and other quantitative benefits as mentioned below, the implementation of the plan to recruit additional direct workers is commensurate with our overall business strategy to strengthen our market position in light of the forecasted growth in the civil engineering utilities works segment in Singapore.

With an expanded workforce, our Directors are free to decide whether to deploy direct labour resources or subcontracting out under our projects. Should it appear to our Directors that a certain potential project might not be able to achieve the best cost savings through deploying our own direct labour resources, our Directors can always choose to subcontract certain tasks to subcontractors. Such future plan presents a tool for our Directors in optimising human resources allocation, business operation and profitability with the additional quantitative benefits as follows:

(i) our Directors believe that our revenue and profitability can be further improved by expanding our market share through undertaking more projects of significantly larger size. With an expanded in-house workforce comprising project, safety and site management staff as well as site workers, we believe we will be in a better position to practise efficient human resources management;

(ii) we are of the view that undertaking sizeable projects with large contract sums shows that these projects will take up our manpower for prolonged periods due to the substantial amount of project management work involved. With an expanded in-house workforce, we will be able to enhance our quality control and further improve project management work at the project sites and the quality of works performed by us, thereby encouraging our existing customers to continue to engage us for future projects and further build up our reputation within the civil engineering utilities works segment in Singapore to attract new customers; and

(iii) coupled with our plan to strengthen our financial position to pay for the upfront costs as mentioned above, an expanded in-house workforce will also allow us to undertake more sizeable projects to further improve our revenue and profitability. Our plan to set up additional work teams to perform the works instead of relying on subcontracting will further increase our flexibility in project management as we will be able to choose to rely on our existing subcontractors or perform the project works directly with our in-house workforce in our future projects, depending on our available resources. Our Directors consider that cost savings can be achieved if we are to employ additional direct labour for executing future projects instead of engaging subcontractors. The cost savings achieved can in turn allow us to adopt a more aggressive pricing strategy and offer a more competitive tender/quotation price over our competitors in the market, thereby raising our chance of securing a project. For further details of our pricing strategy, please refer to the section headed "Business — Sales and marketing — Pricing strategy" in this prospectus.

IMPLEMENTATION PLANS

The following table sets out a summary of our implementation plan:

	From the Listing Date to 31 December 2020	From 1 January 2021 to 31 December 2021	Total	Approximate percentage of net proceeds
	HK$ million	*HK$ million*	*HK$ million*	*%*
Strengthening our financial position	71.1	—	71.1	78.8
Recruitment of staff	16.6	2.6	19.2	21.2
Total	87.7	2.6	90.3	100.0

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK$0.60 per Offer Share, and assuming the Over-allotment Option is not exercised, the net proceeds we received from the Share Offer will increase by approximately HK$13.2 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK$0.48 per Offer Share, and assuming the Over-allotment Option is not exercised, the net proceeds we receive from the Share Offer will decrease by approximately HK$13.2 million. We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate that we will receive net proceeds of approximately HK$108.2 million, assuming an Offer Price of HK$0.54 per Offer Share, being the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at the high-end of the indicative Offer Price range, the estimated net proceeds upon full exercise of the Over-allotment Option will increase by approximately HK$15.2 million. If the Offer Price is set at the low-end of the indicative Offer Price range, the estimated net proceeds upon full exercise of the Over-allotment Option will decrease by approximately HK$15.2 million. In the event the Over-allotment Option is exercised in full, we intend to apply the actual net proceeds for the above purposes on a pro-rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term interest demand deposits with authorised financial institutions and/or licensed banks in Singapore or Hong Kong.

We will issue an announcement in the event that there is any material change in the use of proceeds from the Share Offer as set out above.

We will bear the underwriting commissions, SFC transaction levy and Stock Exchange trading fee payable by us in connection with the issue of the Offer Shares together with any applicable fees relating to the Share Offer.

BASES AND ASSUMPTIONS

Our Directors have adopted the following principal assumptions in the preparation of the above implementation plans:

(i) the Share Offer will be completed in accordance with and as described in the section headed "Structure and conditions of the Share Offer" in this prospectus;

(ii) our Group will be able to continue our operations in substantially the same manner as we have been operating during the Track Record Period, and we will be able to carry out the implementation plans without adversely affecting our operations;

(iii) our Group will not be materially affected by any risk factor set out in the section headed "Risk factors" in this prospectus;

(iv) our Group is able to retain our customers and suppliers;

(v) our Group will be able to retain key staff; and

there will be no material changes in the existing political, legal, fiscal or economic conditions, and in the bases or rates of taxation in Singapore and Hong Kong, and any other place in which any member of our Group carries on or will carry on its business.

REASONS FOR THE LISTING

We aim to further improve our market position through (i) expanding our market share through undertaking projects of a more sizeable scale; (ii) continuing to emphasise and maintain high standards of project planning, management and implementation; and (iii) adhering to prudent financial management to ensure sustainable growth and capital sufficiency.

We intend to expand our market share through undertaking projects of more sizeable scale by (i) strengthening our financial position; and (ii) expanding our manpower. For details on how we intend to implement such strategies, please refer to the paragraph headed "Use of proceeds" in this section.

Satisfying our genuine imminent funding need in order to expand our business

To commence a new project, we are generally required to incur significant upfront costs in the early stage before such costs can be recovered from our customers. Historically, for projects with a contract sum of approximately S$5.0 million, it generally took up to approximately 12 months for us to achieve positive cumulative cash flow in a particular project. The upfront costs of our projects generally include raw material costs, subcontracting charges, staff costs and other project-related costs. Based on our operation history during the Track Record Period, the upfront costs of our projects generally amounted to approximately 9.7% of the total contract sum. During the Track Record Period, we have been experiencing greater working capital pressure at the project level at the initial stage of projects, in particular, for sizeable projects with progress claim upon completion of a milestone.

Our project, safety and site management staff play an essential role in our project performance and therefore we place emphasis on ensuring that our project, safety and site management teams are adequately staffed with personnel with appropriate skills and experience to closely monitor our projects.

According to the Ipsos Report, the construction industry in Singapore is facing recruitment challenges due to the shortage of construction labour, with median monthly gross wage for building and construction project manager increased from S$5,100 in 2013 to S$6,391 in 2018 at a CAGR of approximately 4.62%. This is largely due to the labour-related challenges faced by the construction industry in general, such as an aging workforce supply and a declining rate of young Singaporeans entering the industry. Our Directors believe that, to tender and compete for more new and sizeable projects, availability of our manpower resources, in particular the size of our project, safety and site management teams would be some of our key assessment criteria.

As at the Latest Practicable Date, we had 202 project, safety and site management staff. On the basis that (i) during the Track Record Period, our project, safety and site management staff had an increasing workload in terms of number of projects or aggregate contract sums of projects they were responsible for; (ii) our project, safety and site management staff were generally required to work on several projects simultaneously during the Track Record Period; and (iii) as illustrated in the section headed "Business — Our employees" in this prospectus, we have experienced a decrease in the numbers of employees in our project management team, our Directors consider that our current workforce has been fully deployed. Therefore, if we have to undertake several sizeable projects at the same time only with our existing manpower, the work capacity of our project management team would be more occupied and accordingly they might not be able to properly supervise and manage the works undertaken by us and our subcontractors.

In addition, since the scale of our future projects are anticipated to be larger than our projects during the Track Record Period and sizeable projects generally last for longer duration and involve different aspects of works, our Directors expect these projects will take up a relatively large number of staff and will need to deploy our manpower for prolonged periods due to the potentially substantial amount of project management works involved.

Based on all the foregoing, our Directors consider that our existing manpower will not be able to cater for the expected increase in number and size of projects as substantial manpower will be required concurrently, not to mention additional works was not uncommon in our projects during the Track Record Period and therefore there is no assurance that our projects on hand can be finished on time due to additional works and thus the relevant manpower may not be released as scheduled. Besides, our Directors consider that there is no guarantee that we would be able to source quality subcontracting services from our subcontractors which can meet our work schedule under an acceptable costs and terms if a substantial number of construction projects are implemented within the same time frame.

In view of our increasing scale of operations and the need to work on several projects concurrently, our Directors consider that we shall maintain a larger pool of our own skilled and general site workers to minimise the potential risk of disruption caused by any possible unavailability of subcontracting services. Therefore, in line with our past strategy, in order to cope with our expansion by undertaking our projects on hand and potential additional projects simultaneously, we intend to further recruit up to 28 project, safety and site management staff and 60 skilled and general site workers by FY2020.

As illustrated above, under our expansion plan, we currently intend to (i) strengthen our financial position in order to pay for upfront costs; and (ii) expand our capacity by increasing our workforce through recruiting additional staff. Our Directors consider that each of the aforesaid objectives in our expansion plan is complementary to each other and represents an integral initiative to strengthen our service capacity so as to capture the forecasted growth in demand for civil engineering utilities works in Singapore as we would only be able to undertake the awarded and potential projects with sufficient funding and manpower.

As set forth in the paragraph headed "Use of proceeds" in this section, the full implementation of our expansion plan would require a total sum of approximately HK$90.3 million. Our Directors consider that, as illustrated below, we could not solely rely on our internal resources to finance our expansion plan without adversely affecting our financial position and liquidity, especially when our internal resources are required to meet our operational needs and working capital level.

Having considered that the abovementioned earmarked projects which are due to commence no later than the first quarter of FY2020 and additional financial resources and workforce are required to be in place at the relevant period, our Directors believe that there are immediate needs to execute these objectives together in a coordinated and timely manner. Historically, when we did not have sufficient resources at a project commencement date to support the associated upfront costs and performance bond, we have had to rely on shareholders loans. Therefore, our Directors consider that it is necessary for our Group to raise external financing to ensure that the various objectives under our expansion plan can be carried out together in a coordinated and timely manner.

Our available cash resources and working capital level are barely sufficient to maintain our existing business operation for the projects in progress

As at 31 December 2019, we had cash and cash equivalents of approximately S$3.4 million. On the other hand, as at 31 December 2019, we had current liabilities of approximately S$40.5 million, which mostly consists of trade payables, accruals, other payables and provision as well as bank and other borrowings. There can be no assurance that we will receive payments from our customers before we are required to settle our suppliers' invoices and other current liabilities, and therefore our Directors consider that it is financially prudent for our Group to maintain sufficient immediately available cash and bank balances that are in roughly the same amount as or in excess of our current liabilities at any point in time.

In addition, in the ordinary course of our business operation, we incur costs and have to meet our payment obligations on a regular and recurring basis, but we have less control on the timing of receipt of payments from our customers. Our Directors consider that, in order to meet our operational needs, it is preferable to maintain a working capital balance equivalent to a minimum of one month of our average monthly operational costs, having considered factors such as (i) the substantial period between the completion of works and the payment by our customers, and that there is no assurance that our customers will pay us on a timely manner as stipulated under contracts; (ii) some of our operating costs, such as staff costs and rental of properties, are independent from our working schedule and are incurred regularly; and (iii) we shall pay our subcontractors in accordance to the payment terms under our subcontracts regardless of the timing of payment by our customers. During the Track Record Period, we required an average monthly operating costs for our operation of approximately S$4.6 million based on our total cost of sales and administrative expenses during the same period.

In order to meet our operational needs, our Directors consider that we shall maintain a working capital balance equivalent to minimum one month of our average monthly operational costs during the Track Record Period (i.e. a minimum working capital balance of approximately S$4.6 million) in view of our current scale of operations. Our Directors therefore consider that our available cash and bank balances are barely sufficient to cater for our existing operation of the projects in progress, not to mention any increase of operating costs and working capital balance in line with our business expansion as discussed below.

While our Directors consider that our current cash and bank balances are barely sufficient to support our existing operations, they cannot provide any funding buffer for us to accommodate any material and unexpected adversities such as possible economic downturn, material adverse change in the civil engineering utilities works segment or severe disasters, nor can they support our growth through business expansion. As such, having in mind one of our business strategies which is to adhere to prudent financial management to ensure sustainable growth and capital sufficiency, our Directors consider that our available cash is only sufficient for maintaining our current business operations but not for funding our business expansion plan.

Our Directors also consider that our financial standing, particularly on the working capital level, is a major consideration for our customers during the tender assessment process, because during the Track Record Period, some of our customers had required us to submit our latest financial information for assessment. In particular, our Directors consider that customers generally assess whether a contractor's financial resources are sufficient to undertake new projects and manage other projects on hand during the tender assessment process, which includes whether there are sufficient financial resources to bear the upfront costs. Therefore, our Directors consider that we should have a strong working capital level for our business operations in order to sustain and expand our business.

Furthermore, our Directors believe that the operational costs and minimum working capital balance illustrated above will correlate with our scale of operations and will increase accordingly as we adopt our ongoing expansion plan. Therefore, our Directors consider that our current cash and bank balances are only sufficient for maintaining our current business operation and are not sufficient to support our business expansion plan.

Debt financing alone does not provide enough funding at reasonable costs

As at 31 December 2019, our unutilised banking facilities (excluding project financing) amounted to approximately S$5.8 million. Our Directors consider that the unutilised banking facilities alone are not sufficient to support our expansion plan. In addition, our Directors consider that it is unlikely for our Group to obtain additional banking facilities as our Group does not possess sufficient properties or other assets as collateral for securities. On the other hand, the net proceeds from the Listing can provide us with the necessary additional financial resources without exposing us to high gearing ratio, which may cause undue liquidity pressure and risk, reduce profitability and may hinder the implementation of expansion plans of our Group.

Furthermore, our Directors consider that our financial performance and liquidity may be negatively affected if market uncertainty suddenly arises. For instance, a rise in interest rates in the United States or any sudden unexpected deterioration in the prevailing market conditions in Singapore may lead to an imposition of additional requirements for regular repayment of interest and principal to us regardless of the performance of our business. Besides, if we raise additional funds through debt financing, we may be subject to various covenants under the relevant debt instruments that may, among others, restrict our business operation or ability to obtain additional financing. Equity financing could provide us additional benefits, such as (i) retaining and incentivising our staff; and (ii) enhancing our visibility and credibility. Details of which are illustrated below.

Use of proceeds from the Share Offer

Based on all the aforesaid, our Directors are of the view that (i) each of the objectives in our expansion plan represents an integral initiative to strengthen our service capacity and there are immediate funding needs to carry out the various objectives together in a coordinated and timely manner in view of the timetable of the awarded and potential projects; (ii) our cash and cash equivalents of approximately S$3.4 million as at 31 December 2019 are barely sufficient for maintaining our current business operation for the projects in progress and thus are not sufficient to support our business plan; (iii) we shall not rely on our future cash flows from our operating activities to finance expansion plan as our future cash flows from our operating activities may not be fully and immediately available and there is also no assurance that we can generate positive operating cash flows for every month or period; (iv) our current available banking facilities are not sufficient to support our business plan and it is unlikely for us to obtain additional banking facilities while heavy bank borrowing may expose us to high gearing ratio which would subject us to the inherent risks of higher interest rate and finance costs. As a result, in light of our expansion plan which would require approximately S$15.8 million in FY2020 and FY2021, our Directors consider there is an imminent need for us to raise additional funding to facilitate the successful implementation of our business strategies and pursuing the Listing is in the interest of our Group. It is the current intention of our Directors to apply the net proceeds from the Share Offer to be received by our Company, which is estimated to be approximately HK$90.3 million (equivalent to approximately S$15.8 million) based on the Offer Price of HK$0.54 per Offer Share, being the mid-point of the indicative Offer Price range, for the implementation of the business strategies and our expansion plan, details of which is set forth in the paragraph headed ''Use of proceeds'' above in this section.

Retaining and incentivising our staff

Our Directors believe that, in order to tender and compete for new projects, the availability of suitably trained and skilled manpower resources is one of the key assessment criteria. Our Directors further consider that our existing manpower has been fully deployed. Therefore, if we are to undertake a greater number of projects or projects of a greater size, we will be required to expand our workforce.

Further, a public listing status may also enable us to attract and retain talents. Our Directors believe that upon Listing, our staff will feel more secured about their employment with us as compared to a private group and thus have a better morale at work. In addition, our Group shall have a Share Option Scheme in place which our employees shall be entitled to share options of our Group upon Listing. Our Directors consider that our staff would be incentivised to stay with our Group under the scheme and motivated to work towards the overall performance of our Group that aligning with the potential shareholders' interests as a whole.

Enhancing our visibility and credibility

Upon Listing, as a listed company, we will be subject to disclosure requirements and more stringent corporate governance standards. Our Directors believe that the Listing will provide us with the benefit of greater credibility and enhance our financial status on one hand and improve customer credibility on the other. Further, the Listing will raise our Group's profile awareness and publicity in Singapore and beyond, making our Group's range of services known to new potential customers and business partners, opening potential for our Group to increase our market share and industry influence.

Our Directors also believe that our customers (which are utilities companies, being listed companies themselves) and suppliers may prefer to deal with listed corporations given their reputation, listing status, public financial disclosures, transparency and enhanced internal controls and corporate governance. Thus, the publicity from the Listing would be beneficial to our Group and our Directors believe that a public listing status will enhance our corporate profile and recognition and assist us in reinforcing our corporate image. We believe that a public listing status will help us in our pursuit for other customers, attracting business opportunities by way of collaboration or strategic partnership.

Higher trading liquidity of Hong Kong stock market than Singapore stock market

Our Directors have evaluated various venues for listing, including Singapore and decided that the Hong Kong stock market would be the most suitable listing venue for our Group having considered the following factors:

(i) the increasing number of Singapore companies being listed in Hong Kong — our Directors are of the view that a listing in Hong Kong would be recognised by our existing and potential customers as having attained a certain standard of corporate governance and financial strength; and

(ii) the ease of access to capital market funding with sustained investor interest subsequent to Listing based on turnover of shares on the Stock Exchange. We consider that capital market funding is an appropriate alternative to debt financing, with the possibility of secondary fund raising.

A listing on the Stock Exchange would nurture the development of our Group's business due to higher trading liquidity of the Hong Kong stock market as compared to the Singapore stock market.

UNDERWRITERS

Public Offer Underwriters

Chuenman Securities Limited
Grand China Securities Limited
Orient Securities (Hong Kong) Limited
Cheong Lee Securities Limited
Enlighten Securities Limited
Tiger Faith Securities Limited
GLAM Capital Limited
Kam Fai Securities Co., Limited
Shanxi Securities International Limited
China Rich Securities Limited
Victory Securities Company Limited
Alpha Financial Group Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering 26,600,000 Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

The Public Offer Underwriters have agreed, on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure applications to subscribe for, or failing which themselves as principals shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, without limitation:

(a) the Listing Committee granting the listing of, and permission to deal in, our Shares in issue and to be issued (including any additional Shares to be issued pursuant to any exercise of the Over-Allotment Option and the Shares to be issued upon the exercise of the options to be granted under the Share Option Scheme); and

(b) the Placing Underwriting Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination of the Public Offer Underwriting Agreement

The Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) shall, subject to the consent of the Sponsor, be entitled by notice (orally or in writing) to our Company to terminate the Public Offer Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date:

(i) there shall develop, occur or come into force:

    (a) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government or orders of any courts, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, nuclear leakage, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or

(b) any change or any development involving a prospective change, or any event or series of events likely to result in any change or development or a prospective change, in any local, regional, national, or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in any stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets, or a material fluctuation in the exchange rate of Hong Kong dollars against any foreign currency, or any interruption in securities settlement or clearance service or procedures); or

(c) any new law or any change or any development involving a prospective change or any event or circumstance likely to result in a change in existing laws or development involving a prospective change in (or in the interpretation or application by any court or other competent authority in or affecting Hong Kong, Singapore, the United States, the BVI, the United Kingdom, the European Union (or any member thereof), the Cayman Islands, Japan, Australia or any other jurisdiction relevant to any member of our Group (together, the "**Specific Jurisdictions**"); or

(d) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Singapore Stock Exchange or Tokyo Stock Exchange; or the imposition of any general moratorium on commercial banking activities in the Specific Jurisdictions declared by the relevant authorities or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services or procedures in any of the Specific Jurisdictions; or

(e) the imposition of tariffs, economic or other sanctions, in whatever form, directly or indirectly, by or on any of the Specific Jurisdictions; or

(f) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment laws (including, without limitation, a material devaluation of the Hong Kong dollars or Singapore dollars against any foreign currencies), or the implementation of any exchange control, in any of the Specific Jurisdictions; or

(g) any change or development involving a prospective material change, or a materialisation of, any of the risks set forth in "Risk Factors" in this prospectus; or

(h) any litigation or claim of any third party being threatened or instigated against any member of our Group; or

(i) a demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(j) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(k) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or other competent governmental authority) or other Specific Jurisdictions, or any disruption in commercial banking or foreign exchange trading, or securities settlement or clearance services in those places or jurisdictions; or

(l) there is a change in the system under which the value of the HK$ is linked to that of the U.S. dollars; or

(m) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(n) the chairman or chief executive officer or financial controller of our Company vacating his office; or

(o) the commencement by any governmental, regulatory or political body or organization in any relevant jurisdiction commencing any investigation or take other action, against any Director; or

(p) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Share Offer; or

(q) a contravention by any member of our Group of the Listing Rules or applicable laws; or

(r) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer of the Shares) or any aspect of the Share Offer with the Listing Rules or any other applicable laws; or

(s) other than with the approval of the Joint Bookrunners and Joint Lead Managers, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(t) a petition or an order for the winding-up of any member of our Group or any composition or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding-up of any member of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters):

(1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company or any of its subsidiaries taken as a whole; or

(2) has or will have or may have a material adverse effect on the success of the Share Offer or the level of applications under the Public Offer or the level of interest under the Placing; or

(3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Share Offer to proceed; or

(4) has or will have or may have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof; or

(ii) there has come to the notice of the Joint Bookrunners and Joint Lead Managers:

(a) that any statement contained in this prospectus and the Application Forms, the formal notice issued or used by or on behalf of our Company in connection with the Public Offer (the "**HKPO Documents**") and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Public Offer (including any supplement or amendment thereto) was, when it was issued, or has become, untrue or incorrect in any respect or misleading or deceptive, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the HKPO Documents in the sole and absolute opinion of the Joint Bookrunners and Joint Lead Managers is not fair and honest and based on reasonable assumptions, when taken as a whole; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, in the sole and absolute opinion of the Joint Bookrunners and Joint Lead Managers, constitute an omission from any of the HKPO Documents and/or in any notices, announcements, advertisements, communications or other documents including any supplement or amendment thereto; or

(c) a prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including Shares to be allotted and issued under the Over-Allotment Option) pursuant to the terms of the Share Offer; or

(d) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement or the Placing Underwriting Agreement (other than upon any of the Public Offer Underwriters or the Placing Underwriters); or

(e) any event, act or omission which gives or is likely to give rise to any liability of our Group or our executive Directors or our Controlling Shareholders; or

(f) in the sole and absolute opinion of the Joint Bookrunners and Joint Lead Managers, any adverse change, or any development involving a prospective adverse change or development in conditions, in the assets, liabilities, business affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of our Group; or

(g) any breach of any warranties under the Public Offer Underwriting Agreement or any event or circumstances rendering such warranties be or would be when repeated untrue, incorrect or misleading in any respect; or

(h) that any expert (other than the Joint Bookrunners and Joint Lead Managers, the Sponsor or any of the Public Offer Underwriters) in this prospectus has withdrawn or sought to withdraw its consent to being named in any of this prospectus, the Application Forms and any other document issued, given or used in connection with the contemplated offering of the Offer Shares or otherwise in connection with the Share Offer, including, without limitation, any roadshow materials relating to the Offer Shares and, in each case, all amendments or supplements thereto (the "**Offering Documents**") or to the issue of any of the Offering Documents; or

(i) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-Allotment Option) under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(j) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer; or

(k) any event, act or omission which gives rise to or is likely to give rise to any material liability, in the sole and absolute opinion of the Joint Bookrunners and Joint Lead Managers, of our Company, the executive Directors or the Controlling Shareholders pursuant to the indemnities contained in the Public Offer Underwriting Agreement or under the Placing Underwriting Agreement; or

(l) a portion of the orders in the book-building process at the time the Placing Underwriting Agreement is entered into, have been withdrawn, terminated or cancelled; or

(m) a contravention by any member of our Group of the Listing Rules or any other applicable laws; or

(n) a prohibition on our Company for whatever reason from offering, allotting, selling or delivering the Shares (including the Shares which may be issued pursuant to any exercise of the Over-allotment Option) pursuant to the terms of the Share Offer; or

(o) the chairman or an executive Director of our Company vacating his or her office.

Undertakings to the Stock Exchange

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that except pursuant to the Share Offer (including any Shares to be issued pursuant to any exercise of the Over-allotment Option and the Shares to be issued upon the exercise of the options to be granted under the Share Option Scheme), no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of our Shares or our securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders undertakes to the Stock Exchange and to our Company that except pursuant to the Share Offer, the Capitalisation Issue and the Share Option Scheme, they shall not, and shall procure that each of their respective associates or companies controlled by them or their respective nominees or trustees (as the case may be) in whose name the Shares are registered (the "**Relevant Registered Holders**") shall not:

(a) during the period commencing on the date by reference to which disclosure of his/her/its interests in our Company is made in this prospectus and ending on the date falling six months from the Listing Date (the "**First Six-month Period**"), he/she/it shall not dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company in respect of which he/she/it is shown by this prospectus to be the beneficial owners; or

(b) in the six-month period commencing on the expiry of the First Six-month Period set out in paragraph (a) above (the "**Second Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities mentioned in paragraph (a) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder of our Company for the purposes of the Listing Rules.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his/her/its shareholdings is made in this prospectus and to the date which is 12 months from the Listing Date, he/she/they will:

(a) when they pledge or charge any securities of our Company beneficially owned by them in favour of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and

(b) when he/she/they receive indications, either verbal or written, from the pledgee or chargee that any of the securities of our Company pledged or charged will be disposed of, immediately inform our Company of such indications.

Our Company shall inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by our Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the Listing Rules as soon as possible.

Undertakings pursuant to the Public Offer Underwriting Agreement

Undertakings by our Company

Our Company has undertaken to each of the Joint Bookrunners and Joint Lead Managers, the Public Offer Underwriters and the Sponsor and each of our Controlling Shareholders and executive Directors has undertaken to each of the Joint Bookrunners and Joint Lead Managers, the Public Offer Underwriters and the Sponsor that he/she/it will procure our Company that, except for the offer of the Offer Shares pursuant to the Share Offer (including the grant of, and the allotment and issue of the Shares pursuant to the exercise of, the Over-allotment Option and any options granted or to be granted under the Share Option Scheme), during the period commencing on the date of the Public Offer Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date ("**First Six-Month Period**"), not to, and to procure each other member of our Group not to, without the prior written consent of the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Public Offer Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) offer, accept subscription for, pledge, lend, assign, mortgage, charge, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, or buyback, any of the share capital of our Company or other securities of any subsidiary or any securities convertible into or exercisable or exchangeable for or that represent the right to receive, or interests in, such share capital or any derivatives with the Shares or the shares of any subsidiary as underlying securities; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such share capital or securities or any interest therein; or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above;

whether any of the foregoing transactions described above is to be settled by delivery of share capital or such other securities, in cash or otherwise or publicly disclose that our Group will or may enter into any transaction described above.

During the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-Month Period**"), in the event that our Company enters into any of the transactions specified above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market for any of the Shares or other securities of our Company.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders hereby undertakes to each of our Company, the Joint Bookrunners and Joint Lead Managers, the Public Offer Underwriters and the Sponsor that, except pursuant to the Stock Borrowing Agreement:

(i) during the First Six-Month Period, he/it shall not, and shall procure that the relevant registered holder(s) and his/its associates and companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, without the prior written consent of the Joint Bookrunners and Joint Lead Managers and unless in compliance with the requirements of the Listing Rules, (a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares in respect of which he or it is the beneficial owner (directly or indirectly) as at the Listing Date or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities (together, the "**Relevant Securities**"); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Shares or such other securities, in cash or otherwise; (c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) or (b) above; or (d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above;

(ii) during the Second Six-Month Period, he/it shall not, and shall procure that the relevant registered holder(s) and their respective associates or companies controlled by him/it and any nominee or trustee holding in trust for him/it shall not, without the prior written consent of the Joint Bookrunners and Joint Lead Managers and unless in compliance with the Listing Rules, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities held by him/it or any of his/its associates or companies controlled by him/it or any nominee or trustee holding in trust for him/it if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/it would cease to be a controlling shareholder (as defined in the Listing Rules) or would together with other controlling shareholders (as defined in the Listing Rules) cease to be a group of controlling shareholders (as defined in the Listing Rules);

(iii) in the event of a disposal of any Relevant Securities or our Company's securities or any interest therein within the Second Six-Month Period, he/it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of our Company; and

(iv) he/it shall, and shall procure that his/its associates and companies controlled by and nominees or trustees holding in trust for him/it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by him/it or by the registered holder controlled by him/it of any Shares.

Each of our Controlling Shareholders further undertakes to each of our Company, the Joint Bookrunners and Joint Lead Managers, the Public Offer Underwriters and the Sponsor that, from the date hereof up to the expiry of the first 12 months from the Listing Date, he or it will:

(i) when he/it pledges or charges any securities or interests in the Relevant Securities, immediately inform our Company, the Joint Bookrunners and Joint Lead Managers and the Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in our Company's securities will be sold, transferred or disposed of, immediately inform our Company, the Joint Bookrunners and Joint Lead Managers and the Sponsor in writing of such indications.

Commissions and expenses

According to the Public Offer Underwriting Agreement, the Public Offer Underwriters will receive an underwriting commission of 12.0% of the aggregate Offer Price of the Public Offer Shares. In addition, the Joint Bookrunners and Joint Lead Managers will be entitled to an incentive fee equal to 5.0% of the aggregate Offer Price of the Public Offer Shares. The respective entitlements of the Public Offer Underwriters to the underwriting commission will be paid as separately agreed between the Joint Bookrunners and Joint Lead Managers and the Public Offer Underwriters.

In consideration of the Sponsor's services in sponsoring the Share Offer, the Sponsor will receive a financial advisory fee. Such underwriting commission and financial advisory fee, together with the Stock Exchange listing fee, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Share Offer which are currently estimated to be approximately HK$53.4 million in aggregate (assuming an Offer Price of HK$0.54 per Offer Share (being the midpoint of the indicative Offer Price of HK$0.48 to HK$0.60 per Offer Share) and the Over-allotment option is not exercised), are to be borne by us. We will also pay for all expenses in connection with any exercise of the Over-allotment Option.

The Placing

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company and the Placing Underwriters will enter into the Placing Underwriting Agreement with the Sponsor, Joint Bookrunners and Joint Lead Managers and the Placing Underwriters on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on additional terms described below.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters are expected to procure subscribers to subscribe for, or failing which they shall subscribe for, the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Prospective investors shall be reminded that in the event that the Placing Agreement is not entered into, the Share Offer will not proceed. The Placing Underwriting Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Underwriting Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed ‘‘Undertakings to pursuant to the Public Offer Underwriting Agreement’’ above in this section.

Our Company is expected to grant to the Placing Underwriters the Over-allotment Option. The Joint Bookrunners and Joint Lead Managers, on behalf of the Placing Underwriters, can exercise the Over-allotment Option to require our Company to allot and issue up to an aggregate of 39,900,000 additional Shares, representing 15% of the Offer Shares initially available under the Share Offer, at the Offer Price per Placing Share, to cover over-allocations in Placing and/or to satisfy the obligations of the Stabilising Manager to return the borrowed securities, under the Stock Borrowing Agreement. The Over-allotment Option may be exercised by the Joint Bookrunners and Joint Lead Managers any time from the Listing Date and until the 30th day after the last day for the lodging of applications under the Public Offer, being Sunday, 29 March 2020. The purpose of the exercise of the Over-allotment Option is to settle any over-allocations in the Placing. Please refer to the section headed ‘‘Structure and Conditions of the Share Offer’’ for further details of the Over-allotment Option.

UNDERWRITERS’ INTERESTS IN OUR COMPANY

Save for the interests and obligations under the Underwriting Agreements, the Public Offer Underwriters are not interested legally or beneficially in the shares of any of our Group’s members nor have any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group.

Following completion of the Share Offer, the Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Underwriting Agreements.

INDEPENDENCE OF THE SPONSOR

The Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. Grande Capital Limited is the Sponsor. Chuenman Securities Limited, GLAM Capital Limited, Grand China Securities Limited, Kam Fai Securities Co., Limited, Orient Securities (Hong Kong) Limited and Shanxi Securities International Limited are the Joint Bookrunners and Joint Lead Managers.

The Share Offer consists of:

— the Public Offer of 26,600,000 Shares (subject to re-allocation as mentioned below) as described under the paragraph headed "The Public Offer" in this section; and

— the Placing of 239,400,000 Shares (subject to re-allocation as mentioned below and the Over-allotment Option) as described under the paragraph headed "The Placing" in this section.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Offer Shares under the Placing, but may not do both. The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors in Hong Kong. The Placing will involve selective marketing of the Offer Shares to institutional, professional and other investors. The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Public Offer and the Placing respectively may be subject to re-allocation as described in the paragraph headed "Pricing and allocation" in this section.

PRICING AND ALLOCATION

Offer Price

The Offer Price will be not more than HK$0.60 per Offer Share and is expected to be not less than HK$0.48 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging application under the Public Offer, as explained below.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants under the Public Offer must pay, on application, the maximum indicative Offer Price of HK$0.60 per Public Offer Share plus 1% brokerage, a 0.0027% SFC transaction levy and a 0.005% Stock Exchange trading fee, amounting to a total of HK$3,030.23 for one board lot of 5,000 Shares. Each Application Form includes a table showing the exact amounts payable on certain numbers of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK$0.60 per Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the

Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest. For further details, please refer to the section headed "How to apply for the Public Offer Shares — 13. Refund of application monies" in this prospectus.

Determining the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring our Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about the Price Determination Date.

The Offer Price is expected to be fixed by agreement between the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or about Friday, 28 February 2020 and in any event, no later than Thursday, 5 March 2020.

If, for any reason, our Company and the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on Thursday, 5 March 2020, the Share Offer will not proceed and will lapse.

Reduction in Offer Price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Joint Bookrunners and Joint Lead Managers (for themselves and on behalf of the Underwriters) consider it appropriate and together with the consent of our Company, the indicative Offer Price range and/or the number of Offer Shares may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging application under the Public Offer.

In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging application under the Public Offer, cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.weiyuanholdings.com**, an announcement of such change on or before the morning of the last day for lodging application under the Public Offer and will issue a supplemental prospectus updating investors of the change in the indicative Offer Price; extend the period under which the Public Offer was open for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions; and give potential investors who had applied for our Shares the right to withdraw their applications under the Public Offer. In such event, details of the arrangement will be announced by our Company as soon as practicable. Prospective investors of the Offer Shares should be aware that the Offer Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative Offer Price range stated in this prospectus. In the absence of the publication of any such notice the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Public Offer.

Allocation

Our Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be re-allocated as between these offerings at the discretion of the Joint Bookrunners and Joint Lead Managers.

Allocation of the Offer Shares pursuant to the Placing will be determined by the Joint Bookrunners and Joint Lead Managers and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after Listing. Such allocation may be made to professional, institutional and other investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of our Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. The allocation of Public Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Announcement of final Offer Price and basis of allocations

The final Offer Price, the indication of level of interest in the Placing, the result of application in the Public Offer and the basis of allocations under the Public Offer Shares are expected to be announced on or before Wednesday, 11 March 2020 on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.weiyuanholdings.com**.

Results of allocations in the Public Offer, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Public Offer Shares successfully applied for under **WHITE** and **YELLOW** application forms, will be made available through a variety of channels as described in the section headed "How to apply for the Public Offer Shares — 11. Publication of results" in this prospectus.

CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Offer Shares pursuant to the Public Offer will be conditional upon, among other things:

— the Listing Committee granting listing of, and permission to deal in, our Shares in issue and as described in this prospectus pursuant to the Share Offer (including our Shares to be issued pursuant to the Capitalisation Issue and any Shares which may be issued upon the exercise of the options to be granted under the Share Option Scheme and those which to be issued pursuant to the exercise of the Over-allotment Option) and such listing and permission not having been subsequently revoked prior to the commencement of trading in our Share on the Stock Exchange;

— the Offer Price having been duly agreed on or around the Price Determination Date;

— the execution and delivery of the Placing Underwriting Agreement; and

— the obligations of the Underwriters under each of the Placing Underwriting Agreement and the Public Offer Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the 30th day after the date of this prospectus.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived, prior to the dates and times specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of lapse of the Public Offer will cause to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.weiyuanholdings.com** on the next day following such lapse. In such event, all application monies will be returned without interest on the terms set out in the section headed "How to apply for the Public Offer Shares — 13. Refund of application monies" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the Receiving Bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Wednesday, 11 March 2020 but will only become valid certificates of title at 8:00 a.m. on Thursday, 12 March 2020, provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for Termination of the Public Offer Underwriting Agreement" in this prospectus has not been exercised.

THE PUBLIC OFFER

Number of Shares initially offered

Our Company is initially offering 26,600,000 Shares at the Offer Price, representing 10% of the 266,000,000 Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to re-allocation as mentioned below, the number of Shares offered under the Public Offer will represent 2.5% of the total issued share capital of our Company immediately after completion of the Share Offer (assuming that the Over-allotment Option is not exercised). The Public Offer is open to members of the public in Hong Kong as well as to institutional, professional and other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Public Offer" above.

Allocation

For allocation purposes only, the Public Offer Shares initially being offered for subscription under the Public Offer (after taking into account any re-allocation in the number of Offer Shares allocated between the Public Offer and the Placing) will be divided equally into two pools (subject to adjustment of odd lot size). Pool A will comprise 13,300,000 Public Offer Shares and Pool B will comprise 13,300,000 Public Offer Shares initially, both of which are available on a fair basis to successful applicants. All valid applications that have been received for Public Offer Shares with a total amount (excluding brokerage fee, SFC transaction levy and the Stock Exchange trading fee) of HK$5 million or below will fall into Pool A and all valid applications that have been received for Public Offer Shares with a total amount (excluding brokerage fee, SFC transaction levy and Stock Exchange trading fee) of over HK$5 million and up to the total value of Pool B, will fall into Pool B.

Applicants should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Public Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected.

No application will be accepted from applicants for more than 13,300,000 Public Offer Shares (being 50% of the initial number of Public Offer Shares).

Re-allocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to re-allocation on the following basis:

(a) where the Placing Shares are fully subscribed or oversubscribed:

(i) if the Public Offer Shares are undersubscribed, the Joint Bookrunners and Joint Lead Managers will have the discretion (but shall not be under any obligation) to re-allocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Joint Bookrunners and Joint Lead Managers deem appropriate;

(ii) if the number of Offer Shares validly applied for under the Public Offer represents less than 15 times of the number of the Offer Shares initially available for subscription under the Public Offer, then 26,600,000 Offer Shares may be re-allocated to the Public Offer from the Placing so that the total number of the Offer Shares available under the Public Offer will be 53,200,000 Offer Shares, representing 20% of the Offer Shares initially available under the Share Offer;

(iii) if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Offer Shares initially available for subscription under the Public Offer, then 53,200,000 Offer Shares will be re-allocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 79,800,000 Offer Shares, representing 30% of the Offer Shares initially available under the Share Offer;

(iv) if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Offer Shares initially available for subscription under the Public Offer, then 79,800,000 Offer Shares will be re-allocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 106,400,000 Offer Shares, representing 40% of the Offer Shares initially available under the Share Offer; and

(v) if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more of the number of Offer Shares initially available for subscription under the Public Offer, then 106,400,000 Offer Shares will be re-allocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 133,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Share Offer;

(b) where the Placing Shares are undersubscribed:

(i) if the Public Offer Shares are undersubscribed, the Share Offer will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Share Offer on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Public Offer Shares are oversubscribed irrespective of the number of times the number of Offer Shares initially available for subscription under the Public Offer, then up to 26,600,000 Offer Shares may be re-allocated to the Public Offer from the Placing, so that the total number of the Offer Shares available under the Public Offer will be increased to 53,200,000 Offer Shares, representing 20% of the number of the Offer Shares initially available under the Share Offer.

In the event of re-allocation of Offer Shares between the Public Offer and the Placing in the circumstances where the Placing Shares are fully subscribed or oversubscribed and the Public Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or the Placing Shares are undersubscribed and the Public Offer Shares are oversubscribed under paragraph (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the indicative Offer Price range (i.e. HK$0.48 per Offer Share) stated in this prospectus.

In the event of re-allocation of Offer Shares from the Placing to the Public Offer in the circumstances under paragraph (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Joint Bookrunners and Joint Lead Managers deem appropriate. The Offer Shares to be offered in the Public

Offer and the Placing may, in certain circumstances, be re-allocated as between these offerings at the discretion of the Joint Bookrunners and Joint Lead Managers and pursuant to Guidance Letter HKEx-GL91-18 issued by the Stock Exchange and Practice Note 18 of the Listing Rules.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

Applications

The Joint Bookrunners and Joint Lead Managers (on behalf of the Underwriters) may require any investor who has been offered Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners and Joint Lead Managers so as to allow it to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application for Shares under the Public Offer.

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing. References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Public Offer.

THE PLACING

Number of Offer Shares offered

The number of Shares to be initially offered for subscription under the Placing will be 239,400,000 Shares, representing 90% of the Offer Shares under the Share Offer. Subject to any re-allocation of the Offer Shares between the Placing and the Public Offer, the Placing Shares will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Share Offer (assuming that the Over-allotment Option is not exercised). The Placing is subject to the Public Offer being unconditional.

Allocation

Pursuant to the Placing, the Placing Underwriters will conditionally place our Shares with institutional, professional and other investors expected to have a sizeable demand for our Shares in Hong Kong. Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and allocation" above and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares after Listing. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and our Shareholders as a whole.

Re-allocation

The total number of Placing Shares to be transferred pursuant to the Placing may change as a result of the clawback arrangement described in the sub-section headed "The Public Offer — Re-allocation", exercise of the Over-allotment Option in whole or in part and/or re-allocation of all or any unsubscribed Public Offer Shares to the Placing.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, our Company is expected to grant the Over-allotment Option to the Placing Underwriters, exercisable by the Joint Bookrunners and Joint Lead Managers at their sole and absolute discretion on behalf of the Placing Underwriters for up to 30 days after the last day for lodging applications under the Public Offer. An announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, the Joint Bookrunners and Joint Lead Managers will have the right to require our Company to issue up to an aggregate of 39,900,000 Shares representing in aggregate 15% of the total number of the Offer Shares initially available under the Share Offer at the Offer Price to cover over-allocations in the Placing, if any, and/or to satisfy the obligation of the Stabilising Manager to return the Shares borrowed and the Stock Borrowing Agreement. The Joint Bookrunners and Joint Lead Managers may also cover any over-allocations by purchasing Shares in the secondary market or by a combination of purchases in the secondary market and a partial exercise of the Over-allotment Option. Any such secondary market purchase will be made in compliance with all applicable laws, regulations and rules.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Share Offer, the Stabilising Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect short sales or any other stabilising transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the last day for the lodging of applications under the Public Offer. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the sole and absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Public Offer. The number of Shares that may be over-allocated will not exceed the number of Shares that may be issued under the Over-allotment Option, namely 39,900,000 Shares, which is 15% of the Offer Shares initially available under the Share Offer.

Stabilising action will be entered into in accordance with the laws, regulations and rules in place in Hong Kong on stabilisation and stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules under the SFO includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

(a) the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;

(b) there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a position;

(c) liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of the Shares;

(d) no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on Sunday, 29 March 2020, being the 30th day after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

(e) the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and

(f) stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Share Offer, the Stabilising Manager may over-allocate up to and not more than an aggregate of 39,900,000 Shares and cover such over-allocations by (amongst other methods) exercising the Over-allotment Option, making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or by any combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the Placing, the Stabilising Manager may borrow up to 39,900,000 Shares from WG International, equivalent to the maximum number of Shares to be allotted and issued by the Company on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. The same number of Shares so borrowed must be returned to WG International or its nominees, as the case may be, no later than the third business day following the earlier of (i) the last day for exercising the Over-allotment Option; (ii) the day on which the Over-allotment Option is exercised in full; and (iii) such earlier time as may be agreed in writing between the Stabilising Manager and WG International. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulation requirements.

No payments or other benefit will be made to WG International by the Stabilising Manager in relation to the stock borrowing arrangement.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocation in connection with the Share Offer, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates and agents, up to 39,900,000 Shares from WG International pursuant to a stock borrowing arrangement (being the maximum number of Shares which may be allotted and issued by our Company upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercise of the Over-allotment Option. If such stock borrowing arrangement with WG International is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling our Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, our Shares and our Company complies with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 12 March 2020, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 12 March 2020. Our Shares will be traded in board lots of 5,000 Shares. The stock code of our Shares is 1343.

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

— use a **WHITE** or **YELLOW** Application Form;

— apply online through the designated website of **White Form eIPO** at **www.eipo.com.hk**; or

— electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners and Joint Lead Managers, the Sponsor, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

— are 18 years of age or older;

— have a Hong Kong address;

— are outside the United States, and are not a United States Person (as defined in Regulation S); and

— are not a legal or natural person of the PRC.

If you apply online through **White Form eIPO**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Bookrunners and Joint Lead Managers may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Public Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you are:

— an existing beneficial owner of Shares in our Company and/or any its subsidiaries;

— a Director or chief executive officer of our Company and/or any of its subsidiaries;

— a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Share Offer;

— a close associate (as defined in the Listing Rules) of any of the above; or

— have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **White Form eIPO** at **www.eipo.com.hk**.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 25 February 2020 to 12:00 noon on Friday, 28 February 2020 from:

(i) any of the following offices of the Joint Bookrunners and Joint Lead Managers:

Chuenman Securities Limited at Office A, 10/F, Sang Woo Building, 227–228 Gloucester Road, Wan Chai, Hong Kong

GLAM Capital Limited at Rooms 908–11, 9/F, Nan Fung Tower, 88 Connaught Road Central & 173 Des Voeux Road Central, Central, Hong Kong

Grand China Securities Limited at Room 503, 5/F, Loke Yew Building, 50–52 Queen's Road Central, Central, Hong Kong

Kam Fai Securities Co., Limited at 21/F, Champion Building, 287–291 Des Voeux Road Central, Hong Kong

Shanxi Securities International Limited at Unit A, 29/F, Tower One, Admiralty Center, 18 Harcourt Road, Admiralty, Hong Kong

(ii) any of the following branches of the receiving bank:

	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central, Central
	United Centre Branch	Shops 1015–1018, 1/F & Shops 2032–2034, 2/F, United Centre, 95 Queensway, Admiralty
Kowloon	Yaumatei Branch	G/F & 1/F, 131–137 Woo Sung Street, Yau Ma Tei
New Territories	Kwai Chung Branch	G/F, 1001 Kwai Chung Road, Kwai Chung

(iii) the following office of the Sponsor:

Grande Capital Limited at Room 2701, 27/F, Tower 1 at Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 25 February 2020 until 12:00 noon on Friday, 28 February 2020 from the depository counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — Wei Yuan Holdings Limited Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

— Tuesday, 25 February 2020 — 9:00 a.m. to 4:00 p.m.

— Wednesday, 26 February 2020 — 9:00 a.m. to 4:00 p.m.

— Thursday, 27 February 2020 — 9:00 a.m. to 4:00 p.m.

— Friday, 28 February 2020 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 28 February 2020, the last application day or such later time as described in "10. Effect of bad weather on the opening of the applications lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying online through **White Form eIPO**, among other things, you:

(i) **undertake** to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners and Joint Lead Managers (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association of our Company;

(ii) **agree** to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association of our Company;

(iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) **confirm** that you are aware of the restrictions on the Share Offer in this prospectus;

(vi) **agree** that none of our Company, the Sponsor, the Joint Bookrunners and Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing nor participated in the Placing;

(viii) **agree** to disclose to our Company, our Hong Kong Branch Share Registrar, the receiving bank, the Sponsor, the Joint Bookrunners and Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, **agree** and **warrant** that you have complied with all such laws and none of our Company, the Sponsor, the Joint Bookrunners and Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) **agree** that your application will be governed by the laws of Hong Kong;

(xii) **represent, warrant and undertake** that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) **warrant** that the information you have provided is true and accurate;

(xiv) **agree** to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) **authorise** our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) **declare and represent** that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) **understand** that our Company and the Joint Bookrunners and Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **WHITE Form eIPO** Service Provider; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO

General

Individuals who meet the criteria in "— 2. Who Can Apply" in this section, may apply through the **White Form eIPO** for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**. Detailed instructions for application through the **White Form eIPO** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO**.

Time for submitting applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** from 9:00 a.m. on Tuesday, 25 February 2020 until 11:30 a.m. on Friday, 28 February 2020 (24 hours daily, except on the last application day) and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 28 February 2020 or such later time under "— 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No multiple applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application. If you are suspected of submitting more than one application through the **White Form eIPO** or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated **White Form eIPO** Service Provider will contribute HK$2 for each"Wei Yuan Holdings Limited" **White Form eIPO** application submitted via the website **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS phone system by calling 2979 7888 or through the CCASS internet system https://ip.ccass.com (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Bookrunners and Joint Lead Managers and our Hong Kong Branch Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

— **agree** that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

— **agree** to accept the Public Offer Shares applied for or any lesser number allocated;

— **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Placing Shares under the Placing;

— **declare** that only one set of **electronic application instructions** has been given for your benefit;

— (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

— **confirm** that you understand that our Company, the Directors and the Joint Bookrunners and Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

— **authorise** our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

— **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

— **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

— **agree** that none of our Company, the Joint Bookrunners and Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

— **agree** to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Joint Bookrunners and Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

— **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

— **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

— **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;

— **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;

— **agree** with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

— **agree** that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

— instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

— instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

— instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all he things stated in the **WHITE** Application Form and in this prospectus.

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 5,000 Public Offer Shares. Instructions for more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions*(Note)*

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

— Tuesday, 25 February 2020 — 9:00 a.m. to 8:30 p.m.

— Wednesday, 26 February 2020 — 8:00 a.m. to 8:30 p.m.

— Thursday, 27 February 2020 — 8:00 a.m. to 8:30 p.m.

— Friday, 28 February 2020 — 8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 25 February 2020 until 12:00 noon on Friday, 28 February 2020 (24 hours daily, except on Friday, 28 February 2020, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 28 February 2020, the last application day or such later time as described in "10. Effect of bad weather on the opening of the application lists" in this section.

Note: The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank, the Joint Bookrunners and Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **White Form eIPO** is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sponsor, the Joint Bookrunners and Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS phone system/CCASS internet system for submission of **electronic application instructions**, they should either (i) submit a

WHITE or **YELLOW** Application Form, or (ii) go to HKSCC's customer service centre to complete an input request form for **electronic application instructions** before 12:00 noon, Friday, 28 February 2020.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

— an account number; or

— some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions)**. If an application is made by an unlisted company and:

— the principal business of that company is dealing in securities; and

— you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

— control the composition of the board of directors of the company;

— control more than half of the voting power of the company; or

— hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White form eIPO** in respect of a minimum of 5,000 Offer Shares. Each application or **electronic application instruction** in respect of more than 5,000 Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC). For further details on the Offer Price, see the section headed "Structure and conditions of the Share Offer — Pricing and allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is/are:

— a tropical cyclone warning signal number 8 or above;

— a "black" rainstorm warning; and/or

— Extreme Conditions,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 28 February 2020. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have any of those warnings or Extreme Conditions in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 28 February 2020 or if there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning signal and/or Extreme Conditions in force in Hong Kong that may affect the dates mentioned in the section headed "Expected timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indications of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Wednesday, 11 March 2020 on the website of the Stock Exchange at **www.hkexnews.hk** and of our Company at **www.weiyuanholdings.com**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the dates and times and in the manner specified below:

— in the announcement to be posted on the website of the Stock Exchange at **www.hkexnews.hk** and of our Company at **www.weiyuanholdings.com** by no later than 9:00 a.m., Wednesday, 11 March 2020;

— from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, 11 March 2020 to 12:00 midnight on Tuesday, 17 March 2020;

— by telephone enquiry line by calling (852) 2862 8555 between 9:00 a.m. and 6:00 p.m. on Wednesday, 11 March 2020, Thursday, 12 March 2020, Friday, 13 March 2020 and Monday, 16 March 2020;

— in the special allocation results booklets which will be available for inspection during opening hours on Wednesday, 11 March 2020, Thursday, 12 March 2020 and Friday, 13 March 2020, at all the receiving bank designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed "Structure and conditions of the Share Offer" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(ii) **If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Joint Bookrunners and Joint Lead Managers, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

— within three weeks from the closing date of the application lists; or

— within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

— you make multiple applications or suspected multiple applications;

— you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;

— your Application Form is not completed in accordance with the stated instructions;

— your electronic application instructions through the **White Form eIPO** are not completed in accordance with the instructions, terms and conditions on the designated website;

— your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

— the Underwriting Agreements do not become unconditional or are terminated;

— our Company or the Joint Bookrunners and Joint Lead Managers believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

— your application is for more than 13,300,000 Public Offer Shares.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$0.60 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and conditions of the Share Offer — Conditions of the Public Offer" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, 11 March 2020.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

— share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

— refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Wednesday, 11 March 2020. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m., on Thursday, 12 March 2020 provided that the Share Offer has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 Public Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) in person from the Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 11 March 2020 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, 11 March 2020, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collecting refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, 11 March 2020 by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 11 March 2020, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 11 March 2020 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS phone system and CCASS internet system.

(iii) If you apply through the White Form eIPO

If you apply for 1,000,000 or more Public Offer Shares and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 11 March 2020, or such other date as notified by us in the website of our Company as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, 11 March 2020 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions.

If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

— If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on or before Wednesday, 11 March 2020, or, on any other date determined by HKSCC or HKSCC Nominees.

— Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of results" above on or before Wednesday, 11 March 2020. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on or before Wednesday, 11 March 2020 or such other date as determined by HKSCC or HKSCC Nominees.

— If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

— If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS phone system and the CCASS internet system (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on or before Wednesday, 11 March 2020. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

— Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on or before Wednesday, 11 March 2020.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WEI YUAN HOLDINGS LIMITED AND GRANDE CAPITAL LIMITED

Introduction

We report on the historical financial information of Wei Yuan Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-64, which comprises the combined balance sheets as at 31 December 2016, 2017, 2018 and 31 August 2019, the Company's balance sheet as at 31 August 2019, the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-64 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 25 February 2020 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 August 2019, and the combined financial position of the Group as at 31 December 2016, 2017, 2018 and 31 August 2019 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statements of comprehensive income, changes in equity and cash flows for the eight months ended 31 August 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

The Company was incorporated on 15 May 2019. As such, no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements for the Company

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
25 February 2020

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Singapore dollars ("**S$**") and all values are rounded to the nearest dollar except when otherwise indicated.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2016 S$	Year ended 31 December 2017 S$	Year ended 31 December 2018 S$	Eight months ended 31 August 2018 S$ (Unaudited)	Eight months ended 31 August 2019 S$
Revenue	6	53,126,850	72,784,807	64,729,635	40,230,308	37,638,822
Cost of sales	8	(40,412,261)	(60,673,921)	(46,716,180)	(30,385,513)	(26,345,877)
Gross profit		**12,714,589**	**12,110,886**	**18,013,455**	**9,844,795**	**11,292,945**
Other income and other (losses)/gains, net	7	659,666	398,023	380,379	297,153	691,406
Administrative expenses	8	(6,467,233)	(6,575,766)	(6,477,143)	(4,154,455)	(6,679,643)
(Allowance for)/reversal of impairment of receivables		(456,901)	205,791	103,271	76,597	(75,789)
Operating profit		**6,450,121**	**6,138,934**	**12,019,962**	**6,064,090**	**5,228,919**
Finance income	11	—	170	729	365	8,247
Finance costs	11	(600,616)	(583,922)	(661,799)	(438,449)	(455,869)
Share of loss of joint ventures, net of tax	16	—	(13,413)	(200,528)	(217,679)	(333,522)
Profit before income tax		**5,849,505**	**5,541,769**	**11,158,364**	**5,408,327**	**4,447,775**
Income tax expense	12	(271,370)	(570,622)	(1,947,156)	(939,454)	(1,022,950)
Profit and total comprehensive income for the year/period		**5,578,135**	**4,971,147**	**9,211,208**	**4,468,873**	**3,424,825**
Profit and total comprehensive income attributable to:						
Equity holders of the Company		4,591,855	4,773,497	8,990,345	4,282,870	3,321,394
Non-controlling interests		986,280	197,650	220,863	186,003	103,431
		5,578,135	**4,971,147**	**9,211,208**	**4,468,873**	**3,424,825**
Earnings per share attributable to owners of the Company for the year/period (expressed in S$ per share)						
Basic and diluted	13	N/A	N/A	N/A	N/A	N/A

COMBINED BALANCE SHEETS

	Notes	As at 31 December 2016	As at 31 December 2017	As at 31 December 2018	As at 31 August 2019
		S$	S$	S$	S$
ASSETS					
Non-current assets					
Property, plant and equipment	14	17,469,510	19,498,832	18,588,318	17,118,709
Right-of-use assets	26	1,879,016	1,427,036	1,282,777	1,151,400
Investment properties	15	2,030,000	1,970,000	1,960,000	1,910,000
Investments in joint ventures	16	—	1,186,587	986,059	652,537
Other investment	17	—	—	84,803	84,803
Deferred income tax assets	28	544,340	579,337	261,135	209,161
		21,922,866	24,661,792	23,163,092	21,126,610
Current assets					
Inventories	19	988,584	932,970	1,087,687	790,334
Contract assets	21	10,638,026	17,017,132	17,729,899	24,846,807
Trade and retention receivables	20	13,766,833	9,354,552	8,958,482	8,377,758
Deposits, prepayments and other receivables	22	1,009,785	1,224,271	3,065,861	4,722,394
Pledged bank deposits	23	—	—	—	1,024,165
Cash and cash equivalents	23	1,990,727	3,414,625	4,352,841	2,258,848
		28,393,955	31,943,550	35,194,770	42,020,306
Total assets		**50,316,821**	**56,605,342**	**58,357,862**	**63,146,916**
EQUITY					
Combined capital	29	4,850,000	5,850,000	5,850,000	5,850,000
Retained earnings		11,023,482	12,796,979	18,671,324	20,792,718
Revaluation reserve		586,049	586,049	586,049	586,049
Other reserves		4,388,894	4,388,894	4,562,551	4,562,551
		20,848,425	23,621,922	29,669,924	31,791,318
Non-controlling interests		1,246,444	1,444,094	1,702,300	1,805,731
Total equity		**22,094,869**	**25,066,016**	**31,372,224**	**33,597,049**

	Notes	As at 31 December 2016 S$	2017 S$	2018 S$	As at 31 August 2019 S$
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	*28*	14,539	19,374	—	—
Bank and other borrowings	*27*	1,580,476	1,839,837	2,367,001	1,814,663
Lease liabilities	*26*	1,442,434	1,035,825	900,756	818,399
Provisions	*25*	283,255	300,000	317,735	330,257
		3,320,704	3,195,036	3,585,492	2,963,319
Current liabilities					
Trade payables	*24*	6,220,172	10,104,351	7,266,617	6,775,045
Accruals, other payables and provisions	*25*	4,007,549	4,825,458	3,824,158	3,883,391
Contract liabilities	*21*	297,465	97,239	12,667	81,869
Current income tax liabilities		1,031,686	725,609	1,662,562	1,465,082
Bank and other borrowings	*27*	12,906,192	12,185,025	10,221,853	14,008,931
Lease liabilities	*26*	438,184	406,608	412,289	372,230
		24,901,248	28,344,290	23,400,146	26,586,548
Total liabilities		**28,221,952**	**31,539,326**	**26,985,638**	**29,549,867**
Total equity and liabilities		**50,316,821**	**56,605,342**	**58,357,862**	**63,146,916**

BALANCE SHEET OF THE COMPANY

	Note	As at 31 August 2019 S$
ASSETS		
Current assets		
Prepayments	33(a)	714,215
Total assets		714,215
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	33(b)	—
Accumulated loss		(2,432,174)
Total deficit		(2,432,174)
Current liabilities		
Other payables		1,528,801
Amount due to a related party	33(c)	1,617,588
Total liabilities		3,146,389
Total deficit and liabilities		714,215

COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the companies comprising the Group						
	Combined capital	Revaluation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total
	S$	S$	S$	S$	S$	S$	S$
	(Note 29(a))						
For the year ended 31 December 2016							
At 1 January 2016	4,400,000	586,049	—	6,959,627	11,945,676	4,671,058	16,616,734
Total comprehensive income for the year	—	—	—	4,591,855	4,591,855	986,280	5,578,135
Transaction with equity holders of the companies comprising the Group, recognised in equity:							
Issue of ordinary shares *(Note 29(c))*	450,000	—	—	—	450,000	—	450,000
Transactions with non-controlling interests *(Note 29(b))*	—	—	4,388,894	—	4,388,894	(4,388,894)	—
Dividends *(Note 30)*	—	—	—	(528,000)	(528,000)	(22,000)	(550,000)
At 31 December 2016	4,850,000	586,049	4,388,894	11,023,482	20,848,425	1,246,444	22,094,869
For the year ended 31 December 2017							
At 1 January 2017	4,850,000	586,049	4,388,894	11,023,482	20,848,425	1,246,444	22,094,869
Total comprehensive income for the year	—	—	—	4,773,497	4,773,497	197,650	4,971,147
Transaction with equity holders of the companies comprising the Group, recognised in equity:							
Issue of bonus shares *(Note 29(d))*	1,000,000	—	—	(1,000,000)	—	—	—
Dividends *(Note 30)*	—	—	—	(2,000,000)	(2,000,000)	—	(2,000,000)
At 31 December 2017	5,850,000	586,049	4,388,894	12,796,979	23,621,922	1,444,094	25,066,016
For the year ended 31 December 2018							
At 1 January 2018	5,850,000	586,049	4,388,894	12,796,979	23,621,922	1,444,094	25,066,016
Total comprehensive income for the year	—	—	—	8,990,345	8,990,345	220,863	9,211,208
Transaction with equity holders of the companies comprising the Group, recognised in equity:							
Transactions with non-controlling interests *(Note 29(f))*	—	—	173,657	—	173,657	(173,657)	—
Contribution by non-controlling interests *(Note 29(e))*	—	—	—	—	—	245,000	245,000
Dividends *(Note 30)*	—	—	—	(3,116,000)	(3,116,000)	(34,000)	(3,150,000)
At 31 December 2018	5,850,000	586,049	4,562,551	18,671,324	29,669,924	1,702,300	31,372,224

	Attributable to equity holders of the companies comprising the Group						
	Combined capital	Revaluation reserves	Other reserves	Retained earnings	Total	Non-controlling interests	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*	*S$*
	(Note 29(a))						
For the period ended 31 August 2019							
At 1 January 2019	5,850,000	586,049	4,562,551	18,671,324	29,669,924	1,702,300	31,372,224
Total comprehensive income for the period	—	—	—	3,321,394	3,321,394	103,431	3,424,825
Transaction with equity holders of the companies comprising the Group, recognised in equity:							
Dividends *(Note 30)*	—	—	—	(1,200,000)	(1,200,000)	—	(1,200,000)
At 31 August 2019	5,850,000	586,049	4,562,551	20,792,718	31,791,318	1,805,731	33,597,049
For the period ended 31 August 2018							
At 1 January 2018	5,850,000	586,049	4,388,894	12,796,979	23,621,922	1,444,094	25,066,016
Total comprehensive income for the period	—	—	—	4,282,870	4,282,870	186,003	4,468,873
Transaction with equity holders of the companies comprising the Group, recognised in equity:							
Transactions with non-controlling interests *(Note 29(f))*	—	—	173,657	—	173,657	(173,657)	—
Contribution by non-controlling interests *(Note 29(e))*	—	—	—	—	—	245,000	245,000
Dividends *(Note 30)*	—	—	—	(2,616,000)	(2,616,000)	(34,000)	(2,650,000)
At 31 August 2018 (unaudited)	5,850,000	586,049	4,562,551	14,463,849	25,462,449	1,667,440	27,129,889

COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2016	2017	2018	Eight months ended 31 August 2018	2019
		S$	S$	S$	S$ (Unaudited)	S$
Cash flows from operating activities						
Net cash generated from/ (used in) operations	32(a)	7,003,522	12,068,074	12,508,275	6,007,278	396,800
Income tax paid		(92,382)	(906,861)	(711,375)	(608,108)	(1,168,456)
Interest received		—	170	729	365	8,247
Net cash generated from/(used in) operating activities		6,911,140	11,161,383	11,797,629	5,399,535	(763,409)
Cash flows from investing activities						
Proceeds from disposal of property, plant and equipment	32(b)	109,694	228,098	393,915	275,890	229,689
Purchase of property, plant and equipment		(2,153,101)	(5,702,415)	(3,668,251)	(3,023,166)	(1,723,364)
Loan to related parties		(380,000)	—	(2,000,000)	(800,000)	(200,000)
Repayment from related party		—	260,000	120,000	120,000	—
Investments in joint ventures		—	(1,200,000)	—	—	—
Other investments		—	—	(104,954)	—	—
Changes in pledged bank deposits		—	—	—	—	(1,024,165)
Net cash used in investing activities		(2,423,407)	(6,414,317)	(5,259,290)	(3,427,276)	(2,717,840)
Cash flows from financing activities						
Interest paid		(584,806)	(567,177)	(644,064)	(426,626)	(443,347)
Dividend paid		(550,000)	(2,000,000)	(3,150,000)	(2,650,000)	(1,200,000)
Proceeds from issue of ordinary shares		450,000	—	—	—	—
Contribution of capital from non-controlling interests		—	—	245,000	245,000	—
Proceeds from a controlling shareholder		30,000	114,000	—	—	500,000
Repayments to controlling shareholders		(1,352,200)	—	(144,000)	(144,000)	—
Repayments to non-controlling shareholders		(418,000)	—	—	—	—
Proceeds from a related party		—	30,000	—	—	—
Repayments to a related party		—	—	(30,000)	(30,000)	—
Proceeds from borrowings		5,572,573	13,552,052	10,688,970	7,298,923	7,646,442
Repayments of borrowings		(7,362,422)	(10,590,802)	(12,124,978)	(8,922,873)	(7,481,078)
Repayments of obligations under leases		(386,024)	(438,185)	(441,051)	(291,795)	(326,318)
Payment of listing expenses		—	—	—	—	(377,819)
Net cash (used in)/generated from financing activities		(4,600,879)	99,888	(5,600,123)	(4,921,371)	(1,682,120)

	Notes	Year ended 31 December 2016	2017	2018	Eight months ended 31 August 2018	2019
		S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Net (decrease)/increase in cash and cash equivalents		(113,146)	4,846,954	938,216	(2,949,112)	(5,163,369)
Cash and cash equivalents at beginning of year/period		(1,319,183)	(1,432,329)	3,414,625	3,414,625	4,352,841
Cash and cash equivalents at end of year/period		(1,432,329)	3,414,625	4,352,841	465,513	(810,528)
Analysis of the balances of cash and cash equivalents						
Cash and cash equivalents	*23*	1,990,727	3,414,625	4,352,841	2,706,498	2,258,848
Bank overdrafts	*27*	(3,423,056)	—	—	(2,240,985)	(3,069,376)
		(1,432,329)	3,414,625	4,352,841	465,513	(810,528)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 15 May 2019 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. Its subsidiaries (together with the Company, "**the Group**") are principally engaged in carrying out civil engineering projects in Singapore (the "**Listing Business**"). The ultimate holding company of the Company is WG International (BVI) Limited ("**WGI BVI**") and the ultimate controlling parties of the Group are Mr. Ng Tian Soo ("**NTS**"), Mr. Ng Tian Kew ("**NTK**"), Mr. Ng Tian Fah ("**NTF**"), Ms. Ng Mei Lian ("**NML**"), and Mr. Chai Kwee Lim ("**CKL**") (collectively the "**Controlling Shareholders**").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "**Reorganisation**") as described below, the Listing Business was carried out by Wee Guan Corporation Pte Ltd ("**WG Corp**"), Wee Guan Construction Pte Ltd ("**WGC**"), Road Builders Singapore Pte Ltd ("**RBS**"), Hydrojack Engineering Pte Ltd ("**HDJ**"), Wee Guan Engineering Pte Ltd ("**WGE**"), Wee Guan Logistics Pte Ltd ("**WGL**"), Weng Guan Technology Pte Ltd ("**WGT**"), and Geecomms Pte Ltd ("**GCM**") (collectively the "**Operating Companies**"). The Operating Companies were controlled by the Controlling Shareholders throughout the Track Record Period.

In preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing**"), the Group underwent the Reorganisation which principally involved the following steps:

*(i) Incorporation of WG (BVI) Limited ("**WG BVI**")*

On 27 May 2019, WG BVI was incorporated in the BVI. On the same day, 33, 28, 28, 9 and 2 shares in WG BVI with a par value of US$1.00 each were issued, allotted and credited as fully paid at par to NTS, NTF, NTK, NML and CKL respectively.

(ii) Transfer of shares in WG Corp to WG BVI

On 18 July 2019, the Controlling Shareholders transferred all of their respective shareholdings in WG Corp to WG BVI. In consideration for such transfer of shares, 33, 28, 28, 9 and 2 shares of WG BVI were issued, allotted and credited as fully paid at par to NTS, NTF, NTK, NML and CKL respectively. Upon completion of the above share transfers, WG Corp became directly wholly-owned by WG BVI.

(iii) Transfer of shares in GCM, WGC, WGE and WGT to WG Corp

On 23 July 2019, the Controlling Shareholders transferred all of their respective shareholdings in GCM, WGC, WGE and WGT to WG Corp. In consideration for such transfer of shares, WG Corp issued and allotted 100 shares to WG BVI and WG BVI issued and allotted 33, 28, 28, 9 and 2 shares, credited as fully paid, to NTS, NTF, NTK NML and CKL respectively.

Upon the completion of the above share transfers, the Operating Companies became wholly-owned by WG Corp, which in turn is wholly-owned by WG BVI.

(iv) Incorporation of WGI BVI

On 30 April 2019, WGI BVI was incorporated in the BVI. On the same day, 16,500, 14,000, 14,000, 4,500 and 1,000 shares of WGI BVI with a par value of US$1.00 each were issued, allotted and credited as fully paid at par to NTS, NTF, NTK, NML and CKL respectively.

(v) Incorporation of the Company

On 15 May 2019, the Company was incorporated as a limited liability company under the laws of the Cayman Islands and 1 share with a par value of HK$0.01 each was issued to a third party initial subscriber. On the same day, such share was transferred to WGI BVI. The Company also allotted and issued 99 Shares to WGI BVI, credited as fully paid.

Upon the completion of the above share transfer and allotment, the Company became directly wholly-owned by WGI BVI.

(vi) Transfer of share in WG BVI to the Company

On 12 February 2020, the Controlling Shareholders collectively transferred all of their respective shareholdings in WG BVI to the Company. In consideration for such transfer of shares, an aggregate of 100 shares of the Company was issued, allotted and credited as fully paid to WGI BVI.

Upon the above share transfers, the Company became holding company of the other entities comprising the Group.

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

Name	Place and date of incorporation	Principal activities	Type of legal status	Issued and paid up/ registered capital	Effective interests held as at:					Notes
					31 December			31 August	Date of	
					2016	2017	2018	2019	this report	
Directly held										
WG (BVI) Limited ("**WG BVI**")	British Virgin Islands (BVI), 27 May 2019	Investment holding	Limited liability company	US$300	—	—	—	100%	100%	(a), (f)
Indirectly held										
Wee Guan Corporation Pte Ltd ("**WG Corp**")	Singapore, 8 August 2018	Investment holding	Limited liability company	S$100 and US$100	—	—	100%	100%	100%	(a), (e)
Wee Guan Construction Pte Ltd ("**WGC**")	Singapore, 14 February 1991	General construction of other civil engineering projects	Limited liability company	S$3,000,000	100%	100%	100%	100%	100%	(a), (b), (c)
Road Builders Singapore Pte. Ltd. ("**RBS**")	Singapore, 21 February 2014	Construction of other civil engineering projects and road construction	Limited liability company	S$500,000	55%	55%	55%	55%	55%	(a), (b), (c)
Hydrojack Engineering Pte. Ltd. ("**HDJ**")	Singapore, 6 February 2018	Construction of other civil engineering projects and water, gas pipe-line and sewer construction	Limited liability company	S$500,000	—	—	51%	51%	51%	(a), (b), (d)
Wee Guan Engineering Pte Ltd ("**WGE**")	Singapore, 26 August 1998	Leasing of vehicles and construction of other civil engineering projects	Limited liability company	S$1,600,000	96%	96%	100%	100%	100%	(a), (b), (c)
Wee Guan Logistics Pte. Ltd. ("**WGL**")	Singapore, 11 November 2003	Leasing of vehicles and equipment and transportation of goods	Limited liability company	S$100,000	96%	96%	100%	100%	100%	(a), (b), (c)
Weng Guan Technology Pte Ltd ("**WGT**")	Singapore, 4 March 1992	Civil engineering and road-works construction	Limited liability company	S$750,000	100%	100%	100%	100%	100%	(a), (c)
Geecomms Pte. Ltd. ("**GCM**")	Singapore, 27 May 2014	Electrical and telecommunications wiring installation works and construction of other civil engineering projects	Limited liability company	S$500,000	100%	100%	100%	100%	100%	(a), (c)

Notes:

(a) All companies comprising the Group have adopted 31 December as their financial year end date.

(b) HDJ and RBS are owned as to 51% and 55% by WGC respectively and WGL is wholly owned by WGE.

(c) The statutory financial statements of these companies for the year ended 31 December 2016 were audited by TY Teoh International, Public Accountants and Chartered Accountants, Singapore. The statutory financial statements of these companies for the years ended 31 December 2017 and 2018 were audited by PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants, Singapore.

(d) The statutory financial statements for the year ended 31 December 2018 were audited by PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants, Singapore.

(e) WG Corp is exempted from statutory audit requirements for the year ended 31 December 2018 under exempt private company status in Singapore.

(f) No audited financial statements were issued for the Company and WG BVI as they are not required to issue audited financial statements in their place of incorporation.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Operating Companies, which are owned by the Controlling Shareholders, are engaged in the Listing Business. Pursuant to the Reorganisation, the Operating Companies are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under the Operating Companies and, for the purpose of this report, the Historical Financial Information has been prepared and presented on a combined basis, with the assets and liabilities of the Group recognised and measured at the carrying amounts in the financial statements of the Operating Companies for all periods presented.

The net assets of the combining companies were combined using the existing book values from the Controlling Shareholders' perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control.

Intra-group transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Periods presented, unless otherwise stated.

2.1 Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**") and has been prepared under the historical cost convention, as modified by the revaluation of investment properties, which is carried at fair value.

The preparation of the financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

In preparing the Historical Financial Information, all IFRSs effective for the accounting period beginning on or after 1 January 2019, including IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases', are consistently applied by the Group throughout the Track Record Period.

The following are new standards and amendments to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning after 1 January 2020, but have not been early adopted by the Group.

		Effective for annual periods beginning on or after
IFRS 3 (Amendments)	Definition of a Business	1 January 2020
IFRS 1 and IAS 8 (Amendments)	Definition of Material	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associates and Joint Ventures	To be determined
Conceptual Framework for 2018 Financial Reporting		1 January 2021

The Group shall apply those amendments on or after the beginning of the annual reporting period in which the Group first applies those amendments.

The Group has already commenced an assessment of the related impact to the Group of the above standards and amendments that are relevant to the Group upon initial adoption. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial position and results of operations.

2.2 Subsidiaries

Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the equity holders of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

2.3 Joint ventures

Interests in joint venture are accounted for using equity method. Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of post-acquisition profits or losses and movements in other comprehensive income. Dividends received or receivable from joint venture are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the equity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.8.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the Historical Financial Information of each of the companies comprising the Group are measured using the currency of the primary economic environment in which these companies operate (the "**functional currency**"). The Historical Financial Information are presented in Singapore dollars ("**S$**"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined statements of comprehensive income.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the combined statement of comprehensive income during the year in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives. The annual rates used for this purpose are:

	Useful lives
Property	Over the remaining lease term of the leasehold land
Computers, office equipment and furniture and fittings	2 to 5 years
Motor vehicles	5 years
Plant and machinery	5 years
Renovation	Over remaining of lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income and other (losses)/gains, net" in the combined statements of comprehensive income.

2.7 Investment properties

Investment properties include those properties that are held for long-term rental yields and/or for capital appreciation or for a currently-undetermined use.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised within "other income and other (losses)/gains, net" in the combined statements of comprehensive income.

Investment properties may be subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

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

Transfers

The Group transfers a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. Examples of evidence of a change in use include:

(a) Commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment properties to property, plant and equipment;

(b) Commencement of development with a view to sell, for a transfer from investment properties to development properties;

(c) End of owner-occupation, for a transfer from property, plant and equipment to investment properties; and

(d) Inception of a lease to another party, for a transfer from inventories to investment property.

2.8 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

The Group classifies its financial assets in the following measurement categories:

(a) those to be measured subsequently at fair value either through other comprehensive income or through profit or loss, and

(b) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The credit terms granted to third-party customers other than retention sum for contract works is generally 30 to 45 days and therefore trade receivables are all classified as current.

2.9.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments held at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in "other income and other (losses)/gains, net" using the effective interest rate method. Debt instruments are presented as "Trade and retention receivables", "Deposits, prepayments and other receivables", "Cash and cash equivalents", and "Pledged bank deposits" on the combined balance sheets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.9.3 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(c) details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment of other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime expected credit losses.

2.9.4 Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date — the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2.10 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the combined balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out ("**FIFO**") method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Cash and cash equivalents

In the combined statements of cash flows, cash and cash equivalents include cash on hand, deposits held with banks which are subject to an insignificant risk of change in value and bank overdrafts. In the combined balance sheets, bank overdrafts are shown within bank and other borrowings in current liabilities.

2.13 Combined capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Trade payables, accruals and other payables

Trade payables, accruals and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables, accruals and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Bank and other borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the combined statements of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.16 Borrowings costs

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

All other borrowing costs are recognised in the combined statement of comprehensive income in the period in which they are incurred.

2.17 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the combined statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the companies comprising the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities and assets are not recognised for temporary difference between the carrying amount and tax bases between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Pension obligations

Pension obligations are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Bonus plans

The expected costs of bonus payment are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date and recognised in accordance with Note 2.19.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for rendering of services in the ordinary course of the Group's activities.

If contracts involve the sale of multiple elements, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time.

Control of good or service is transferred over time if the Group's performance:

- Provides all of the benefits received and consumed simultaneously by the customer;
- Creates or enhances an asset that the customer controls as the Group performs; or
- Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service. Specific criteria where revenue is recognised are described below.

(a) Revenue from contract works

The Group is both a main contractor and a subcontractor which specialises in the provision of services on utility infrastructure work that includes power cable, fibre optic telecommunication network, sewerage pipeline and other civil engineering services. A contract with a customer is classified by the Group as contract works when the contract relates to work which enhances an asset that the customer controls as the Group performs.

The Group has primary responsibility to fulfil the contract and has discretion in selecting subcontractors and discretion of the pricing for subcontractor.

The Group has to identify the performance obligations in the contract. A performance obligation is a promise in a contract to transfer a good or service to a customer. The Group treated all elements in a construction contract as a single performance obligation as the construction works are not capable of being distinct.

When determining the transaction price, the Group considers factors such as whether there is any financing component. The Group considers whether the payment schedule is commensurate with the Group's performance and whether the delayed payment is for finance purpose. The period between the transfer of the promised goods and payment by customer may exceed one year, which mainly comprised retention money receivables from the customers. Management consider that there is no significant financing component for these receivables, as such payment term is an industry practice. As a consequence, the Group does not adjust any of the transaction price for the time value of money.

The Group recognises revenue from a contract work progressively over time using the input method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs.

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates where applicable, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The liquidated damages are treated as variable consideration under IFRS 15 and the amounts are included in revenue to the extent that it is highly probable that contract revenue will not reverse. There are no other obligations for warranty or refunds other than those warranties which provide customers with assurance that the related contract work will function as parties intended.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, the expected loss is recognised as an expense immediately.

Progress billings are billed and recognised as trade receivables in accordance with the terms of the contract. A contract asset is recognised in the combined balance sheets when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed under expected credit losses ("**ECL**") model and are reclassified to receivables when the right to the consideration has become unconditional. A contract liability is recognised in the combined balance sheets when the customer pays consideration before the Group recognises the corresponding revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Retention sum for contract works are settled in accordance with the terms of the respective contracts.

(b) Road milling and resurfacing services

Revenue from providing road milling and resurfacing services to customers for road-patching work is recognised over time during the period as the services performed by the Group creates or enhances an asset that the customer controls. This is determined based on the proportion of the actual costs incurred relative to the estimated total costs. Hence, this points to an over time revenue recognition.

(c) Ancillary support and other services

Revenue from providing ancillary support services to customers is recognised over time during the period when the services are rendered by the Group. These activities include provision of technical assistance, labour or machinery and equipment on the basis of as-and-when required and are charged to the customers based on fixed unit prices. The Group recognises revenue based on the actual service provided because the customer receives and uses the benefits simultaneously. This is determined based on costs of the actual labour hours spent relative to the total expected labour hours. Hence, this points to an over time revenue recognition.

(d) Sale of goods and milled waste

The Group sells goods such as milled waste and other materials. Revenue is recognised at the point of time when control of the goods has been transferred to the customers, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

2.21 Leases

(a) Lessor

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

(b) Lessee

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments, where applicable:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payment that are based on an index or a rate;

(c) amounts expected to be payable by the lessee under residual value guarantees;

(d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following, where applicable:

(a) the amount of the initial measurement of lease liability;

(b) any lease payments made at or before the commencement date less any lease incentives received;

(c) any initial direct costs; and

(d) reinstatement costs.

Right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The annual rates used for the asset's depreciation purpose are:

	Useful lives
Land	Over the lease term
Office equipment	2 to 5 years

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

2.22 Dividend distribution

Dividend distribution to the equity holders of the companies comprising the Group is recognised as a liability in the Historical Financial Information during the period in which the dividends are approved by the equity holders or directors, where appropriate.

2.23 Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognised in the combined statements of comprehensive income within the "Other income and other (losses)/gains, net" on a systematic basis in the same periods in which the expenses are recognised.

When the grant relates to an asset, the fair value is deducted against the carrying amount of the assets.

2.24 Other investment

The Group acquired a key management insurance contract, which includes both investment and insurance elements. The insurance contract is initially recognised at the amount of the premium paid, and subsequently measured at each balance date at its cash surrender value. Changes to the cash surrender value at balance date will be recognised in profit or loss as a changes in cash surrender value of key management insurance contracts. In the event of death of the insured person, the surrender of the policies, or upon maturity of the policies, the investment will be de-recognised and any resulting gains/losses will be recognised in profit or loss.

3 FINANCIAL RISK AND CAPITAL MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Financial risk management is carried out by the finance department under the supervision of the board of directors. The board provides principles for overall risk management.

(a) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from cash and bank balance and borrowings. Interest-bearing financial assets/liabilities issued at variable rates expose the Group to cash flow interest rate risk. Interest-bearing financial assets/liabilities issued at fixed rates expose the Group to fair value interest rate risk.

As at 31 December 2016, 2017, 2018 and 31 August 2018 and 2019, it is estimated that an increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after taxation for the year/period by approximately S$52,000, S$44,000, S$34,000, S$50,000 and S$52,000 respectively. The 50 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

(b) Foreign currency risk

The Group mainly operates in Singapore with most of the sales transactions and purchase transactions being settled in Singapore dollars and thus foreign exchange exposure is considered to be minimal.

(c) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The credit risk of the Group mainly arises from cash and cash equivalents, pledged bank deposits, trade and retention receivables, contract assets, and deposits and other receivables.

Impairment of financial assets

The Group has three types of assets that are subject to the expected credit loss model:

- trade and retention receivables,
- contract assets, and
- other financial assets at amortised cost

While cash and cash equivalents and pledged bank deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

For trade receivables, retention receivables and contract assets, the Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. As a result, the Group's exposure to bad debts is not significant.

The Group assessed that the ECL impact for contract assets and retention receivables is immaterial.

The expected loss rates of trade receivables were based on the payment profiles of the revenue over a period of 12 month before each of the Track Record Period and the corresponding historical credit losses experienced within this period. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had identified the GDP of Singapore in which it sells its goods and services to be the most relevant factor, and accordingly adjusted the historical loss rates based on expected changes this factor.

The Group was exposed to concentration of credit risk as at 31 December 2016, 2017, 2018 and 31 August 2019 on gross trade and retention receivables from the Group's top five customers amounting to approximately S$10,545,000, S$4,721,000, S$4,705,000 and S$4,899,000 respectively and accounted for 73%, 49%, 51% and 57% of trade and retention receivables respectively. The major customers of the Group are all reputable organisations. Management considers that the credit risk is limited in this regard.

The loss allowance as at 31 December 2016, 2017 and 2018 and 31 August 2019 was determined as follows for trade receivables:

31 December 2016	**Current**	**More than 30 days**	**More than 60 days**	**More than 90 days**	**More than 120 days**	**Individuals**	**Total**
Expected loss rate	0.33%–0.80%	0.41%–1.21%	0.52%–1.86%	0.66%–3.34%	0.83%–7.29%	100%	
Gross carrying amount — trade receivables	9,230,795	475,941	2,958,207	306,698	488,508	558,814	14,018,963
Loss allowance	33,464	2,940	16,428	8,289	28,710	558,814	648,645

31 December 2017	**Current**	**More than 30 days**	**More than 60 days**	**More than 90 days**	**More than 120 days**	**Individuals**	**Total**
Expected loss rate	0.41%–0.98%	0.59%–1.63%	0.98%–3.36%	2.29%–5.42%	4.58%–8.86%	100%	
Gross carrying amount — trade receivables	6,393,534	1,480,177	145,955	369,735	369,400	230,365	8,989,166
Loss allowance	31,710	9,396	1,433	13,251	27,962	230,365	314,117

31 December 2018	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Individuals	Total
Expected loss rate	0.05%–0.30%	0.08%–0.50%	0.15%–0.99%	0.37%–4.25%	1.02%–11.92%	100%	
Gross carrying amount — trade receivables	5,603,900	1,432,465	12,014	102,725	79,951	183,143	7,414,198
Loss allowance	13,450	1,215	20	3,692	9,326	183,143	210,846

31 August 2019	Current	More than 30 days	More than 60 days	More than 90 days	More than 120 days	Individuals	Total
Expected loss rate	0.08%–0.59%	0.31%–2.20%	0.61%–2.25%	1.02%–4.45%	2.21%–17.93%	100%	
Gross carrying amount — trade receivables	3,318,531	2,134,609	528,485	299,772	393,165	191,453	6,866,015
Loss allowance	4,555	12,527	8,025	7,253	41,145	191,453	264,958

Trade and retention receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a long period.

Impairment losses on trade and retention receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost include deposits, other receivables and loans to related parties and joint ventures. They are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. Based on historical experience, majority of these balances were settled shortly upon maturity, hence the associated credit risk is minimal. Management considered that the identified impairment loss under expected credit loss model was immaterial.

The movement of allowance for impairment and ageing analysis of trade receivables are disclosed in Note 20 of this Historical Financial Information.

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligation. The Group maintains liquidity by a number of sources including orderly realisation of short-term financial assets, receivables and certain assets that the Group considers appropriate and short-term and long-term financing including short-term and long-term borrowings. The Group aims to maintain flexibility in funding by utilising committed credit lines available and interest bearing borrowings which enable the Group to continue its business for the foreseeable future.

The table below analyses the non-derivative financial liabilities and lease liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balances within 1 year other than bank and other borrowings and lease liabilities, equal their carrying balances as impact from discounting is not significant.

	On demand	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*
As at 31 December 2016						
Trade payables	—	6,220,172	—	—	—	6,220,172
Accruals, other payables and provisions, excluding staff cost payables, good and services tax payable and provision	—	1,195,917	—	—	—	1,195,917
Bank and other borrowings, including interest	11,596,047	1,385,494	1,024,832	601,114	—	14,607,487
Lease liabilities	—	507,673	772,266	439,647	417,327	2,136,913
	11,596,047	9,309,256	1,797,098	1,040,761	417,327	24,160,489
As at 31 December 2017						
Trade payables	—	10,104,351	—	—	—	10,104,351
Accruals, other payables and provisions, excluding staff cost payables, good and services tax payable and provision	—	2,133,268	—	—	—	2,133,268
Bank and other borrowings, including interest	10,282,244	2,006,622	1,205,683	696,253	—	14,190,802
Lease liabilities	—	458,270	475,411	417,348	278,232	1,629,261
	10,282,244	14,702,511	1,681,094	1,113,601	278,232	28,057,682
As at 31 December 2018						
Trade payables	—	7,266,617	—	—	—	7,266,617
Accruals, other payables and provisions, excluding staff cost payables, good and services tax payable and provision	—	811,472	—	—	—	811,472
Bank and other borrowings, including interest	8,288,350	2,048,336	1,445,827	993,952	—	12,776,465
Lease liabilities	—	458,212	446,867	417,348	139,116	1,461,543
	8,288,350	10,584,637	1,892,694	1,411,300	139,116	22,316,097

	On demand	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*
As at 31 August 2019						
Trade payables	—	6,775,045	—	—	—	6,775,045
Accruals, other payables and provisions, excluding staff cost payables, good and services tax payable and provision	—	2,518,802	—	—	—	2,518,802
Bank and other borrowings, including interest	12,347,391	1,750,887	1,340,590	519,015	—	15,957,883
Lease liabilities	—	423,729	286,212	417,339	185,484	1,312,764
	12,347,391	11,468,463	1,626,802	936,354	185,484	26,564,494

The table below summarises the maturity analysis of the loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts included interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the 'on demand' time band in the maturity analysis contained above.

Taking into account the Group's financial position, the Directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The Directors believe that such loans will be repaid in accordance with the scheduled repayment date set out in the loan agreements.

Maturity Analysis — Bank borrowings subject to a repayment on demand clause based on scheduled repayments:

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	S$	*S$*	*S$*	*S$*	*S$*
As at 31 December 2016					
Borrowings	6,878,499	1,435,200	3,282,348	—	11,596,047
Interest	166,111	121,700	116,666	—	404,477
	7,044,610	1,556,900	3,399,014	—	12,000,524
As at 31 December 2017					
Borrowings	6,336,086	1,653,246	2,080,987	211,925	10,282,244
Interest	175,702	98,814	58,751	13,841	347,108
	6,511,788	1,752,060	2,139,738	225,766	10,629,352
As at 31 December 2018					
Borrowings	5,905,031	1,567,863	589,743	225,713	8,288,350
Interest	153,402	64,459	65,648	47,063	330,572
	6,058,433	1,632,322	655,391	272,776	8,618,922

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	S$	*S$*	*S$*	*S$*	*S$*
As at 31 August 2019					
Borrowings	11,041,077	945,575	174,915	185,824	12,347,391
Interest	133,215	23,669	29,441	20,325	206,650
	11,174,292	969,244	204,356	206,149	12,554,041

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of net debt to total capital ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as lease liabilities, amount due to directors and bank and other borrowings, less cash and cash equivalents and pledged bank deposits. Total capital is calculated as "equity" as shown in the combined balance sheets plus net debt.

As at 31 December 2016, 2017 and 2018 and 31 August 2019, the net debt to total capital ratios were as follows:

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Lease liabilities *(Note 26)*	1,880,618	1,442,433	1,313,045	1,190,629
Amount due to related parties *(Note 25)*	30,000	174,000	—	500,000
Bank and other borrowings *(Note 27)*	14,486,668	14,024,862	12,588,854	15,823,594
Less: cash and cash equivalents and pledged bank deposits *(Note 23)*	(1,990,727)	(3,414,625)	(4,352,841)	(3,283,013)
Net debt	14,406,559	12,226,670	9,549,058	14,231,210
Total equity	22,094,869	25,066,016	31,372,224	33,597,049
Total capital	36,501,428	37,292,686	40,921,282	47,828,259
Net debt to total capital ratio	39%	33%	23%	30%

Under the terms of the Group's borrowing facilities, the Group is required to comply with certain financial covenants.

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value for the Track Record Period by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers among Levels 1, 2 and 3 during the Track Record Period.

The carrying values of the Group's financial assets, including trade and retention receivables, deposits and other receivables, pledged bank deposits and cash and cash equivalents; and financial liabilities, including trade payables, accruals and other payables, and bank and other borrowings, approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Measure of progress of contract works for revenue recognition

The Group measures progress of contract works and recognises its revenue according to the proportion of actual cost of work performed to date as compared to total budgeted costs of contract works. Due to the nature of the activities undertaken in these projects, the date at which the project activities are entered into and the date when the activities are completed may fall into different accounting periods. Budgeted costs which mainly comprise labour costs, subcontracting charges, material and consumables and other costs are estimated by the management. These items are subject to significant variances, including any changes in estimations of costs to be incurred for labour costs, subcontracting charges, material and consumables and other costs, that will impact the budgeted costs, and in turn, the measurement of progress which drives the revenue recognition of contract works. Management constantly conducts periodic review of the relevance of budgets by reviewing the actual amounts incurred and comparing with previous estimated amounts in order to mitigate the exposure to significant variances.

(b) Current and deferred income tax

The Group is subject to income taxes in Singapore. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of deferred assets and income tax in the period in which such estimates are changed.

(c) Impairment of trade and retention receivables and contract assets

ECLs are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward looking information, including significant changes in external market indicators which involved significant estimates and judgements.

(d) Estimated useful lives of property, plant and equipment and right-of-use assets

The Group's property, plant and equipment and right-of-use assets are depreciated based on their estimated useful lives and estimated residual values. This estimate is based on the expected utility of the asset to the Group and management experience in similar assets, and involve management's judgement. Actual economic lives may differ from estimated useful lives, and changes in management estimate could result in changes in depreciable lives and therefore depreciation expense in future periods.

(e) Fair values of investment properties

The Group carries its investment properties at fair value with changes in the fair values recognised in income statements. The Group obtains independent valuations at least annually. At the end of each reporting period, management update their assessment of the fair value of each property, taking into account the most recent independent valuations.

5 SEGMENT INFORMATION

The CODM has been identified as the executive directors of the Group who review the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the general construction of civil engineering projects through the Operating Companies in Singapore. Information reported to the CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Operating Companies as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group's activities, other than those of certain joint ventures, are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore. Accordingly, no analysis by geographical basis was presented for the Track Record Period.

During the years ended 31 December 2016, 2017, 2018 and eight months ended 31 August 2018 and 2019, there were 4, 3, 4, 4 and 3 customers respectively, which individually contributed to over 10% of the Group's total revenue. Revenue generated from these customers during the years ended 31 December 2016, 2017, 2018 and eight months ended 31 August 2018 and 2019 are summarised below:

	Year ended 31 December			Eight months ended 31 August	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Customer 1	18,932,050	N/A	9,999,006	N/A	14,041,386
Customer 2	7,399,115	11,583,366	N/A	N/A	4,029,153
Customer 3	6,214,159	18,467,379	N/A	4,567,723	N/A
Customer 4	5,973,786	N/A	N/A	N/A	N/A
Customer 5	N/A	18,980,659	7,961,480	5,852,993	4,022,717
Customer 6	N/A	N/A	18,665,416	12,475,209	N/A
Customer 7	N/A	N/A	7,559,876	5,425,722	N/A

6 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following streams of revenue:

	Year ended 31 December			Eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Revenue from contract works	43,114,916	61,809,799	55,853,377	34,124,866	32,172,135
Road milling and resurfacing services	7,669,667	7,148,803	6,928,043	4,448,624	4,529,422
Ancillary support and other services	1,167,174	1,416,678	979,724	781,845	541,698
Sale of goods and milled waste	1,175,093	2,409,527	968,491	874,973	395,567
	53,126,850	72,784,807	64,729,635	40,230,308	37,638,822
Revenue recognised:					
Over time	51,951,757	70,375,280	63,761,144	39,355,335	37,243,255
At point in time	1,175,093	2,409,527	968,491	874,973	395,567
	53,126,850	72,784,807	64,729,635	40,230,308	37,638,822

7 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

	Year ended 31 December			Eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Other income:					
Rental income from investment properties	89,000	43,500	25,500	17,500	16,000
Interest income from					
— a related party	9,610	24,622	—	—	—
— a third party	—	12,307	12,065	4,065	—
Government grants	394,951	255,309	215,731	178,512	164,637
Others	182,452	40,868	69,100	55,625	111,387
	676,013	376,606	322,396	255,702	292,024
Other (losses)/gains, net:					
(Loss)/gain on foreign exchange difference — net	(11,136)	22,762	5,988	5,814	(17,802)
Gain on disposal of property, plant and equipment, net *(Note (i))*	64,789	58,655	82,146	35,637	467,184
Fair value loss on investment properties *(Note 15)*	(70,000)	(60,000)	(10,000)	—	(50,000)
Changes in cash surrender value of key management insurance contracts	—	—	(20,151)	—	—
	(16,347)	21,417	57,983	41,451	399,382
	659,666	398,023	380,379	297,153	691,406

(i) During the eight months ended 31 August 2019, the Group disposed of certain property, plant and equipment to a related company at consideration of S$473,000, and recognised gain on disposal of approximately S$387,000.

8 EXPENSES BY NATURE

	Year ended 31 December			Eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Raw material and consumables used	7,048,708	8,260,835	8,391,193	4,680,200	4,752,090
Subcontracting charges	12,491,090	27,021,025	12,529,337	8,373,829	5,460,113
Auditor's remuneration:					
— Audit services	66,606	171,239	152,000	80,000	85,476
— Non-audit services	12,362	—	—	—	—
Depreciation *(Notes 14 and 26)*	3,707,884	3,955,630	4,722,917	3,121,345	3,292,747
Employee benefit expenses, including directors' emoluments *(Note 9)*	15,653,479	18,864,906	19,804,127	12,920,085	11,831,813
Entertainment expenses	64,714	98,729	77,427	43,990	54,648
Insurance expenses	343,149	311,812	449,234	292,781	305,204
Legal and professional fees	755,140	685,190	516,214	327,379	330,713
Expenses relating to short term leases and low value assets *(Note 26)*	268,672	148,708	101,384	82,636	51,808
Site expenses	1,582,681	1,776,016	897,130	601,970	819,118
Transportation expenses	2,243,782	3,605,085	2,914,375	2,041,429	1,976,770
Repair and maintenance expenses	908,628	560,059	496,172	370,020	491,619
Write down of inventories	—	10,715	6,727	—	—
Listing expenses	—	—	—	—	2,432,174
Others	1,732,599	1,779,738	2,135,086	1,604,304	1,141,227
Total cost of sales and administrative expenses	46,879,494	67,249,687	53,193,323	34,539,968	33,025,520
Cost of sales	40,412,261	60,673,921	46,716,180	30,385,513	26,345,877
Administrative expenses	6,467,233	6,575,766	6,477,143	4,154,455	6,679,643
	46,879,494	67,249,687	53,193,323	34,539,968	33,025,520

9 EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 31 December			Eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Wages, salaries and bonuses	14,692,103	17,550,733	18,696,851	12,240,620	10,990,842
Retirement benefit costs — defined contribution plans *(Note (i))*	679,397	793,131	908,249	535,588	504,682
Staff benefits	281,979	521,042	199,027	143,877	336,289
	15,653,479	18,864,906	19,804,127	12,920,085	11,831,813

(i) Central Provident Fund ("**CPF**") is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act, Chapter 36 of Singapore (the "**CPF Act**"), an employer is obliged to make CPF contributions with 5% to 20% of wage for all employees who are Singapore citizens or permanent residents of Singapore. CPF contributions are not applicable for foreigners. The Group has no further obligation to retirement benefits of its employees once the contributions have been paid.

Employee benefit expenses have been included in combined statements of comprehensive income as follows:

	Year ended 31 December			Eight months ended 31 August	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Cost of sales	12,427,844	15,702,935	16,283,269	10,712,352	9,611,662
Administrative expenses	3,225,635	3,161,971	3,520,858	2,207,733	2,220,151
	15,653,479	18,864,906	19,804,127	12,920,085	11,831,813

Five highest paid individuals

For the years ended 31 December 2016, 2017, 2018 and eight months ended 31 August 2018 and 2019, the five individuals whose emoluments were the highest in the Group included 2 directors, respectively, whose emolument are reflected in the analysis in Note 10. The emoluments paid/payable to the remaining 3 individuals, during the years ended 31 December 2016, 2017, 2018 and eight months ended 31 August 2018 and 2019 were as follows:

	Year ended 31 December			Eight months ended 31 August	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Wages, salaries and benefits in kind	404,229	502,800	460,260	320,800	367,080
Bonuses	65,000	61,900	97,199	64,799	48,760
Retirement benefit costs — defined contribution plans	38,090	35,840	52,265	23,548	23,539
	507,319	600,540	609,724	409,147	439,379

The emoluments of the highest paid individuals fell within the following bands:

	Year ended 31 December			Eight months ended 31 August	
	Number of individuals				
	2016	**2017**	**2018**	**2018** (Unaudited)	**2019**
Emolument band					
HK$1 to HK$500,000 (equivalent to S$1 to S$84,745)	—	—	—	—	—
HK$500,001 to HK$1,000,000 (equivalent to S$84,746 to S$169,496)	2	—	—	3	3
HK$1,000,001 to HK$1,500,000 (equivalent to S$169,497 to S$254,235)	1	3	3	—	—

10 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HONG KONG LISTING RULES)

(a) Directors' emoluments

The remuneration of every executive director were set out below:

For the year ended 31 December 2016:

	Fees	Salaries and benefits in kind	Bonuses	Retirement benefit costs — defined contribution plans	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive directors					
Ng Tian Soo	141,500	154,160	45,360	13,260	354,280
Ng Tian Fah	108,570	162,500	34,000	20,400	325,470
	250,070	316,660	79,360	33,660	679,750

For the year ended 31 December 2017:

	Fees	Salaries and benefits in kind	Bonuses	Retirement benefit costs — defined contribution plans	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive directors					
Ng Tian Soo	—	266,160	52,200	30,000	348,360
Ng Tian Fah	—	209,376	45,000	18,000	272,376
	—	475,536	97,200	48,000	620,736

For the year ended 31 December 2018:

	Fees	Salaries and benefits in kind	Bonuses	Retirement benefit costs — defined contribution plans	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive directors					
Ng Tian Soo	—	360,380	72,150	13,260	445,790
Ng Tian Fah	—	277,500	57,500	17,340	352,340
	—	637,880	129,650	30,600	798,130

For the eight months ended 31 August 2018:

	Fees	Salaries and benefits in kind	Bonuses	Retirement benefit costs — defined contribution plans	Total
	S$	*S$*	*S$*	*S$*	*S$*
(Unaudited)					
Executive directors					
Ng Tian Soo	—	233,940	29,520	10,078	273,538
Ng Tian Fah	—	184,500	27,000	12,750	224,250
	—	418,440	56,520	22,828	497,788

For the eight months ended 31 August 2019:

	Fees	Salaries and benefits in kind	Bonuses	Retirement benefit costs — defined contribution plans	Total
	S$	*S$*	*S$*	*S$*	*S$*
Executive directors					
Ng Tian Soo	—	287,660	43,290	7,740	338,690
Ng Tian Fah	—	205,500	34,500	13,260	253,260
	—	493,160	77,790	21,000	591,950

Gary Ng Sin Tong Lee Wing Yin Jessica and George Christopher Holland were appointed as independent non-executive Directors on 18 February 2020. They did not receive any remuneration during the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2018 and 2019.

(b) Directors' retirement benefits

During the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2018 and 2019, no retirement benefits were paid to or receivable by any director in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

(c) Directors' termination benefits

No payment was made to directors as compensation for early termination of the appointment during the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2018 and 2019.

(d) Consideration provided to third parties for making available directors' services

No payment was made to third parties for making available directors' services during the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2018 and 2019.

(e) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by, and entities connected with, such directors

Save as disclosed in Note 31, there were no other loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors during the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2018 and 2019.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2018 and 2019.

11 FINANCE INCOME AND FINANCE COSTS

	Year ended 31 December			Eight months ended 31 August	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	S$	S$	S$	S$
				(Unaudited)	
Finance income					
Interests from:					
— Bank deposits	—	170	729	365	321
— Pledged bank deposits	—	—	—	—	7,926
	—	170	729	365	8,247
Finance costs					
Interests on:					
— Bank and other borrowings	503,324	497,686	588,696	390,289	408,510
— Lease liabilities	81,482	69,491	55,368	36,337	34,837
— Unwinding of discount of reinstatement costs	15,810	16,745	17,735	11,823	12,522
	600,616	583,922	661,799	438,449	455,869

12 INCOME TAX EXPENSES

Under the current laws of Cayman Islands, the Company is not subject to tax on income or capital gain. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

No provision for income tax in BVI has been made as the Group has no assessable income in BVI during the Track Record Period.

Hong Kong profits tax had not been provided for as the Group had no assessable profit in Hong Kong during Track Record Period.

Income tax had been provided at the applicable tax rate of 17% on the estimated assessable profits arising in Singapore during Track Record Period.

The amount of income tax expense charged to the combined statements of comprehensive income represents:

	Year ended 31 December			Eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Current tax	795,034	524,644	1,664,063	830,174	966,962
Deferred tax	(493,805)	(30,162)	298,828	127,161	51,974
(Over)/under provision in prior years	(29,859)	76,140	(15,735)	(17,881)	4,014
Income tax expense	271,370	570,622	1,947,156	939,454	1,022,950

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the companies comprising the Group as follows:

	Year ended 31 December			Eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Profit before income tax	5,849,505	5,541,769	11,158,364	5,408,327	4,447,775
Share of loss of joint ventures, net of tax	—	13,413	200,528	217,679	333,522
Profit before income tax and share of loss of joint ventures	5,849,505	5,555,182	11,358,892	5,626,006	4,781,297
Tax calculated at 17%	994,416	944,381	1,931,012	956,421	812,820
Tax incentives *(Note (i))*	(879,486)	(706,535)	(186,332)	(132,485)	(45,417)
Income not subject to tax	(17,001)	(6,756)	(701)	(701)	—
Expenses not deductible for tax purposes	299,492	447,256	308,989	191,614	524,791
Statutory income tax exemption *(Note (ii))*	(42,045)	(25,925)	(51,850)	(51,850)	(52,275)
Tax losses not recognised as deferred tax assets	29,231	—	1,044	32,701	921
Utilisation of unrecognised deferred tax assets in prior years	(83,378)	(157,939)	(39,271)	(38,365)	(221,904)
(Over)/under provision in prior years	(29,859)	76,140	(15,735)	(17,881)	4,014
Income tax expense	271,370	570,622	1,947,156	939,454	1,022,950

Notes:

(i) Tax incentives related to corporate Income Tax Rebates and Productivity and Innovation Credit Scheme (PIC) by Inland Revenue Authority of Singapore (IRAS). IRAS allowed the group entities to claim 400% tax deduction on qualifying expenditures from the years of assessment 2011 to 2018 under PIC.

(ii) During the years of assessment 2017 to 2019, tax exemption relates to 75% tax exemption of the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$290,000 of normal chargeable income. From years of assessment 2020 onwards, tax exemption relates to 75% tax exemption of the first S$10,000 of normal chargeable income and a further 50% tax exemption on the next S$190,000 of normal chargeable income.

13 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful for the purpose of this Historical Financial Information.

14 PROPERTY, PLANT AND EQUIPMENT

	Property	Motor vehicles	Computers, office equipment and furniture and fittings	Plant and machinery	Renovation	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*
At 1 January 2016						
Cost	14,339,489	9,496,526	848,650	7,582,295	772,826	33,039,786
Accumulated depreciation	(1,805,771)	(6,539,152)	(718,141)	(4,795,238)	(499,912)	(14,358,214)
Net book amount	12,533,718	2,957,374	130,509	2,787,057	272,914	18,681,572
Year ended 31 December 2016						
Opening net book amount	12,533,718	2,957,374	130,509	2,787,057	272,914	18,681,572
Addition	—	701,662	113,150	1,327,039	11,250	2,153,101
Disposal	—	(29,223)	(99)	(7,575)	(8,008)	(44,905)
Depreciation	(1,036,588)	(1,088,708)	(138,311)	(1,011,225)	(45,426)	(3,320,258)
Closing net book amount	11,497,130	2,541,105	105,249	3,095,296	230,730	17,469,510
At 31 December 2016						
Cost	14,339,489	9,590,059	604,969	8,604,846	648,051	33,787,414
Accumulated depreciation	(2,842,359)	(7,048,954)	(499,720)	(5,509,550)	(417,321)	(16,317,904)
Net book amount	11,497,130	2,541,105	105,249	3,095,296	230,730	17,469,510
Year ended 31 December 2017						
Opening net book amount	11,497,130	2,541,105	105,249	3,095,296	230,730	17,469,510
Addition	—	2,492,015	267,956	2,890,204	52,240	5,702,415
Disposal	—	(152,343)	(533)	(16,067)	(500)	(169,443)
Depreciation	(1,036,588)	(1,178,450)	(152,758)	(1,082,404)	(53,450)	(3,503,650)
Closing net book amount	10,460,542	3,702,327	219,914	4,887,029	229,020	19,498,832
At 31 December 2017						
Cost	14,339,489	11,395,983	699,370	9,304,921	681,730	36,421,493
Accumulated depreciation	(3,878,947)	(7,693,656)	(479,456)	(4,417,892)	(452,710)	(16,922,661)
Net book amount	10,460,542	3,702,327	219,914	4,887,029	229,020	19,498,832

	Property	Motor vehicles	Computers, office equipment and furniture and fittings	Plant and machinery	Renovation	Total
	S$	*S$*	*S$*	*S$*	*S$*	*S$*
Year ended 31 December 2018						
Opening net book amount	10,460,542	3,702,327	219,914	4,887,029	229,020	19,498,832
Addition	—	823,047	134,718	2,670,247	40,239	3,668,251
Disposal	—	(292,339)	—	(19,430)	—	(311,769)
Depreciation	(1,036,589)	(1,279,857)	(186,367)	(1,705,082)	(59,101)	(4,266,996)
Closing net book amount	9,423,953	2,953,178	168,265	5,832,764	210,158	18,588,318
At 31 December 2018						
Cost	14,339,489	10,759,540	834,087	11,600,518	721,969	38,255,603
Accumulated depreciation	(4,915,536)	(7,806,362)	(665,822)	(5,767,754)	(511,811)	(19,667,285)
Net book amount	9,423,953	2,953,178	168,265	5,832,764	210,158	18,588,318
Eight months ended 31 August 2019						
Opening net book amount	9,423,953	2,953,178	168,265	5,832,764	210,158	18,588,318
Addition	—	883,392	72,682	745,079	22,211	1,723,364
Disposal	—	(115,882)	—	(119,623)	—	(235,505)
Depreciation	(691,059)	(844,339)	(89,457)	(1,292,231)	(40,382)	(2,957,468)
Closing net book amount	8,732,894	2,876,349	151,490	5,165,989	191,987	17,118,709
At 31 August 2019						
Cost	14,339,489	11,059,063	906,769	11,680,976	744,178	38,730,475
Accumulated depreciation	(5,606,595)	(8,182,714)	(755,279)	(6,514,987)	(552,191)	(21,611,766)
Net book amount	8,732,894	2,876,349	151,490	5,165,989	191,987	17,118,709

As at 31 December 2016, 2017 and 2018 and 31 August 2019, the Group's borrowings were secured by mortgage of property and investment properties of the Group (Note 27).

15 INVESTMENT PROPERTIES

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
At beginning of year				
Cost	2,100,000	2,030,000	1,970,000	1,960,000
Net fair value loss recognised in profit or loss *(Note 7)*	(70,000)	(60,000)	(10,000)	(50,000)
Net book amount	2,030,000	1,970,000	1,960,000	1,910,000

Independent valuations of the Group's investment properties were performed by Knight Frank Petty Limited, a qualified valuer, to determine the fair value of the investment properties as at 31 December 2016, 2017 and 2018 and 31 August 2019.

Fair value loss were charged to other (losses)/gains, net.

During the years ended 31 December 2016, 2017, 2018 and 31 August 2018, part of the investment properties were leased to related parties (Note 31).

As at 31 December 2016, 2017 and 2018 and 31 August 2019, all investment properties were mortgaged to secure the Group's bank borrowing (Note 27).

The following amounts were recognised in profit and loss:

	Year ended 31 December			Eight months ended 31 August	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Rental income	89,000	43,500	25,500	17,500	16,000
Direct operating expenses	(41,014)	(33,019)	(25,746)	(17,816)	(17,126)
	47,986	10,481	(246)	(316)	(1,126)

Details of the Group's investment properties are as follows:

Location	**Description/existing use**	**Tenure**
25 Woodlands Industrial Park E1 #02–01 Admiralty Industrial Park, Singapore 757743	A flatted factory unit	60 years lease commencing from 9 January 1995
31 Mandai Estate, #05–04/05 Innovation Place, Singapore 729933	2 amalgamated flatted factory units	Freehold

Fair value hierarchy — Recurring fair value measurements

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	$	*$*	*$*
31 December 2016			
— Factory units	—	—	2,030,000
31 December 2017			
— Factory units	—	—	1,970,000
31 December 2018			
— Factory units	—	—	1,960,000
31 August 2019			
— Factory units	—	—	1,910,000

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between Level 1, 2 and 3 during the Track Record Period.

Valuation Process of the Group

The fair value of the Group's investment properties at 31 December 2016, 2017, 2018 and 31 August 2019 were determined by the valuer in accordance with the Singapore Institute of Surveyors and Valuers (SISV) Valuation Standards and Guidelines and International Valuation Standards (IVS).

Valuation technique

Fair value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

As at 31 December 2016:

Investment properties	Valuation techniques	Significant unobservable inputs	Rate of unobservable inputs
Factories	Sales comparison method	Estimated market price per square metre	\$2,663–\$5,725 per square metre

As at 31 December 2017:

Investment properties	Valuation techniques	Significant unobservable inputs	Rate of unobservable inputs
Factories	Sales comparison method	Estimated market price per square metre	\$2,604–\$5,543 per square metre

As at 31 December 2018:

Investment properties	Valuation techniques	Significant unobservable inputs	Rate of unobservable inputs
Factories	Sales comparison method	Estimated market price per square metre	\$2,544–\$5,543 per square metre

As at 31 August 2019:

Investment properties	Valuation techniques	Significant unobservable inputs	Rate of unobservable inputs
Factories	Sales comparison method	Estimated market price per square metre	\$2,367–\$5,471 per square metre

Under the sales comparison method of valuation, fair value of the investment properties are derived from comparing the properties to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of the properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. The most significant impact into this valuation approach is price per square metre. The higher the price per square metre, the higher the fair value of the investment properties.

There were no changes in valuation techniques during the Track Record Period.

The Group's management reviews the valuation performed by independent valuer and holds discussion of the valuation processes with the qualified valuer once a year for financial reporting purpose.

16 INVESTMENTS IN JOINT VENTURES

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
At beginning of year/period	—	—	1,186,587	986,059
Acquisition cost	—	1,200,000	—	—
Share of post-acquisition loss of joint ventures	—	(13,413)	(200,528)	(333,522)
At end of year/period	—	1,186,587	986,059	652,537

Set out below are the joint ventures of the Group throughout the Track Record Period. These joint ventures have share capital consisting solely of ordinary shares, which are held directly by certain companies comprising the Group. The country of incorporation is also its principal place of business.

Name of entity	Place of business/ country of incorporation	% of ownership interest			
		As at 31 December			As at 31 August
		2016	2017	2018	2019
SWG Alliance Pte. Ltd. and its subsidiaries *(Note (i))*	Singapore	—	40	40	40
Futurus Construction Pte. Ltd. *(Note (ii))*	Singapore	—	40	40	40

Notes:

(i) SWG Alliance Pte. Ltd. is an investment holding company. The subsidiaries are engaged in pre-cast concrete work in Singapore and the sale of quarry products in Malaysia.

(ii) Futurus Construction Pte. Ltd. is currently intended to engage in the business of distribution and leasing of machinery and equipment relating to the civil engineering industry.

The Group had no commitment to provide funding, if called, to these joint ventures and there were no contingent liabilities relating to the Group's interests in these joint ventures throughout the Track Record Period.

Set out below is the summarised financial information of joint ventures:

	SWG Alliance Pte. Ltd. and its subsidiaries and Futurus Construction Pte. Ltd.			
	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Current assets	—	2,778,394	5,263,121	6,622,422
Non-current assets	—	221,457	3,885,880	6,611,040
Current liabilities	—	(33,383)	(5,935,831)	(10,940,851)
Non-current liabilities	—	—	(648,868)	(557,092)
Net assets	—	2,966,468	2,564,302	1,735,519

	SWG Alliance Pte. Ltd. and its subsidiaries and Futurus Construction Pte. Ltd.				
	Year ended 31 December			Eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Revenue	—	2,225	2,122,579	1,253,668	2,573,887
Loss after tax	—	(33,412)	(526,708)	(544,331)	(862,730)
Other comprehensive (loss)/ income	—	(120)	9,439	134	(32,476)
Loss after tax and total comprehensive loss, net of tax	—	(33,532)	(517,269)	(544,197)	(895,206)
Attributable to:					
— Equity owners of joint ventures	—	(33,532)	(501,322)	(544,197)	(833,804)
— Non-controlling interest	—	—	(15,947)	—	(61,402)
	—	(33,532)	(517,269)	(544,197)	(895,206)

Reconciliation of summarised financial information

	SWG Alliance Pte. Ltd. and its subsidiaries and Futurus Construction Pte. Ltd.			
	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Opening net assets	—	—	2,966,468	2,564,302
Contribution from joint venture partners	—	3,000,000	—	—
Contribution from a non-controlling interest	—	—	115,103	66,423
Loss for the year/period	—	(33,532)	(517,269)	(895,206)
Closing net assets	—	2,966,468	2,564,302	1,735,519
Net assets attributable to a non-controlling interest of joint ventures	—	—	99,156	104,175
Net assets attributable to joint ventures partners	—	1,779,881	1,479,087	978,807
Net assets attributable to the Group	—	1,186,587	986,059	652,537
	—	2,966,468	2,564,302	1,735,519

17 OTHER INVESTMENT

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Key management insurance contract	—	—	84,803	84,803
Movement of other investment are as follows:				
Beginning of year/period	—	—	—	84,803
Addition	—	—	104,954	—
Changes in cash surrender value of key management insurance contracts *(Note 7)*	—	—	(20,151)	—
End of year/period	—	—	84,803	84,803

The key management insurance contract was denominated in S$.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Financial assets				
Carried at amortised cost:				
Trade and retention receivables	13,766,833	9,354,552	8,958,482	8,377,758
Other receivables, excluding prepayments	756,034	672,698	2,780,583	3,548,538
Pledged bank deposits	—	—	—	1,024,165
Cash and cash equivalents	1,990,727	3,414,625	4,352,841	2,258,848
	16,513,594	13,441,875	16,091,906	15,209,309
Financial liabilities				
Financial liabilities at amortised cost:				
Trade payables	6,220,172	10,104,351	7,266,617	6,775,045
Accruals and other payables, excluding staff cost payables and good and services tax payable	1,195,917	2,133,268	811,472	2,518,802
Bank and other borrowings	14,486,668	14,024,862	12,588,854	15,823,594
Lease liabilities	1,880,618	1,442,433	1,313,045	1,190,629
	23,783,375	27,704,914	21,979,988	26,308,070

19 INVENTORIES

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Raw materials and consumables	988,584	932,970	1,087,687	790,334

The cost of inventories recognised as expense and included in "cost of sales" amounted to approximately S$7,049,000, S$8,261,000, S$8,391,000, S$4,680,000 and S$4,752,000 respectively for the years ended 31 December 2016, 2017, 2018 and eight months ended 31 August 2018 and 2019.

During the years ended 31 December 2016, 2017, 2018 and eight months ended 31 August 2018 and 2019, raw materials with cost of approximately SNil, S11,000, S$7,000, S$Nil and S$Nil were written off. There were no other inventories write-off during the Track Record Period.

20 TRADE AND RETENTION RECEIVABLES

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Trade receivables				
— Third parties	13,155,616	6,922,085	7,242,946	6,848,709
— Related parties *(Note 31(b)(i))*	863,347	2,067,081	171,252	17,306
	14,018,963	8,989,166	7,414,198	6,866,015
Less: Allowance for impairment of receivables	(648,645)	(314,117)	(210,846)	(264,958)
Trade receivables — net	13,370,318	8,675,049	7,203,352	6,601,057
Retention sum for contract works	396,515	679,503	1,755,130	1,776,701
	13,766,833	9,354,552	8,958,482	8,377,758

The Group's credit terms granted to third-party customers other than retention sum for contract works is generally 30 to 45 days. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion or the expiry of the defect liability period.

As at 31 December 2016, 2017, 2018 and 31 August 2019, the ageing analysis of the trade receivables, based on invoice date, was as follows:

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Less than 30 days	9,230,795	6,393,534	5,603,900	3,318,531
31–60 days	475,941	1,480,177	1,432,465	2,134,609
61–90 days	2,958,207	145,955	12,014	528,485
91–120 days	306,698	369,735	102,725	299,772
121–365 days	83,585	501,017	104,153	363,597
More than 1 year	963,737	98,748	158,941	221,021
	14,018,963	8,989,166	7,414,198	6,866,015

Movement in the allowance for impairment of trade receivables was as follows:

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Beginning of year/period	598,081	648,645	314,117	210,846
Impairment made/(reversed)	456,901	(205,791)	(103,271)	75,789
Impairment utilised	(406,337)	(128,737)	—	(21,677)
End of year/period	648,645	314,117	210,846	264,958

The Group applied the simplified approach to provide for expected credit losses prescribed by IFRS 9 as disclosed in Note 3.1(c).

As at 31 December 2016, 2017, 2018 and 31 August 2019, the carrying amounts of trade and retention receivables were denominated in S$ and approximate their fair values.

Retention sum for contract works are settled in accordance with the terms of the respective contracts. In the combined balance sheets, retention sum for contract works were classified as current assets based on operating cycle. The analysis of the retention sum for contract works based on the terms of contracts were as follows:

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
To be recovered within 12 months	396,515	679,503	1,755,130	1,776,701

21 CONTRACT ASSETS/(LIABILITIES)

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Contract assets	10,638,026	17,017,132	17,729,899	24,846,807
Contract liabilities	(297,465)	(97,239)	(12,667)	(81,869)
Contract assets — net	10,340,561	16,919,893	17,717,232	24,764,938

(i) Significant change in contract assets and liabilities

The increase in contract assets and decrease in contract liabilities during the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2019 were attributed to more projects having substantial progress of the contract activities ahead of the agreed payment schedule. Moreover, there were also fewer new projects at a relatively early stage of the contract activities at the end of years of 2017 and 2018, hence resulted in a lower contract liabilities balance at the respective year end.

(ii) Revenue recognised in relation to contract liabilities:

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Revenue recognised in current year/period that was included in the contract liabilities balance at the beginning of the year/period	—	297,465	97,239	12,667

(iii) Unsatisfied performance obligation:

Unsatisfied performance obligations resulting from fixed-price long-term contracts were analysed as follows:

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Aggregate amount of the transaction price allocated to long-term contracts that are partially or fully unsatisfied	67,774,193	71,122,412	60,127,171	102,107,594

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Expected to be recognised within one year	50,569,616	46,722,465	33,664,115	78,395,999
Expected to be recognised after one year	17,204,577	24,399,947	26,463,056	23,711,595
	67,774,193	71,122,412	60,127,171	102,107,594

22 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Other receivables				
— Third parties	124,116	212,295	20,459	228,888
— Related parties *(Note 31(b)(ii))*	—	—	—	473,000
Loans to related parties *(Note 31(b)(iii))*	380,000	120,000	2,000,000	2,200,000
Deposits	251,918	340,403	760,124	646,650
Prepayments	253,751	551,573	285,278	1,173,856
	1,009,785	1,224,271	3,065,861	4,722,394

As at 31 December 2016, 2017, 2018 and 31 August 2019, the carrying amounts of deposits and other receivables were denominated in S$ and approximated their fair values.

23 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Cash at banks	1,919,955	3,340,701	4,270,225	2,176,939
Cash on hand	70,772	73,924	82,616	81,909
	1,990,727	3,414,625	4,352,841	2,258,848
Pledged bank deposits *(Note (i))*	—	—	—	1,024,165
	1,990,727	3,414,625	4,352,841	3,283,013

(i) As at 31 August 2019, bank deposits of S$1,024,165 was pledged for borrowings of the Group.

The carrying amounts of cash and cash equivalents and pledged bank deposits were denominated in the following currencies:

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Singapore Dollar	1,988,115	3,413,034	4,351,077	3,281,218
United States Dollar	2,612	1,591	1,764	1,795
	1,990,727	3,414,625	4,352,841	3,283,013

Cash and cash equivalents included the following for the purpose of the combined statements of cash flows:

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Cash and cash equivalents in the combined balance sheets	1,990,727	3,414,625	4,352,841	2,258,848
Less: Bank overdrafts *(Note 27)*	(3,423,056)	—	—	(3,069,376)
Cash and cash equivalents in the combined statements of cash flows	(1,432,329)	3,414,625	4,352,841	(810,528)

For the years ended 31 December 2016, 2017, 2018 and eight months ended 31 August 2018 and 2019, cash at banks generated interests at prevailing market interest rates ranging from 0.02% to 0.94%.

24 TRADE PAYABLES

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Trade payables				
— Third parties	5,318,917	9,082,048	7,035,227	6,500,205
— Related parties *(Note 31(b)(iv))*	901,255	1,022,303	231,390	274,840
	6,220,172	10,104,351	7,266,617	6,775,045

As at 31 December 2016, 2017, 2018 and 31 August 2019, the ageing analysis of the trade payables, based on invoice date, was as follows:

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Less than 30 days	4,113,531	7,345,486	4,870,318	4,430,388
31–60 days	805,713	951,944	1,063,980	835,351
61–90 days	196,917	580,169	534,013	503,377
91–120 days	292,027	198,069	571,075	250,209
121–365 days	803,722	977,140	206,505	508,752
More than one year	8,262	51,543	20,726	246,968
	6,220,172	10,104,351	7,266,617	6,775,045

As at 31 December 2016, 2017, 2018 and 31 August 2019, the carrying amounts of trade payables were denominated in S$ and approximate their fair values.

25 ACCRUALS, OTHER PAYABLES AND PROVISIONS

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Current				
Other payable				
— Third parties	259,654	352,410	4,569	1,586,265
— Related parties *(Notes 31(b)(v) and 31(b)(vi))*	30,000	174,000	—	500,000
Accruals for operating expenses	2,505,579	3,762,731	2,943,405	1,440,972
Deposits received — refundable	500,923	30,079	49,720	7,724
Good and services tax payable	609,704	327,898	702,163	224,129
Provisions	101,689	178,340	124,301	124,301
	4,007,549	4,825,458	3,824,158	3,883,391
Non-current				
Provisions	283,255	300,000	317,735	330,257

As at 31 December 2016, 2017, 2018 and 31 August 2019, the carrying amounts of accruals and other payables were denominated in S$ and approximated their fair values.

Current provisions mainly represented provisions for leave entitlement and provision for repair works to be incurred after the completion of contract works. Non-current provisions represented provision for reinstatement costs.

Movement in provisions are as follows:

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Beginning of year/period	369,289	384,944	478,340	442,036
Provision (reversed)/made	(155)	105,351	(54,039)	—
Unwinding of discount *(Note 11)*	15,810	16,745	17,735	12,522
Provision utilised	—	(28,700)	—	—
End of year/period	384,944	478,340	442,036	454,558

26 LEASES

(i) Amounts recognised in the combined balance sheets

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Right-of-use assets				
Land	1,797,643	1,371,673	1,253,423	1,135,070
Office equipment	81,373	55,363	29,354	16,330
	1,879,016	1,427,036	1,282,777	1,151,400
Lease liabilities				
Current	438,184	406,608	412,289	372,230
Non-current	1,442,434	1,035,825	900,756	818,399
	1,880,618	1,442,433	1,313,045	1,190,629

Additions to the right-of-use assets for the years ended 31 December 2016, 2017, 2018 and eight months ended 31 August 2018 and 2019 were S$983,422, Nil, S$311,663, Nil and S$203,902 respectively.

(ii) Amounts recognised in the combined statements of comprehensive income

	For the years ended 31 December			For the eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Depreciation charge of right-to-use assets					
Land	361,617	425,971	429,912	283,980	322,255
Office equipment	26,009	26,009	26,009	17,340	13,024
	387,626	451,980	455,921	301,320	335,279
Interest expense (included in finance costs)	81,482	69,491	55,368	36,337	34,837
Expenses relating to short-term leases and low value assets	268,672	148,708	101,384	82,636	51,808
	350,154	218,199	156,752	118,973	86,645

The total cash outflow for leases, excluding expenses relating to short term leases and low value assets for the years ended 31 December 2016, 2017, 2018, and eight months ended 31 August 2018 and 2019 were S$386,024, S$438,185, S$441,051, S$291,795 and S$326,318 respectively.

(iii) The Group's leasing activities and how these are accounted for

The Group leases land and office equipment. Rental contracts are typically made for fixed periods of 2 to 13 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for other borrowing purposes.

Variable leases payment of land, initially measured using the rate at the commencement date, will be revised based on market rent prevailing every year but each increase shall not exceed 5.5% of the annual rent for each immediate preceding year. The Group reassess the right-to-use assets when the lease payment are revised.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to combined statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

27 BANK AND OTHER BORROWINGS

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Bank overdrafts *(Note 23)*	3,423,056	—	—	3,069,376
Borrowings — secured	11,063,612	14,024,862	12,539,854	12,656,218
Borrowing from third party — unsecured	—	—	49,000	98,000
	14,486,668	14,024,862	12,588,854	15,823,594

As at 31 December 2016, 2017, 2018 and 31 August 2019, the Group's borrowings, after taking into account of repayable on demand clause, were repayable as follows:

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Within 1 year or on demand	12,906,192	12,185,025	10,221,853	14,008,931
After 1 year but within 2 years	990,135	1,159,159	1,476,829	1,303,329
After 2 years but within 5 years	590,341	680,678	890,172	511,334
	14,486,668	14,024,862	12,588,854	15,823,594

As at 31 December 2016, 2017, 2018 and 31 August 2019, the Group's bank borrowings were secured by legal charges on investment properties (Note 15) and property of the Group (Note 14), and pledged deposit (Note 23) and joint and several personal guarantees by the directors.

As at 31 December 2016, 2017, 2018 and 31 August 2019, the carrying amounts of bank borrowings approximated their fair values.

Borrowing from third party represents loan from a non-controlling interest and was unsecured, interest free and repayable on demand.

The weighted average interest rates were 2.4%, 2.29%, 3.86% and 3.54% as at 31 December 2016, 2017, 2018 and 31 August 2019 respectively.

28 DEFERRED INCOME TAXES

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Deferred income tax assets	544,340	579,337	261,135	209,161
Deferred income tax liabilities	(14,539)	(19,374)	—	—
Net deferred income tax assets	529,801	559,963	261,135	209,161

Movement in deferred income tax assets and liabilities was as follows:

	As at 31 December			As at 31 August
	2016	**2017**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*
Beginning of year/period	35,996	529,801	559,963	261,135
Tax credited/(charged) to combined statements of comprehensive income	493,805	30,162	(298,828)	(51,974)
End of year/period	529,801	559,963	261,135	209,161

Movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) was as follows:

Deferred income tax assets:

	Decelerated depreciation on property, plant and equipment			
	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Beginning of year/period	88,029	544,340	579,337	261,135
Tax credited/(charged) to combined statements of comprehensive income	456,311	34,997	(318,202)	(51,974)
End of year/period	544,340	579,337	261,135	209,161

Deferred income tax liabilities:

	Accelerated depreciation on property, plant and equipment			
	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
Beginning of year/period	(52,033)	(14,539)	(19,374)	—
Tax credited/(charged) to combined statements of comprehensive income	37,494	(4,835)	19,374	—
End of year/period	(14,539)	(19,374)	—	—

For the years ended 31 December 2016, 2017, 2018 and eight months ended 31 August 2019, certain companies comprising the Group have unutilised tax losses giving rise to unrecognised deferred tax asset of approximately S$210,000, S$82,000, S$65,000 and S$2,000 respectively which are available for offset against future profit. No deferred tax asset has been recognised by the Group in respect of these tax losses. All unutilised tax losses can be carried forward indefinitely under the current tax legislation.

29 COMBINED CAPITAL

(a) For the purpose of this Historical Financial Information, the combined capital during the Track Record Period represents the combined share capital of the companies comprising the Group, after elimination of intra-group investments.

(b) Prior to 1 August 2016, WGC, WGT and WGE were 78%, 78% and 75% owned by the Controlling Shareholders respectively and 22%, 22% and 25% owned by certain non-controlling interests respectively. On 1 August 2016, the Controlling Shareholders acquired 22%, 22% and 21% equity interests that were previously owned by the non-controlling interests at considerations of S$2,310,000, S$165,000 and S$825,000 respectively and thereafter, WGC, WGT and WGE were 100%, 100% and 96% owned by the Controlling Shareholders.

(c) On 25 November 2016, a company within the Group issued 450,000 ordinary shares of S$1 each to the existing registered members of the said company for cash on the same date. Such exercise did not affect the effective shareholding of the Controlling Shareholders.

(d) On 13 December 2017, a company within the Group allotted 1,000,000 ordinary shares of S$1 each by way of a bonus issue. The allotted shares were credited as fully paid by capitalising part of amount standing to the credit of the retained earnings on the basis of one new ordinary share for every two existing ordinary shares held by the then shareholders of the Company. Such exercise did not affect the effective shareholding of the Controlling Shareholders.

(e) In 2018, transactions with non-controlling interests of S$245,000 are capital contributed by these non-controlling interest upon incorporation of the subsidiary of a company within the Group.

(f) Prior to 31 July 2018, WGE was 96% owned by the Controlling Shareholders and 4% owned by a non-controlling interest. On 31 July 2018, the Controlling Shareholders acquired the remaining 4% equity interests that was previously owned by the non-controlling interest at consideration of approximately S$200,000, and thereafter, WGE became 100% owned by the Controlling Shareholders.

(g) On 15 May 2019, the Company was incorporated in the Cayman Islands as an exempted company with issued share capital of HK$1 divided into 100 shares of HK$0.01 each.

30 DIVIDENDS

	Year ended 31 December			Eight months ended 31 August	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Dividends	550,000	2,000,000	3,150,000	2,650,000	1,200,000

Dividends declared during the years ended 31 December 2016, 2017, 2018 and eight months ended 31 August 2018 and 2019 represented dividends declared by the companies now comprising the Group to the then equity holders of those companies for the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2018 and 2019, after elimination of intra-group dividends.

No dividend has been paid or declared by the Company since its incorporation.

31 RELATED PARTY TRANSACTIONS

For the purposes of the Historical Financial Information, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operational decisions. Related parties may be individuals (being members of key management personnel, significant equity holders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The directors are of the view that the following companies were related parties that had transactions or balances with the Group during the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2018 and 2019:

Name of the related party	Relationship with the Group through:
The controlling shareholders as defined in Note 1.1	Direct/indirect interests
Geenet Pte Ltd	Significant influence by Mr. Ng Choon Wee, son of NTS
Komasi Construction Pte Ltd	Significant influence by Mr. Ng Choon Tat, son of NTS
Eastern Green Power Pte Ltd	Significant influence by NTS
Ecobore Sdn Bhd	Significant influence by NTS
Wee Guan Construction Sdn Bhd	Controlled by NTS, NTK, NTF and Mr. Chen Teck Men (CTM), spouse of NML
WG Setia Sdn Bhd	Controlled by NTS, NTK, NTF and CTM
Kijang Indah Sdn Bhd	Significant influence by NTK and NTF, PKM and CTM
D Trenchless Engineering Company Pte Ltd	Controlled by Mr. Chen Teck Men, spouse of NML
Futurus Construction Pte Ltd	Joint venture of the Group
SWG Alliance Pte Ltd	Joint venture of the Group
Pang Kip Moi (PKM)	Spouse of NTS

(a) Transactions with related parties

The following transactions were undertaken by the Group with related parties during the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2018 and 2019:

	For the year ended 31 December			For the eight months ended 31 August	
	2016	**2017**	**2018**	**2018**	**2019**
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Continuing transaction					
— Trade:					
Contract work revenue from:					
Eastern Green Power Pte Ltd	—	578,944	257,000	157,000	—
Sale of goods:					
Eastern Green Power Pte Ltd	17,444	47	584	581	3,002
Geenet Pte Ltd	17,738	26,046	17,469	11,572	7,502
Ancillary support services to:					
Eastern Green Power Pte Ltd	29,149	54,429	95,322	69,795	40,459
Sub-contracting charges from:					
Komasi Construction Pte Ltd	—	(804,820)	(210,482)	—	(18,160)
Purchase of property, plant and equipment from:					
Futurus Construction Pte Ltd	—	—	—	—	(13,165)
— Non-trade:					
Rental income from:					
Futures Construction Pte Ltd	—	500	3,000	2,000	5,200
Discontinuing transaction					
— Trade:					
Sale of goods :					
Wee Guan Construction Sdn Bhd	104,591	—	—	—	—
D Trenchless Engineering Company Pte Ltd	314,707	412,847	178,870	178,870	—
Ancillary support services to:					
D Trenchless Engineering Company Pte Ltd	509,366	860,600	317,705	318,927	—
Ecobore Sdn Bhd	—	35,000	42,000	42,000	—
Geenet Pte Ltd	94,679	869	18,266	7,983	—
Sub-contracting charges from:					
D Trenchless Engineering Company Pte Ltd	(1,056,872)	(3,662,349)	(1,447,991)	(1,336,324)	(4,804)
Discontinuing transaction					
— Non-trade:					
Rental income from:					
Geenet Pte Ltd	66,000	16,500	—	—	—
D Trenchless Engineering Company Pte Ltd	6,000	3,000	1,500	1,500	—

	For the year ended 31 December			For the eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
Management fee income from:					
Geenet Pte Ltd	18,000	—	—	—	—
Interest income from:					
D Trenchless Engineering Company Pte Ltd	9,610	24,622	—	—	—
Sale of property, plant and equipment to:					
D Trenchless Engineering Company Pte Ltd	—	20,000	—	—	—
Ecobore Sdn Bhd	—	—	—	—	473,000
Purchase of property, plant and equipment from:					
D Trenchless Engineering Company Pte Ltd	—	—	(116,653)	(116,653)	—

(b) Balances with related parties

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
(i) Trade and retention receivables				
D Trenchless Engineering Company Pte Ltd	—	842,081	—	—
Geenet Pte Ltd	—	—	6,271	1,699
Eastern Green Power Pte Ltd	11,562	474,772	120,377	15,607
Ecobore Sdn Bhd	—	36,234	42,000	—
Futurus Construction Pte Ltd	—	2,910	—	—
Kijang Endah Sdn Bhd	800	800	800	—
Wee Guan Construction Sdn Bhd	799,489	708,480	—	—
WG Setia Sdn Bhd	51,496	1,804	1,804	—
	863,347	2,067,081	171,252	17,306
(ii) Other receivables				
Ecobore Sdn Bhd	—	—	—	473,000
(iii) Loans to related parties — Non-trade				
D-trenchless Engineering Company Pte Ltd	380,000	120,000	—	—
SWG Alliance Pte Ltd	—	—	2,000,000	2,200,000
	380,000	120,000	2,000,000	2,200,000

The maximum of outstanding balance loans to related parties during the years ended 31 December 2016, 2017 and 2018 and eight months ended 31 August 2018 and 2019 were as follows:

	For the year ended 31 December			For the eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$*	*S$*
				(Unaudited)	
D-trenchless Engineering Company Pte Ltd	380,000	500,000	120,000	120,000	—
SWG Alliance Pte Ltd	—	—	2,000,000	800,000	2,200,000
	380,000	500,000	2,120,000	920,000	2,200,000

	As at 31 December			As at 31 August
	2016	2017	2018	2019
	S$	*S$*	*S$*	*S$*
(iv) Trade payables				
D Trenchless Engineering Company Pte Ltd	90,813	300	—	4,804
Komasi Construction Pte Ltd	808,131	1,020,581	223,552	244,647
Geenet Pte Ltd	2,311	1,422	—	—
Futurus Construction Pte Ltd	—	—	7,838	25,389
	901,255	1,022,303	231,390	274,840
(v) Amount due to a controlling shareholder — Non-trade				
Ng Tian Soo	30,000	144,000	—	500,000
(vi) Amount due to a related party — Non-trade				
Pang Kip Moi	—	30,000	—	—

(c) Other than loans provided to D-trenchless Engineering Company Pte Ltd which were charged at interest rate of 0.5% per month, unsecured and repayable within one year, all other balances with related parties were unsecured, interest-free, repayable on demand and denominated in S$ during the Track Record Period.

Balance due from Ecobore Sdn Bhd and SWG Alliance Pte Ltd will be settled before 31 August 2020.

Balance due to Mr. Ng Tian Soo has been settled in December 2019.

All other receivables are trade in nature and will be settled in accordance with the terms of the arrangement.

Transactions with related parties were conducted in the normal course of business at prices and at terms as agreed by the transacting parties.

(d) As at 31 December 2016, 2017, 2018 and 31 August 2019, the Group's bank borrowings were secured by joint and several personal guarantees by directors.

(e) As at 31 December 2016, 2017, 2018 and 31 August 2019, the Group's performance bonds issued by insurance companies were secured by personal guarantees by directors.

(f) Key management compensation

Key management includes executive and non-executive directors of the Group. The compensation paid or payable to key management was disclosed in Note 10 to the Historical Financial Information.

32 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit after income tax to net cash generated from operations

	Year ended 31 December			Eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	S$	S$	S$	S$
				(Unaudited)	
Cash flows from operating activities					
Profit before income tax	5,849,505	5,541,769	11,158,364	5,408,327	4,447,775
Adjustments for:					
Finance income	—	(170)	(729)	(365)	(8,247)
Finance costs	600,616	583,922	661,799	438,449	455,869
Allowance for/(reversal of) impairment of receivables	456,901	(205,791)	(103,271)	(76,597)	75,789
Foreign exchange loss/(gain) — unrealised	11,136	(22,762)	(5,988)	(5,814)	17,802
Write down of inventories	—	10,715	6,727	—	—
Gain on disposal of property, plant and equipment	(64,789)	(58,655)	(82,146)	(35,637)	(467,184)
Depreciation of property, plant and equipment	3,320,258	3,503,650	4,266,996	2,820,025	2,957,468
Depreciation of right-of-use assets	387,626	451,980	455,921	301,320	335,279
Fair value loss on investment properties	70,000	60,000	10,000	—	50,000
Changes in cash surrender value of key management insurance contracts	—	—	20,151	—	—
Share of loss in joint venture	—	13,413	200,528	217,679	333,522
Operating cash flow before working capital changes	10,631,253	9,878,071	16,588,352	9,067,387	8,198,073
Changes in working capital					
Decrease/(increase) in inventories	17,504	44,899	(161,444)	(569,151)	297,353
(Increase)/decrease in trade and retention receivables	(3,121,958)	4,618,072	499,341	494,305	504,935
(Increase)/decrease in deposits, prepayments and other receivables	(130,689)	(474,486)	38,410	(37,371)	(605,714)
Decrease/(increase) in contract assets, net	412,912	(6,579,332)	(797,339)	2,608,797	(7,047,706)
Increase/(decrease) in trade payables	166,461	3,906,941	(2,831,745)	(3,955,800)	(509,374)
(Decrease)/increase in accruals, other payables and provisions	(971,961)	673,909	(827,300)	(1,600,889)	(440,767)
Net cash generated from/(used in) operations	7,003,522	12,068,074	12,508,275	6,007,278	396,800

(b) In the combined statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December			Eight months ended 31 August	
	2016	2017	2018	2018	2019
	S$	*S$*	*S$*	*S$* (Unaudited)	*S$*
Net book amount	44,905	169,443	311,769	240,253	235,505
Gain on disposal of property, plant and equipment	64,789	58,655	82,146	35,637	467,184
Proceed from disposal of property, plant and equipment	109,694	228,098	393,915	275,890	702,689
Other receivables recognised	—	—	—	—	(473,000)
Total proceed from disposal of property, plant and equipment	109,694	228,098	393,915	275,890	229,689

(c) Cash flow information — Financing activities

This section sets out the movement of liabilities from financing activities for each of the years ended 31 December 2016, 2017, 2018, and eight months ended 31 August 2018 and 2019.

	Liabilities from financing activities					
	Lease liabilities	Bank and other borrowings (excluded bank overdrafts)	Amounts due to controlling shareholders	Amounts due to non-controlling shareholders	Amounts due to a related party	Total
	S$	*S$*	*S$*	*S$*	*S$*	
As at 1 January 2016	1,283,220	12,853,461	1,352,200	418,000	—	15,906,881
Non-cash addition	983,422	—	—	—	—	983,422
Cash flow	(386,024)	(1,789,849)	(1,322,200)	(418,000)	—	(3,916,073)
As at 31 December 2016	1,880,618	11,063,612	30,000	—	—	12,974,230
As at 1 January 2017	1,880,618	11,063,612	30,000	—	—	12,974,230
Cash flow	(438,185)	2,961,250	114,000	—	30,000	2,667,065
As at 31 December 2017	1,442,433	14,024,862	144,000	—	30,000	15,641,295
As at 1 January 2018	1,442,433	14,024,862	144,000	—	30,000	15,641,295
Non-cash addition	311,663	—	—	—	—	311,663
Cash flow	(441,051)	(1,436,008)	(144,000)	—	(30,000)	(2,051,059)
As at 31 December 2018	1,313,045	12,588,854	—	—	—	13,901,899
As at 1 January 2018	1,442,433	14,024,862	144,000	—	30,000	15,641,295
Cash flow	(291,795)	(1,623,950)	(144,000)	—	(30,000)	(2,089,745)
As at 31 August 2018 (Unaudited)	1,150,638	12,400,912	—	—	—	13,551,550

	Liabilities from financing activities					
	Lease liabilities	Bank and other borrowings (excluded bank overdrafts)	Amounts due to controlling shareholders	Amounts due to non-controlling shareholders	Amounts due to a related party	Total
	S$	*S$*	*S$*	*S$*	*S$*	
As at 1 January 2019	1,313,045	12,588,854	—	—	—	13,901,899
Non-cash addition	203,902	—	—	—	—	203,902
Cash flow	(326,318)	165,364	500,000	—	—	339,046
As at 31 August 2019	1,190,629	12,754,218	500,000	—	—	14,444,847

33 NOTES TO COMPANY BALANCE SHEET

(a) Prepayments

	As at 31 August 2019
	S$
Prepayments — listing expenses	714,215

(b) Share capital of the Company

	Number of ordinary shares	Equivalent nominal values of ordinary share
		S$
Authorised:		
38,000,000 shares of HK$0.01 each	38,000,000	66,434
Issued:		
100 shares of HK$0.01 each	100	—

(c) Related party transactions

The amount due to a related party represented non-trade balances due to a group company which will be settled within one year. The balance was unsecured, interest-free, repayable on demand and denominated in S$.

34 CONTINGENCIES

The Group had performance bonds for guarantees of completion of projects issued by insurance companies amounting to S$4,712,833, S$6,111,733, S$5,305,633 and $6,647,038 as at 31 December 2016, 2017, 2018 and 31 August 2019 respectively.

The Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to S$1,445,000, S$1,790,000, S$1,625,000 and S$1,785,000 as at 31 December 2016, 2017, 2018 and 31 August 2019 respectively.

35 SUBSEQUENT EVENTS

Saved as disclosed elsewhere in this report, subsequent to 31 August 2019, the following subsequent events took place:

(i) The Group has conditionally adopted a share option scheme on 18 February 2020 that any employee (full-time or part-time), director, consultant business partner, or service provider of any member of the Group may be granted options to subscribe for new shares of the Company. As at the date of this report, no share options have been granted under the scheme.

(ii) Since January 2020, Singapore has reported certain confirmed cases of Novel Coronavirus ("**COVID-19**") which may affect the usual business environment of the country as a whole. Pending development of such subsequent non-adjusting event, the Group's financial results may be affected, the extent of which could not be estimated as at the date of this report.

III SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 August 2019 and up to the date of this report.

Save as disclosed elsewhere in this report, no dividend or distribution has been declared or made by the Company or any of the companies that comprise the Group in respect of any period subsequent to 31 August 2019 and up to the date of this report.

The information set out in this Appendix does not form part of the Accountant's Report from the reporting accountants, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted combined net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the combined net tangible assets of the Group attributable to owners of the Company as at 31 August 2019 as if the Share Offer had taken place on 31 August 2019 assuming the Over-allotment Option is not exercised.

This unaudited pro forma statement of adjusted combined net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 31 August 2019 or at any future dates following the Share Offer. It is prepared based on the combined net tangible assets of the Group as at 31 August 2019 as set out in the Accountant's Report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted combined net tangible assets does not form part of the Accountant's Report.

	Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 August 2019	**Estimated net proceeds from the Share Offer**	**Unaudited pro forma adjusted combined net tangible assets attributable to owners of the Company as at 31 August 2019**	**Unaudited pro forma adjusted combined net tangible assets per Share**	
	(Note 1)	*(Note 2)*		*(Note 3)*	
	S$'000	*S$'000*	*S$'000*	*S$*	*HK$*
Based on an Offer Price of HK$0.48 per Share	31,791	15,874	47,665	0.04	0.26
Based on an Offer Price of HK$0.60 per Share	31,791	20,497	52,288	0.05	0.28

Notes:

(1) The audited combined net tangible assets attributable to owners of the Company as at 31 August 2019 is extracted from the Accountant's Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Share Offer are based on 266,000,000 Shares and the indicative Offer Price of HK$0.48 and HK$0.60 per Share, being the low end and high end of the indicative Offer Price range, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately S$2.4 million which have been accounted for in the combined statements of comprehensive income of the Group prior to 31 August 2019) paid/payable by the Company and takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme, any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate to issue Shares and the general mandate to repurchase Shares.

(3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,064,000,000 Shares were in issue assuming that the Share Offer, the Capitalisation Issue and share issuance pursuant to the Reorganisation have been completed on 31 August 2019 but takes no account of any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate to issue Shares and the general mandate to repurchase Shares.

(4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 August 2019.

(5) For the purpose of this unaudited pro forma adjusted combined net tangible assets, the amounts stated in S$ are converted into Hong Kong dollars at a rate of S$1.00 to HK$5.73. No representation is made that S$ amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE

The following unaudited pro forma estimated earnings per Share for the year ended 31 December 2019 has been prepared in accordance with Rule 4.29(8) of the Listing Rules and on the basis set out in the note below for the purpose of illustrating the effect of the Share Offer, Capitalisation Issue and Shares to be issued pursuant to the Reorganisation as if they had taken place on 1 January 2019. The unaudited pro forma estimated earnings per Share has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the Share Offer and the Capitalisation Issue or for any future periods.

Profit estimate for the year ended 31 December 2019

Estimated combined profit attributable to owners of the Company for the year ended 31 December 2019 ***(Note 1)*** **.................................. Not less than S$6.6 million**
(approximately HK$37.8 million)

Unaudited pro forma estimated earnings per Share for the year ended 31 December 2019 *(Note 2)*....................... Not less than S$0.0062
(approximately HK$0.036)

Notes:

(1) The bases on which the above profit estimate has been prepared are summarised in Part A of Appendix III to this prospectus. The Directors have prepared the estimated combined profit attributable to owners of the Company for the year ended 31 December 2019 based on the audited combined results for the eight months ended 31 August 2019 and the unaudited combined results based on management accounts of our Group for the four months ended 31 December 2019.

(2) The unaudited pro forma estimated earnings per Share is calculated by dividing the estimated combined profit attributable to owners of the Company for the year ended 31 December 2019 by 1,064,000,000 shares that had been assumed to be in issue throughout the year ended 31 December 2019. The calculation of the estimated earnings per Share does not take into account any Shares which may be issued upon the exercise of the options which may be granted under the Share Option Scheme and any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate to issue Shares and the general mandate to repurchase Shares.

(3) For the purpose of this unaudited pro forma estimated earnings per Share, the amounts stated in S$ are converted into Hong Kong dollars at a rate of S$1.00 to HK$5.73. No representation is made that S$ amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

C. REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Wei Yuan Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Wei Yuan Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets of the Group as at 31 August 2019 and the unaudited pro forma estimated earnings per share for the year ended 31 December 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out in Part A and B of Appendix II to the Company's prospectus dated 25 February 2020, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in Part A and B of Appendix II to the Company's prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 August 2019 and the estimated earnings per share of the Company for the year ended 31 December 2019 as if the proposed initial public offering had taken place at 31 August 2019 and 1 January 2019, respectively. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information as at 31 August 2019, on which an accountant's report has been published, while information about the Group's estimated combined profit attributable to owners of the Company has been extracted by the directors from the Group's profit estimate for the year ended 31 December 2019, on which a letter on profit estimate has been issued by us as set out in Appendix III to the Company's prospectus.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies *Hong Kong Standard on Quality Control 1* issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANT'S RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 August 2019 or 1 January 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 25 February 2020

Our estimate of the combined profit for the year ended 31 December 2019 is set out in ''Financial information — Profit estimate for the year ended 31 December 2019'' of this prospectus.

(A) BASES

Our Directors have prepared the estimate of the combined profit attributable to owners of the Company for the year ended 31 December 2019 (the ''Profit Estimate'') based on the audited combined results of our Group for the eight months ended 31 August 2019 and the unaudited combined results based on the management accounts of our Group for four months ended 31 December 2019. The Profit Estimate has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as summarised in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(B) LETTER FROM THE REPORTING ACCOUNTANTS

The following is the text of a letter received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

The Board of Directors
Wei Yuan Holdings Limited

Grande Capital Limited

25 February 2020

Dear Sirs,

Wei Yuan Holdings Limited (the "Company")

Profit Estimate for Year Ended 31 December 2019

We refer to the estimate of the combined profit attributable to owners of the Company for the year ended 31 December 2019 (the "Profit Estimate") set forth in the section headed "Financial Information" in the prospectus of the Company dated 25 February 2020 (the "Prospectus").

Directors' Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the audited combined results of the Company and its subsidiaries (collectively referred to as the "Group") for the eight months ended 31 August 2019 and the unaudited combined results based on the management accounts of the Group for the four months ended 31 December 2019.

The Company's directors are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500, Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix III of the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountant's report dated 25 February 2020, the text of which is set out in Appendix I of the Prospectus.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

(C) LETTER FROM THE SPONSOR

The following is a text of a letter, prepared for the inclusion in this prospectus, received from Grande Capital Limited, the Sponsor, in relation to our Group's profit estimate for the year ended 31 December 2019.

Grande Capital Limited
均富融資有限公司

Room 2701, 27/F, Tower 1
Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

25 February 2020

The Directors
Wei Yuan Holdings Limited

Dear Sirs,

We refer to the estimate of combined profit attributable to owners of Wei Yuan Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019 (the "**Profit Estimate**"), for which the Directors of the Company (the "**Directors**") are solely responsible, as set out in the section headed "Financial Information — Profit estimate for the year ended 31 December 2019" in the prospectus of the Company dated 25 February 2020 (the "**Prospectus**").

The Profit Estimate has been prepared by the Directors based on the audited combined results of the Group for the eight months ended 31 August 2019 and the unaudited combined results based on management accounts of the Group for the four months ended 31 December 2019.

We have reviewed and discussed with the Directors the bases and assumptions made by the Directors upon which the Profit Estimate has been made. We have also considered and relied upon the letter dated 25 February 2020 addressed to the Directors and ourselves from the reporting accountants, PricewaterhouseCoopers, regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by the Directors and reviewed by PricewaterhouseCoopers, we are of the opinion that the Profit Estimate, for which the Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
Grande Capital Limited
Leung Kit Ming
Managing Director

The following is the text of a valuation report prepared for the purpose of incorporation in this prospectus received from Knight Frank Petty Limited, an independent valuer, in connection with its valuations as at 31 December 2019 of the property interests.

Knight Frank Petty Limited
4th Floor, Shui On Centre
Nos. 6–8 Harbour Road
Wan Chai, Hong Kong

The Board of Directors
Wei Yuan Holdings Limited
37 Kranji Link
Singapore 728643

25 February 2020

Dear Sirs

VALUATION OF THE THREE PROPERTY INTERESTS LOCATED IN SINGAPORE

INSTRUCTIONS

In accordance with the instructions for us as an independent valuer to value the three property interests that held by Wei Yuan Holdings Limited (the ''Company'') and/or its subsidiaries (hereinafter together referred to as the ''Group'') in Singapore, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing the Group with our opinion of the respective market values of the property interests as at 31 December 2019 (''Valuation Date'') for the purpose of share offer of the main board of the Stock Exchange of Hong Kong Limited.

BASIS OF VALUATION

In arriving at our opinion of market value, we followed "The HKIS Valuation Standards 2017" issued by The Hong Kong Institute of Surveyors (''HKIS'') and ''RICS Valuation — Global Standards 2017'' issued by the Royal Institution of Chartered Surveyors (''RICS''). Under the said standards, market value is defined as:

> ''the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.''

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction), and without offset for any associated taxes or potential taxes.

Market value is also the best price reasonably obtainable in the market on the valuation date by the seller and the most advantageous price reasonably obtainable in the market on the valuation date by the buyer. This estimate specially excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

Our valuation complies with the requirements set out in "The HKIS Valuation Standards 2017" issued by HKIS, "RICS Valuation — Global Standards 2017"issued by RICS, the provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

We have valued the property interests by "Market Approach" by making reference to sales evidence as available on the market. The property interest in Group I is owner-occupied by the Group as workshop, ancillary offices and dormitory uses whilst the property interests in Group 2 are held for investment purposes.

VALUATION ASSUMPTIONS AND CONDITIONS

Our valuation is subject to the following assumptions and conditions.

Title Documents and Encumbrances

We have taken reasonable care to investigate the title of the property interests by obtaining land search records from the Land Registry of Singapore, if not available, with reference to the title document or other document of title as provided. We have not, however, searched the original documents to verify ownership or to ascertain the existence of any amendment which does not appear on the copies handed to us. We however do not accept a liability for any interpretation which we have placed on such information that is more properly the sphere of the Group's legal advisers. We have also assumed in our valuation that the property interests were free from encumbrances, restrictions, title defects and outgoings of an onerous nature that could affect their values, unless stated otherwise as at the Valuation Date.

Disposal Costs and Liabilities

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxations which may be incurred in effecting a sale.

Source of Information

We have relied to a very considerable extent on information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, occupancies, lettings, incomes, expenditures, site and floor areas and all other relevant matters. We have not verified the correctness of any information, including their translation supplied to us concerning the property interests, whether in writing or verbally by the Group, the Group's representatives or by the Group's legal or professional advisers or by any (or any apparent) occupier of the property interests or contained on the register of title. We assume that this information is complete and correct. We were also advised by the Group that no material facts have been omitted from the information provided. We take no responsibility for the accuracy of the data provided to us and subsequent conclusions derived from such data.

Inspection

Knight Frank Singapore valuation team has inspected externally and where available, the interior of the property interests on 26 December 2019. The inspection was carried out by Ms. Woo Ai Lian, MBA, B. Sc. Estate Management (Hons.), MSISV& Director, Valuation & Advisory under the supervision of Ms. Sherri Fong, B.Sc. (Estate Management) Hons.,MSISV & Senior Director, Valuation & Advisory from our Singapore office. Both of them are qualified valuers in Singapore. We have assumed in our valuation that the property interests were in satisfactory exterior and interior decorative order without any unauthorised extension or structural alterations as at the Valuation Date, unless otherwise stated.

Identity of Property interests to be valued

We have exercised reasonable care and skill (but will not have an absolute obligation to the Group) to ensure that the property interests, identified by the property addresses in the instructions, is the property interests inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the property interests to be valued, this should be drawn to our attention in the instructions or immediately upon receipt of our report.

Property Insurance

We have valued the property interests on the assumption that, in all respects, it is insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

Areas and Age

As instructed, we have relied upon areas as available from a quoted source. Otherwise, dimensions and areas would be measured on-site or from building plans.

We have also assumed that the site areas, floor areas, measurements and dimensions shown on the documents handed to us are correct and in approximations only. Where the age of the building is estimated, this is for guidance only.

Structural and Services Condition

We were not instructed to undertake any structural surveys, test the services or arrange for any investigations to be carried out to determine whether any deleterious materials have been used in the construction of the property interests. Our valuation has therefore been undertaken on the assumption that the property interests were in satisfactory repair and condition and contain no deleterious materials and that services function satisfactorily.

Ground Condition

We have assumed there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the property interests are sufficient to support the building constructed or to be constructed thereon; and that the services are suitable for any existing or future development. Our valuations are therefore prepared on the basis that no extraordinary expenses or delays will be incurred in this respect.

Environmental Issues

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuations are prepared on the assumption that the Property interests are unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

Compliance with Relevant Ordinances and Regulations

We have assumed that the property interests valued have been constructed, occupied and used in full compliance with, and without contravention of any Ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the property interests upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorization have been obtained, except only where otherwise stated.

Remarks

In our valuations, Knight Frank has prepared the valuation based on information and data available to us as at the Valuation Date. While current market is influenced by various policies and mortgage regulations, increased complexity in geopolitics has also resulted in more fluctuations. It must be recognised changes in policy direction, mortgage requirements, society and geopolitics could be immediate and have sweeping impact on the real estate market apart from typical market variations. It should therefore be noted that any market violation, policy, geopolitical and social changes or other unexpected incidents after the Valuation Date may affect the value of the property interests.

Currency

Unless otherwise stated, all monetary amounts stated in our valuation report are in Singapore Dollars (S$). The exchange rate adopted for conversion is S$1 = HK$5.71 as at the date of valuation.

Our summary of values and valuation report are attached.

Yours faithfully For and on behalf of Knight Frank Petty Limited	Yours faithfully For and on behalf of Knight Frank Petty Limited
Thomas Lam *FRICS FHKIS RPS(GP) RICS Registered Valuer* *Executive Director, Head of Valuation & Advisory*	**Catherine Cheung** *MRICS MHKIS RPS(GP) RICS Registered Valuer* *Director, Valuation & Advisory*

Notes: Thomas Lam is a qualified valuer who has about 20 years of extensive experiences in market research, valuation and advisory in the People's Republic of China, Hong Kong, Macao and Asia Pacific region.

Catherine Cheung is a qualified valuer who has over 20 years of extensive valuation experiences in the People's Republic of China, Hong Kong, Macao and Asia Pacific region.

SUMMARY OF VALUES

Group I — Property interest which is owner-occupied by the Group

No	Property	Market value in existing state as at 31 December 2019
1.	37 Kranji Link Singapore 728643	S$9,000,000/-
	Sub-total:	S$9,000,000/-

Group II — Property interests which are held for investment by the Group

No	Property	Market value in existing state as at 31 December 2019
2.	31 Mandai Estate #05-04 & #05-05 "Innovation Place" Singapore 729933	S$1,510,000/-
3.	25 Woodlands Industrial Park E1 #02-01 "Admiralty Industrial Park" Singapore 757743	S$400,000/-
	Sub-total:	S$1,910,000/-
	Total:	**S$10,910,000/-**

(Singapore Dollars Ten Million Nine Hundred And Ten Thousand)

VALUATION

Group I — Property interest which is owner-occupied by the Group

No	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2019
1.	37 Kranji Link Singapore 728643 Lot No: 3580A Mukim: 11	The property comprises a purpose-built 4-storey factory building with temporary ancillary workers dormitory (450 workers) on the 3rd and 4th storeys erected on a L-shape site having a site area of about 7,503.4 sq m (80,766 sq ft). The property was completed in 2015. The property is located on the western side of Kranji Link, off Sungei Kadut Drive, and approximately 28.0 km from the City Centre. It is located within Kranji Industrial Estate. Access to/from the property is facilitated by major trunk roads such as Woodlands Road and Mandai Road. Accessibility to other parts of Singapore is enhanced by its proximity to Kranji/Bukit Timah/ Seletar Expressways. The total gross floor area of the property is approximately 9,786.33 sq m (105,339 sq ft). The property is a leasehold interest leased by Jurong Town Corporation to Wee Guan Construction Pte Ltd. for a term of 13 years 10 months and 15 days with effect from 16 February 2012. The current annual land rent payable to the Jurong Town Corporation is about S$139,113 excluding GST.	As at the Valuation Date, majority of the property was occupied by the registered lessee and its group related entities.	S$9,000,000/- (Singapore Dollars Nine Million only)

Notes:

(1) The inspection and valuation are undertaken by Knight Frank valuations team in Singapore. Such work is prepared by qualified valuers, Ms. Sherri Fong (Licence No. AD 041-2008950C) and Ms. Woo Ai Lian (Licence No. AD 041-2004048B) registered in Inland Revenue Authority of Singapore. Our local valuers have about 21 to 33 years of relevant experience of property valuation and advisory assignments in Singapore.

(2) As at the Valuation Date, the registered lessee of the property was Wee Guan Construction Pte Ltd. This is a private company limited by shares incorporated in Singapore on 14 February 1991 and shall become an indirect wholly owned subsidiary of the Company after the Reorganisation.

(3) Under Master Plan 2019, the zoning for the property is "Business 2".

(4) The permitted use is for the storage of transmission power cables, assembly, testing of power transmission equipment and maintenance of machinery only.

Written Permission (Temporary) has been granted by the Urban Redevelopment Authority on 14 December 2015 for continued use of temporary ancillary workers dormitory (450 workers) on the 3rd and 4th storeys. The use ceased on 28

November 2018. Subsequent Written Permission was granted on 12 February 2019 for a period of 5 years commencing 28 November 2018 for the continued use of temporary ancillary workers dormitory (450 workers) on part of the 3rd and 4th storeys of existing 4-storey single-user general industrial development. The use shall cease with effect from 28 November 2023.

(5) For the purpose of this valuation, we have valued the Property based on a residual lease term of about 6 years and excluding all plant and machinery and assuming continued use of temporary ancillary workers dormitory on the 3rd and 4th floors as at Valuation Date.

(6) Pursuant to the title report issued on 17 July 2019, Wee Guan Construction Pte. Ltd. has good, valid and subsisting title to the Property, subject to such matters highlighted and the assumptions in the title report. Wee Guan Construction Pte. Ltd. is entitled to occupy, use, lease or mortgage the property subject to, inter alia, the restrictions in the terms of the lease granted by Jurong Town Corporation to Wee Guan Construction Pte. Ltd.. Based on the title report, there is an encumbrance, being Mortgage No ID/207778J, registered on 21 June 2016 against title to the Property in favour of Malayan Banking Berhad.

Group II — Property interests which are held for investment by the Group

No	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2019
2.	31 Mandai Estate #05–04 & #05–05 "Innovation Place" Singapore 729933 **Unit No** / **Mukim 14 Strata Lot No** #05–04 U34112V #05–05 U34119L	The property comprises two strata titled factory units located on the 5th floor of a 7-storey block (Tower 4) within a flatted industrial development known as "Innovation Place". Innovation Place comprises four 7-storey blocks of flatted warehouse and factory units. The development consists of two phases with Tower 2 (Block 27) under Phase I and Towers 1, 3 & 4 (Blocks 25, 29 and 31 respectively) under Phase II. The property was completed in about 2001. The subject development is located within Mandai Estate, off Woodlands Road, approximately 22.0 km from the city centre of Singapore. The immediate locality is predominantly industrial in nature comprising low to medium-rise factory complexes. Vehicular accessibility to other parts of Singapore is enhanced by its proximity to the Kranji and Bukit Timah Expressways. The Yew Tee MRT station is within a few minutes' drive away. The strata floor areas of the property are approximately as follows: **Unit No** / **Strata Floor Area** *(sq m)* / **Strata Floor Area** *(sq ft)* #05-04 / 143.0 / 1,539 #05-05 / 133.0 / 1,432 Total / 276.0 / 2,971 The property has a freehold interest.	As at the Valuation Date, the property was vacant and is planned for lease.	S$1,510,000/- (Singapore Dollars One Million Five Hundred and Ten Thousand Only)

Notes:

(1) The inspection and valuation are undertaken by Knight Frank valuations team in Singapore. Such work is prepared by qualified valuers, Ms. Sherri Fong (Licence No. AD 041-2008950C) and Ms. Woo Ai Lian (Licence No. AD 041-2004048B) registered in Inland Revenue Authority of Singapore. Our local valuers have about 21 to 33 years of relevant experience of property valuation and advisory assignments in Singapore.

(2) As at the Valuation Date, the registered owner of the property was Wee Guan Construction Pte Ltd. This is a private company limited by shares incorporated in Singapore on 14 February 1991 and shall become an indirect wholly owned subsidiary of the Company after the Reorganisation.

(3) Under Master Plan 2019, the zoning for the property is "Business 2".

No	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2019
3.	25 Woodlands Industrial Park E1 #02–01 "Admiralty Industrial Park" Singapore 757743 Strata Lot No: U48157V Mukim:13	The property comprises a strata-titled factory unit located on the 2nd floor of a 6-storey flatted light industrial building located within "Admiralty Industrial Park". The property was completed around 1998. The subject development is located on the northern side of Woodlands Industrial Park E1, off Admiralty Road West and Woodlands Avenue 8/ Gambas Avenue, and approximately 29.0 km from the City Centre. The immediate locality consists predominantly of purpose built/standard factories built on land leased from the Jurong Town Corporation and Housing & Development Board. Vehicular access is enhanced by its close proximity to the Kranji/Bukit Timah/Seletar Expressways and other main trunk roads like Woodlands Road, Admiralty Road West and Sembawang Road. Admiralty MRT station is only a short drive away. The strata floor area of the property is approximately 169.0 sq m (1,819 sq ft). The property has a leasehold interest of a term of 60 years commencing 9 January 1995.	As at the Valuation Date, the property was tenanted at a rent of S$2,000 per month excluding GST for two years commencing 22 March 2019 and expiring on 21 March 2020 with option to renew for another 2 years.	S$400,000/- (Singapore Dollars Four Hundred Thousand Only).

Notes:

(1) The inspection and valuation are undertaken by Knight Frank valuations team in Singapore. Such work is prepared by qualified valuers, Ms. Sherri Fong (Licence No. AD 041-2008950C) and Ms. Woo Ai Lian (Licence No. AD 041-2004048B) registered in Inland Revenue Authority of Singapore. Our local valuers have about 21 to 33 years of relevant experience of property valuation and advisory assignments in Singapore.

(2) As at the Valuation Date, the registered lessee of the property was Wee Guan Construction Pte Ltd. This is a private company limited by shares incorporated in Singapore on 14 February 1991 and shall become an indirect wholly owned subsidiary of the Company after the Reorganisation.

(3) Under Master Plan 2019, the zoning for the property is "Business 2".

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 May, 2019 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "Memorandum") and its Amended and Restated Articles of Association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 18 February 2020 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 17 May, 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

The notice of registered office as a matter of public record. A list of the names of the current directors and alternate directors (if applicable) are made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands. Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("ES Law") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 May 2019. Our Company has established the principal place of business in Singapore at 37 Kranji Link Singapore 728643 and was registered as a non-Hong Kong company in Hong Kong with the principal place of business in Hong Kong at Unit B, 17/F, United Centre, 95 Queensway, Hong Kong under Part 16 of the Companies Ordinance on 27 June 2019. Mr. Cheung Ka Chun has been appointed as the authorised representative of our Company for acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the Companies Law and the constitution, which comprises the Memorandum and the Articles. A summary of the relevant aspects of the Companies Law and certain provisions of the Articles is set out in Appendix V to this prospectus.

2. Changes in the share capital of our Company

(a) On 15 May 2019, our Company was incorporated in the Cayman Islands as an exempted company with an authorised share capital of HK$380,000.00 divided into 38,000,000 Shares of HK$0.01 each. The entire issued share capital of our Company, one fully paid Share at par, was issued and allotted to the third party initial subscriber. On the same day, the subscriber Share was transferred to WG International at par value.

(b) On 15 May 2019, our Company allotted and issued 99 Shares as fully paid to WG International. WG International then held 100 Shares, representing the entire issued share capital of our Company.

(c) Pursuant to a reorganisation agreement dated 12 February 2020 and entered into between our Company, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL collectively transferred the entire issued share capital of WG (BVI) to our Company, in consideration of and exchange for which our Company, allotted and issued an aggregate of 100 Shares, credited as fully paid at par, to WG International.

(d) On 18 February 2020, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$20,000,000 divided into 2,000,000,000 Shares by the creation of an additional 1,962,000,000 Shares.

Immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share to be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK$20,000,000 divided into 2,000,000,000 Shares, of which 1,064,000,000 Shares will be allotted and issued fully paid or credited as fully paid and 936,000,000 Shares will remain unissued.

Other than pursuant to the general mandate to allot and issue Shares as referred to in the paragraphs headed "5. Written resolutions of our sole Shareholder passed on 18 February 2020" and "6. Repurchase of the Shares" under this appendix, the exercise of the options which may be granted under the Share Option Scheme, and our Directors do not have any present intention to allot and issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this appendix and the section headed "History, development and Reorganisation — Reorganisation" in this prospectus, there has been no alteration in our Company's share capital since its incorporation.

3. Reorganisation

Our Company underwent the Reorganisation in preparation for the Listing. Further details are set out in the section headed "History, development and Reorganisation — Reorganisation" in this prospectus.

4. Changes in the share capital of the subsidiaries of our Company

The subsidiaries of our Company are listed in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "History, development and Reorganisation — Reorganisation" in this prospectus, there has been no alteration in the share capital or registered capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

5. Written resolutions of our sole Shareholder passed on 18 February 2020

Written resolutions of our sole Shareholder were passed on 18 February 2020 approving, amongst others, the following:

(a) the Memorandum was adopted with immediate effect and the Articles were adopted with effect upon the Listing;

(b) the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 Shares of HK$0.01 each by the creation of additional 1,962,000,000 Shares, all of which shall rank equally in all respects with the existing Shares; and

(c) conditional upon the same conditions to be satisfied and/or waived as stated in the section headed "Structure and conditions of the Share Offer" in this prospectus:

    (a) the Share Offer and the grant of the Over-allotment Option by our Company were approved and our Directors were authorised to (aa) allot and issue the Offer Shares and the Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option on and subject to the terms and conditions stated in this prospectus and in the relevant Application Forms; (bb) implement the Share Offer and the listing of Shares on Main Board; and (cc) do all things and execute all documents in connection with or incidental to the Share Offer and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

(b) conditional upon the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise the amount of HK$7,979,998 from the amount standing to the credit of the share premium account of our Company by applying such sum to pay up in full at par a total of 797,999,800 Shares for allotment and issue to the holders of Shares whose names appear on the register of members of our Company at the close of business on 18 February 2020, or as each of them may direct in writing, in proportion (or as near as possible without involving the issue of fractions of Shares) to their then existing respective shareholdings in our Company and the Shares to be allotted and issued pursuant to this resolution shall rank equally in all respects with the then existing issued Shares;

(c) the rules of the Share Option Scheme and our Board or any committee thereof established by our Board was authorised, at its sole discretion, to (aa) administer the Share Option Scheme; (bb) modify or amend the rules of the Share Option Scheme from time to time as may be acceptable or not objected to by the Stock Exchange; (cc) grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any option(s) granted thereunder; and (dd) take all such actions as it considers necessary or desirable to implement or give effect to the Share Option Scheme;

(d) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (otherwise than pursuant to, or in consequence of, the Capitalisation Issue, the Share Offer, the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme or similar arrangement for the time being adopted by our Company, or by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the Articles, or a specific authority granted by our Shareholders in general meetings, or any issue of Shares upon exercise of rights of subscription or conversion attaching to warrants of our Company of any securities (if any) which are convertible into Shares), Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised) and without taking into account any Share to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting, or the date by which the next annual general meeting is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the mandate given to our Directors, whichever occurs first;

(e) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to repurchase, on the Stock Exchange and/or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and requirements of the Listing Rules (or of such other stock exchange), Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Share to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), until the conclusion of our Company's next annual general meeting, or the date by which the next annual general meeting is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the mandate given to our Directors, whichever occurs first; and

(f) a general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted and issued or agreed (conditionally or unconditionally) to be allotted or issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of our Company in issue immediately after completion of the Capitalisation Issue and the Share Offer (assuming the Over-allotment Option is not exercised and without taking into account any Share to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme).

6. Repurchase of the Shares

This paragraph includes information relating to the repurchase of Shares, including information required by the Hong Kong Stock Exchange to be included in this prospectus concerning such repurchase.

(a) Relevant legal and regulatory requirements

The Listing Rules permit the Shareholders to grant to the Directors the general mandate to repurchase Shares which are listed on the Hong Kong Stock Exchange. The general mandate to repurchase Shares is required to be given by way of an ordinary resolution passed by the Shareholders in general meeting.

(b) Shareholders' approval

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of the Shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

On 18 February 2020, the Directors were granted the general mandate to repurchase up to 10% of the aggregate par value of the Share in issue immediately following completion of the Share Offer on the Hong Kong Stock Exchange or on any other stock exchange on which our Company's securities may be listed and which was recognised by the SFC and the Hong Kong Stock Exchange for this purpose. The general mandate to repurchase Shares will expire at the earliest of (i) the conclusion of our Company's next annual general meeting; (ii) the expiration of the period within which our Company's next annual general meeting is required by the Memorandum of Association and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or (iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Relevant Period**").

(c) Source of funds

Repurchase of Shares listed on the Hong Kong Stock Exchange must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and the Articles or the Companies Law or any other applicable laws of the Cayman Islands. Our Company may not repurchase Shares on the Hong Kong Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the Listing Rules. Subject to the foregoing, any repurchase of Shares by our Company must be made out of profits of our Company, out of our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised by the Articles of Association and subject to provisions of the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles of Association and subject to the provisions of the Companies Law, out of capital.

(d) Reasons for repurchases

The Directors believe that it is in the best interests of our Company and the Shareholders as a whole for the Directors to have general authority to execute repurchases of Shares in the market. The repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets per Share and/or earnings per Share and will only be made where the Directors believe that the repurchases will benefit our Company and the Shareholders.

(e) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association and the Articles, the Listing Rules or the Companies Law or any other applicable laws of the Cayman Islands. On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, the Directors believe that, if the general mandate to repurchase Shares were to be exercised in full, it might have a material adverse effect on its working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the general mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

(f) Share capital

The exercise in full of the current general mandate to repurchase Shares, on the basis of 1,064,000,000 Shares in issue immediately following completion of the Share Offer (without taking into account any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme), could accordingly result in up to 106,400,000 Shares being repurchased by our Company during the Relevant Period.

(g) General

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Share to our Company.

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they shall exercise the general mandate to repurchase Shares in accordance with the Listing Rules and the laws of Cayman Islands.

If, as a result of any repurchase of the Shares, a Shareholder's proportionate interest in the voting rights is increased, the increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences of repurchases which would arise under the Takeovers Code.

None of the core connected persons of our Company has notified our Company that he/she or it has a present intention to sell his or her or its Shares to our Company, or has undertaken not to do so, if the general mandate to repurchase Shares is exercised.

(h) Connected parties

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person", which includes a director, chief executive or substantial shareholder of the company or any of its subsidiaries or an associate of any of them and a core connected person shall not knowingly sell his securities to the company.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Company within the two years immediately preceding the date of this prospectus and are or may be material:

(a) the Singapore Deed of Reorganisation;

(b) a reorganisation agreement dated 12 February 2020 entered into between our Company (as purchaser) and Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL (as vendors) relating to the transfer of all issued shares of WG (BVI) from Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL to our Company in consideration of and exchange for which our Company allotted and issued an aggregate of 100 Shares, credited as fully paid, to WG International;

(c) the Deed of Indemnity;

(d) the Deed of Non-Competition; and

(e) the Public Offer Underwriting Agreement.

2. Intellectual property rights

(a) Trademarks

As at the Latest Practicable Date, our Group has registered the following trademarks which are, in the opinion of our Directors, material to our Company's business:

No.	Trademark	Registered owner	Class	Place of registration	Trademark number	Registration date	Expiry date
1.	WEE GUAN	WGC	37	Singapore	40201710502U	5 June 2017	5 June 2027
2.	WEE GUAN	WGC	37	Malaysia	2017063027	13 July 2017	13 July 2027
3.		WGC	37	Singapore	40201806737V	12 April 2018	12 April 2028

As at the Latest Practicable Date, our Group has applied for registration of the following trademarks:

No.	Trademark	Class	Place of application	Application number	Application date	Name of applicant
1.		37	Hong Kong	304951738	6 June 2019	our Company
2.		37	Hong Kong	304951710	6 June 2019	our Company
3.		37	Hong Kong	304951747	6 June 2019	our Company

(b) Domain name

As at the Latest Practicable Date, our Group has registered the following domain name that is, in the opinion of our Directors, material to our Company's business:

No.	Domain name	Registered owner	Registration date	Expiry date
1.	weeguan.com.sg	WGC	14 October 1999	14 October 2020
2.	weiyuanholdings.com	WGC	12 June 2019	12 June 2020

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests and short positions of our Directors and chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations after completion of the Capitalisation Issue and the Share Offer

Immediately after the completion of the Capitalisation Issue and the Share Offer (without taking into account any Share to be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), the interests or short positions of our Directors and chief executives of our Company in the Shares, underlying Shares or debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) Long position in the Shares

Name of Director/ chief executive	Capacity/ nature of interest	Number of Shares held immediately after completion of the Capitalisation Issue and the Share Offer *(Note 1)*	Percentage of interests in our Company immediately after completion of the Capitalisation Issue and the Share Offer
Mr. Ng TS	Interest in controlled corporation and parties acting in concert *(Notes 2 and 3)*	798,000,000(L)	75%
Mr. Ng TF	Interest in controlled corporation and parties acting in concert *(Notes 2 and 3)*	798,000,000(L)	75%

Notes:

(1) The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in the Shares.

(2) Our Company will be owned as to 75% by WG International immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme). WG International is owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL.

(3) Pursuant to the Concert Parties Confirmatory Deed, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL became parties acting in concert and therefore they are deemed to be interested in the same number of Shares held by WG International.

(ii) Long position in the ordinary shares of associated corporation

Name of Director /chief executive	Name of associated corporation	Capacity/Nature of interest	No. of shares held	Percentage of interest
Mr. Ng TS	WG International	Beneficial owner	16,500	33%
Mr. Ng TF	WG International	Beneficial owner	14,000	28%

(b) Interests and/or short positions of our substantial Shareholders under the SFO

So far as is known to our Directors and taking no account any Shares which may be issued pursuant to any options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Share Offer and the Capitalisation Issue, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Capacity/nature of interest	Number of Shares held immediately after completion of the Capitalisation Issue and the Share Offer *(Note 1)*	Percentage of interests in our Company immediately after completion of the Capitalisation Issue and the Share Offer
WG International	Beneficial owner *(Note 2)*	798,000,000 (L)	75%
Mr. Ng TK	Interest in controlled corporation and parties acting in concert *(Notes 2 and 3)*	798,000,000 (L)	75%
Ms. Ng ML	Interest in controlled corporation and parties acting in concert *(Notes 2 and 3)*	798,000,000 (L)	75%
Mr. Chai KL	Interest in controlled corporation and parties acting in concert *(Notes 2 and 3)*	798,000,000 (L)	75%
Ms. Pang Kip Moi	Spouse interest *(Note 4)*	798,000,000 (L)	75%
Ms. Phang May Lan	Spouse interest *(Note 5)*	798,000,000 (L)	75%
Ms. Tang Siaw Tien	Spouse interest *(Note 6)*	798,000,000 (L)	75%
Mr. Chen Teck Men	Spouse interest *(Note 7)*	798,000,000 (L)	75%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in the Shares.

2. Our Company will be owned as to 75% by WG International immediately after completion of the Capitalisation Issue and the Share Offer (without taking into account any Share that may be allotted and issued upon the exercise of the options that may be granted under the Share Option Scheme). WG International is owned as to 33% by Mr. Ng TS, 28% by Mr. Ng TF, 28% by Mr. Ng TK, 9% by Ms. Ng ML and 2% by Mr. Chai KL.

3. Pursuant to the Concert Parties Confirmatory Deed, Mr. Ng TS, Mr. Ng TF, Mr. Ng TK, Ms. Ng ML and Mr. Chai KL became parties acting in concert and therefore they are deemed to be interested in the same number of Shares held by WG International.

4. Ms. Pang Kip Moi is the spouse of Mr. Ng TS. Accordingly, Ms. Pang Kip Moi is deemed, or taken to be, interested in all the Shares that Mr. Ng TS is interested in by virtue of the SFO.

5. Ms. Phang May Lan is the spouse of Mr. Ng TF. Accordingly, Ms. Phang May Lan is deemed, or taken to be, interested in all the Shares that Mr. Ng TF is interested in by virtue of the SFO.

6. Ms. Tang Siaw Tien is the spouse of Mr. Ng TK. Accordingly, Ms. Tang Siaw Tien is deemed, or taken to be, interested in all the Shares that Mr. Ng TK is interested in by virtue of the SFO.

7. Mr. Chen Teck Men is the spouse of Ms. Ng ML. Accordingly, Mr. Chen Teck Men is deemed, or taken to be, interested in all the Shares that Ms. Ng ML is interested in by virtue of the SFO.

2. Particulars of Directors' service agreements and appointment letters

(a) Executive Directors

Each of our executive Directors has entered into a service agreement with our Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by three years on the expiry of such initial term and on the expiry of every successive period of three years thereafter, unless terminated by either party thereto giving at least one month's written notice of non-renewal before the expiry of the then existing term.

Each of the executive Directors is entitled to a monthly salary and discretionary bonus. The aggregate annual salary (excluding discretionary bonus) of the executive Directors is approximately S$1.1 million.

(b) Independent non-executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with our Company for an initial fixed term of three years commencing from the Listing Date. The term of service shall be renewed and extended automatically by three years on the expiry of such initial term and on the expiry of every successive period of three years thereafter, unless terminated by either party thereto giving at least one month's written notice of non-renewal before the expiry of the then existing term.

Save as disclosed in the paragraphs above, none of our Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of our Company (excluding agreements expiring or determinable by any member of our Company within one year without the payment of compensation other than statutory compensation).

3. Remuneration of our Directors

During FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, the aggregate emoluments paid and benefits in kind granted by our Company to our Directors were approximately S$0.6 million, S$0.5 million, S$0.6 million and S$0.5 million, respectively.

During each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, the aggregate of contributions to pension schemes for our Directors were approximately S$33,660, S$48,000, S$30,600 and S$21,000, respectively.

During each of FY2016, FY2017, FY2018 and the eight months ended 31 August 2019, the aggregate of bonuses paid to or receivable by our Directors which are discretionary or are based on our Company's, our Company's or any member of our Company's performance were approximately S$79,360, S$97,200, S$129,650 and S$77,790, respectively.

Under the arrangements currently in force, our Company estimates that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors (including the independent non-executive Directors) for FY2020 will be approximately S$1.1 million.

Save as disclosed above, none of our Directors has entered into, or has proposed to enter into a service agreement with any member of our Company (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory).

D. SHARE OPTION SCHEME

1. Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

"Adoption Date"	18 February 2020, the date on which the Share Option Scheme is conditionally adopted by our sole Shareholder by way of written resolution
"Board"	the board of Directors or a duly authorised committee thereof
"Business Day"	any day on which the Hong Kong Stock Exchange is open for the business of dealing in securities
"Group"	our Company and its subsidiaries from time to time
"Scheme Period"	the period commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof

2. Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our sole Shareholder passed on 18 February 2020.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, substantial shareholders, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(b) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser, substantial shareholder and distributor, contractor, supplier, agent, customer, business partner or service provider of any member of our Group, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the normal value of a Share on the date of grant of the option.

For the purpose of calculating the subscription price, where our Company has been listed on the Hong Kong Stock Exchange for less than five Business Days, the new issue price of the Shares on the Hong Kong Stock Exchange shall be used as the closing price for any Business Day fall within the period before listing.

(d) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.00.

(e) *Maximum number of Shares*

(i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 106,400,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 1,064,000,000 Shares from time to time) to the participants under the Share Option Scheme.

(ii) The 10% limit as mentioned above may be refreshed at any time by approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.

(iii) Our Company may seek separate approval from the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the Listing Rules.

(iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(v) The exercise of any option(s) shall be subject to our Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company. Subject thereto, our Board shall make available sufficient authorised but unissued share capital of our Company for purpose of allotment of Shares upon exercise of options.

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such participant and his close associates abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the participant, the number and terms of the options to be granted (and options previously granted to such person), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) Grant of options to certain connected persons

(i) Any grant of an option to a Director, chief executive or substantial Shareholder of our Company (or any of their respective close associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).

(ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective close associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercise, cancelled and outstanding) to such person under the Share Option Scheme and any other share option schemes of our Company in any 12-month period up to and including the date of grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5.0 million,

such further grant of options is required to be approved by the Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in the regard. The grantee, his/her associates and all core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant and his/her intention to do so has been stated in the aforesaid circular). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by the Shareholders in the aforesaid manner.

(h) Restrictions on the times of grant of options

(i) Our Company may not grant any options after inside information has come to its knowledge until such inside information has been announced. In particular, no options may be granted during the period of commencing one month immediately preceding the earlier of:

(a) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the Listing Rules) for the approval of our Company's result for any year, half-year or other interim period (whether or not required under the Listing Rules); and

(b) the last day on which our Company shall publish an announcement of the results for any year or half-year period under the Listing Rules, or other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

(ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published:

(a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) during the period of 30 days immediately preceding the publication date of the half-year results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results.

(i) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(j) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(k) Ranking of Shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distribution paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(l) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) Rights on death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment refereed to in (n) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, the his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(o) Rights on cessation of employment for other reasons

In the event that the grantee is an employee, a consultant or an adviser (as the case may be) of a member of our Group at the date of grant and he subsequently ceases to be an employee, a consultant or an adviser (as the case may be) of our Group for any reason other than his death or the termination of his employment of an employee or engagement of a consultant or an adviser (as the case may be) on one or more of the grounds specified in (n) above, the option (to the extent not already lapsed or exercised) shall lapse on the date of resignation (in the case of employee) or the date of cessation of such engagement of a consultant or an adviser (as the case may be) (which date will be the last actual day of providing consultancy or advisory services to the relevant member of our Group).

(p) Effects of alternations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time, provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(r) Rights on winding-up

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(s) Rights on compromise, arrangement or amalgamation

In the event of a compromise or arrangement between our Company and the Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company, or an amalgamation involving our Company and any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement, and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting of our company directed to be convened by the court for the purposes of considering such compromise or arrangement, or the date of the general meeting of our Company to be convened for the purpose of considering such compromise, arrangement or amalgamation ("**Suspension Date**"), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon or Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. If the resolution(s) approving such a compromise, arrangement or amalgamation is/are passed at such proposed general meeting with effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise, arrangement or amalgamation becoming effective, all options shall, to the extent that they have not been exercised, lapsed and determined. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise, arrangement or amalgamation. For a compromise or arrangement, if for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of its officers.

(t) Lapse of options

An option shall lapse automatically on the earliest of:

(i) the expiry of the period referred to in paragraph (i) above;

(ii) the date on which the Board exercise our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);

(iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraph (m), (o), (q), (r) or (s) above;

(iv) subject to paragraph (r) above, the date of the commencement of the winding-up of our Company;

(v) in the event that the grantee is an employee of our Group when an offer is made to him/her and he/she subsequently ceases to be an employee of our Group on any one or more of the grounds that he/she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honestly or (if so determined by the Board) on any other ground on which an employer would be entitle to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, the date of cessation of his/her employment with our Group. A resolution of the Board or the board of directors of the relevant member of our Group to the effect that employment of a grantee has or has not been terminated on one or more of the grounds specified in the paragraph (t) (v) shall be conclusive and binding on the grantee;

(vi) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;

(vii) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or

(viii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

(u) Cancellation of options granted but not yet exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in a manner that complies with all applicable legal requirements for such cancellation.

(v) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(w) Alteration to the Share Option Scheme

(i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.

(ii) Any amendment to any terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the exiting terms of the Share Option Scheme.

(iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(x) Termination to the Share Option Scheme

Our Company may by resolution in general meeting or the Board may at any time terminate the operations of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(y) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

3. Present status of the Share Option Scheme

Application has been made to the Hong Kong Stock Exchange for the listing of and permission to deal in 106,400,000 Shares which fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Each of our Controlling Shareholder (together, the "**Indemnifiers**") have entered into the Deed of Indemnity to provide the following indemnities in favour of our Company (for itself and as trustee for each of the subsidiaries of our Company from time to time).

Under the Deed of Indemnity, the Indemnifiers have jointly and severally agreed covenanted and undertaken to our Company (for itself and as trustee for its subsidiaries) that they will indemnify each member of our Group against (a) all damages, losses, claims, fines, penalties, charges, fees, costs, interests, expenses (including all legal costs and expenses), actions, proceedings, depletion of assets, loss of profit, loss of business, cost of rectification, costs of removal, costs of reinstatement for property (with reference to the physical and legal status of such property at the time when such property's owner or user became a subsidiary of our Company), settlement payment and any other liabilities of whatever nature (the "**Damages**") which members of our Group may sustain, suffer, incur or be imposed by any regulatory authority or court in Singapore, Hong Kong or any applicable jurisdiction as a result of any violation or non-compliance by any member of our Group with any applicable law, rule or regulation on all matters subsisting prior to the date on which the conditions set out in the section headed "Structure and conditions of the Share Offer — Conditions of the Public Offer" in this prospectus being fulfilled (the "**Effective Date**"): (b) taxation, together with all reasonable costs (including all legal costs), expenses or other liabilities which any member of our Group may incur in connection with (i) the investigation, assessment, contesting or settlement of any taxation claim under the Deed of Indemnity; (ii) any legal proceeding in relation to taxation claim in which any member of our Group claims under or in respect of the Deed of Indemnity and in which judgment is given for any member of our Group; or (iii) the enforcement of any such settlement or judgment falling on any member of our Group resulting from or by reference to any income, profits or gains, transactions, events, acts, omissions, matters or things granted, earned, accrued, made or received, entered into (or deemed to be so granted, earned, made, accrued, received or entered into) or occurring on or before the Effective Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is changeable against or attributable to any other person, firm, company or corporation. For the avoidance of doubt, the aforesaid provision shall require the Indemnifiers to indemnify and at all times keep each of the members of our Group indemnified, in each case, in respect of any additional taxation which may fall on our Company or any other members of our Group in respect of a taxation claim resulting from a reassessment or similar action by a taxation authority against any members of our Group of taxation due and whether or not such reassessment is effected in respect of taxation which our Company or any other members of our Group had previously reached agreement with a taxation authority; (c) any liability for Hong Kong estate duty which might be incurred by any member of our Group and/or its associated companies by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group on or before the Effective Date; (d) all or any Damages which members of our Group may sustain, suffer and incur as a result of directly or indirectly or in connection with any litigation, proceeding, claim, investigation, inquiry, enforcement proceeding or process by any governmental, administrative or regulatory body which (i) any member of our Group, their respective directors and/or representatives of any of them is/are involved; and/or (ii) arise due to some act or omission of, transaction voluntarily effected by, any member of our Group or any of them (whether alone or in conjunction with some other act, omission or transaction) on or before the Effective Date; and (e) all or any Damages which members of our Group may sustain, suffer and incur arising from or in connection with the title defects or the properties owned by or leased by any member of our Group (either due to non-registration of the lease agreements or any other reasons) in any jurisdiction which were occurred on or before the Effective Date.

The Indemnifiers will not, however, be liable under the Deed of Indemnity (a) to the extent that allowance, provision or reserve has been made for taxation in the audited accounts of our Group for the Track Record Period; (b) to the extent that taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any introduction of new legislation or any retrospective change in law or the interpretation or practice by the relevant tax authority coming into force after the Effective Date or to the extent that the taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; (c) for which any member of our Group is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into the ordinary course of business on or before the Effective Date; (d) to the extent that such taxation or liability would not have arisen but for any act or omission by any member of our Group (whether alone or in conjunction with some other act or omission by any member or transaction, whenever occurring) voluntarily effected without the consent of Indemnifiers and otherwise than in the ordinary course of business on or before the Effective Date; (e) to the extent of any allowance or provision or reserve made for taxation in the audited accounts of our Group for the Track Record Period, which is finally established to be an over-allowance or over-provision or an excessive reserve provided that the amount of any such allowance or provision or reserve applied to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; (f) to the extent that the taxation claim arises or is incurred as a consequence of a change in any accounting policy or practice adopted by any other member of our Group after the Effective Date; or (g) to the extent that any member of our Group shall have admitted liability in respect of the circumstances giving rise to the claim for taxation after the Effective Date; or (h) to the extent that any penalty is imposed on our Group under section 42 of the Estate Duty Ordinance by reason of our Company defaulting in any obligation to give information.

Our Directors have been advised that no material liability for estate duty would be likely to fall upon our Company or any of its subsidiaries in the Cayman Islands, the BVI, Singapore and Hong Kong.

2. Legal proceedings/Litigation

Save as disclosed in the section headed "Business — Litigation and claims" in this prospectus, as of the Latest Practicable Date, no member of our Group was subject to any actual, pending or threatened litigation or claims of material importance which would have a material impact on our Group's operations, financials and reputation.

3. The Sponsor

The Sponsor have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued upon the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme).

The Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under Rule 3A.07 of the Listing Rules.

The Sponsor's fee in relating to the Listing is HK$5,380,000.

4. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK$50,037 and are payable by our Company.

5. Promoter

(a) Our Company does not have any promoter.

(b) Within the two years immediately preceding the date of this prospectus, no amount or benefit has been paid or given to any promoter of our Company in connection with the Share Offer or the related transactions described in this prospectus.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus, and have given and have not withdrawn their written consent to the issue of this prospectus with the inclusion of their letter, report, and/or valuation certificate opinion and/or references to their names (as the case may be), all of which are dated the date of this prospectus, in the form and context in which they respectively appear in this prospectus:

Name	Qualifications
Grande Capital Limited	A licensed corporation engaging in type 6 (advising on corporate finance) regulated activity under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Ipsos Pte. Ltd.	Industry consultant
Rajah & Tann Singapore LLP	Legal advisers to our Company as to Singapore law
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Knight Frank Petty Limited	Independent property valuer
Baker Tilly TFW LLP	Tax Adviser

7. Consents of experts

Each of the abovementioned experts has given and has not withdrawn their respective consent to the issue of this prospectus with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and reference to its name included in the form and context in which it respectively appears.

8. No material adverse change

Our Directors confirm that there has not been any material adverse change in the financial or trading position or prospect of our Group since 31 August 2019 (being the date to which the latest audited combined financial statements of our Group were made up).

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Miscellaneous

Save as disclosed herein:

(a) no share or loan capital of our Company or any of its subsidiaries has been allotted and issued, agree to be allotted and issued or is proposed to be allotted and issued fully or partly paid either for cash or for a consideration other than cash;

(b) taking no account of any Shares which may be taken up or acquired under the Share Offer or any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme, the Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following completion of the Share Offer will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;

(c) none of the Directors nor any of the parties listed in the paragraph headed "E. Other information — 6. Qualifications of experts" in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to any member of our Group;

(d) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(e) no capital of any member of our Group is under option, or agreed conditionally or unconditionally to be put under option;

(f) our Group has no outstanding debentures or convertible debt securities;

(g) no founder, management or deferred shares of our Company have been allotted and issued or agreed to be allotted and issued;

(h) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(i) there is no arrangement under which future dividends are waived or agreed to be waived;

(j) No commissions, discounts, brokerages or other special terms were granted within the two years immediately preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group, and none of the Directors nor any of the parties listed in the paragraph headed "E. Other information — 6. Qualifications of experts" in this Appendix has received any such payment or benefit;

(k) within the two years immediately preceding the date of this prospectus, no commission (but not including commission to the Underwriters) had been paid or payable for subscribing or agreeing to subscribe, procuring or agreeing to procure subscription, for any Share in or debenture of our Company; and

(l) in case of discrepancy, the English version of this prospectus shall prevail over the Chinese version.

Save as disclosed in the section headed "Underwriting" in this prospectus, none of the parties listed in the paragraph headed "E. Other information — 7. Consents of experts" in this Appendix is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries.

The branch register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited, our Hong Kong Branch Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to ensure our Shares to be admitted into CCASS for clearing and settlement.

No company within our Group is presently listed on any stock exchange or traded in any trading system.

11. Bilingual Prospectus

Pursuant to section 4 of our Company (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), the English language and Chinese language versions of this prospectus are being published separately but are available to the public at the same time at each place where this prospectus is distributed by or on behalf of our Company.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) copies of the material contracts referred to in the paragraph headed "B. Further information about the business of our Company — 1. Summary of material contracts" in Appendix VI to this prospectus; and

(c) the written consents referred to in the paragraph headed "E. Other information — 7. Consents of experts" in Appendix VI to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of ZM Lawyers at 20/F, Central 88, Nos. 88–98, Des Voeux Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the accountant's report of our Group prepared by PricewaterhouseCoopers in respect of the historical financial information for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019;

(c) the report on the unaudited pro forma financial information of our Group prepared by PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;

(d) the letter from PricewaterhouseCoopers in respect of our Group's profit estimate for the year ended 31 December 2019 prepared by our Directors, the text of which are set out in Appendix III to this prospectus;

(e) the letter from the Sponsor in respect of our Group's profit estimate for the year ended 31 December 2019 prepared by our Directors, the text of which are set out in Appendix III to this prospectus;

(f) the audited combined financial statements of our Group for FY2016, FY2017, FY2018 and the eight months ended 31 August 2019;

(g) the material contracts referred to in the paragraph headed "B. Further information about the business of our Company — 1. Summary of material contracts" in Appendix VI to this prospectus;

(h) the service agreements referred to in the paragraph headed "C. Further information about our Directors and substantial Shareholders — 2. Particulars of Directors' service agreements and appointment letters" in Appendix VI to this prospectus;

(i) the rules of the Share Option Scheme referred to in the paragraph headed "D. Share Option Scheme" in Appendix VI to this prospectus;

(j) the written consents referred to in the paragraph headed "E. Other information — 7. Consents of experts" in Appendix VI to this prospectus;

(k) the Ipsos Report prepared by Ipsos Pte. Ltd.;

(l) the Companies Law;

(m) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company law as referred to in Appendix V to this prospectus;

(n) the legal opinion prepared by Rajah & Tann Singapore LLP, legal advisers to our Company as to Singapore laws;

(o) the valuation report relating to the property interest of our Group prepared by Knight Frank Petty Limited, the text of which is set out in Appendix IV to this prospectus; and

(p) the Singapore income tax compliance review prepared by Baker Tilly TFW LLP.

Wei Yuan Holdings Limited