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Post Hearing Information Pack of

Hygieia Group Limited

(the "**Company**")

(Incorporated in the Cayman Islands with limited liability)

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Hygieia Group Limited

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation and the [REDACTED])**
[REDACTED]	**:**	**Not more than HK$[REDACTED] per [REDACTED] and expected to be not less than HK$[REDACTED] per [REDACTED] plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal Value	**:**	**HK$0.01 per Share**
Stock Code	**:**	**1650**

Sole Sponsor

富強金融資本
FORTUNE FINANCIAL CAPITAL

[REDACTED]

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A copy of this document, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies in Hong Kong" in Appendix V to this document, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this document or any other documents referred to above.

The **[REDACTED]** is expected to be determined by agreement between our Company and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) on the **[REDACTED]**, which is expected to be on or around **[REDACTED]** and in any event, no later than 5:00 p.m. on **[REDACTED]**. The **[REDACTED]** is expected to be not more than HK$**[REDACTED]** per **[REDACTED]** and not less than HK$**[REDACTED]** per **[REDACTED]** unless otherwise announced. The **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) may, with the consent of our Company, reduce the indicative **[REDACTED]** range to below that stated in this document at any time prior to the morning of the last day for lodging applications under the **[REDACTED]**. If this occurs, a notice of reduction of the indicative **[REDACTED]** range will be published on the Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.hygieiagroup.com** as soon as practicable. Further details are set out in the sections headed "Structure and Conditions of the **[REDACTED]**" and "How to Apply for the **[REDACTED]**" of this document.

If our Company and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) are unable to reach an agreement on the **[REDACTED]** on or before 5:00 p.m. on **[REDACTED]**, the **[REDACTED]** will not proceed and will immediately lapse.

Pursuant to the termination provisions contained in the **[REDACTED]**, **[REDACTED]** and **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) have the right in certain circumstances, at their joint and absolute opinion, to terminate their obligations under the **[REDACTED]** at any time prior to 8:00 a.m. (Hong Kong time) on the **[REDACTED]** (which is expected to be on **[REDACTED]**). Details of the terms of the termination provisions are set out in the paragraph headed "Grounds for termination" under the section headed "**[REDACTED]**" in this document. It is important that prospective investors refer to that section for further details.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this document, including the risk factors set out in the section headed "Risk Factors" in this document.

The **[REDACTED]** have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

EXPECTED TIMETABLE

[REDACTED]

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IMPORTANT NOTICE TO INVESTORS

*This document is issued by our Company solely in connection with the **[REDACTED]** and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the **[REDACTED]**. This document may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the **[REDACTED]** or the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the offering and sale of the **[REDACTED]** 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.*

*You should rely only on the information contained in this document and the **[REDACTED]** to make your investment decision. Our Company, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** have not authorised anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, any of their respective directors, advisers, officers, employees, agents or representatives or any other person involved in the **[REDACTED]**.*

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SUMMARY

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

OVERVIEW

We are an established general cleaning service provider in the environmental services industry headquartered in Singapore with operations in both Singapore and Thailand. Based on the Frost & Sullivan Report, we ranked second among the cleaning service providers in Singapore in terms of revenue and market share in 2019. Our Group captured approximately 3.7% market share in the cleaning services industry in Singapore based on our revenue of approximately S$76.4 million in 2019. We primarily provide general cleaning works for a variety of public and private venues including a sports stadium, medical centres, shopping malls, commercial and industrial buildings, schools, hotels, private condominiums as well as public access areas in town councils in Singapore. In Thailand, we provide general cleaning works for private customers at private residences, an office, a hotel and industrial buildings.

We have more than 25 years of experience in the environmental services industry, and with our L6-graded FM02 workhead for "Housekeeping, Cleansing, Desilting and Conservancy" services currently held by Eng Leng, we are able to tender for public sector service contracts of an unlimited contract value. As at the Latest Practicable Date, Eng Leng was one of 27 registered contractors holding an L6-graded FM02 workhead among 401 contractors registered with the FM02 workhead. We have a quality management system accredited by our ISO 9001:2015 certification for the provision of cleaning and housekeeping services, and we have been recognised by the NEA through a Clean Mark Silver award for delivering high cleaning standards.

The following table sets out the movement of our service contracts (excluding one-off contracts) during the Track Record Period and up to the Latest Practicable Date:

By number of our contracts

	Year ended 31 December			1 January 2020 up to the Latest Practicable Date
	2017	2018	2019	
Service contracts brought forward from previous year(s)/period	183	215	271	313
Number of service contracts entered into during the year/period[(1)]	224	268	364	144
Number of contracts terminated during the year/period[(2)]	(9)	(8)	(9)	(17)
Number of service contracts completed during the year/period	(183)	(204)	(313)	(136)
Service contracts carried forward to next year/period	215	271	313	304

By value of our contracts

	Year ended 31 December			1 January 2020 up to the Latest Practicable Date
	2017	2018	2019	
	S$'000	S$'000	S$'000	S$'000
Opening value of service contracts as at the beginning of the year/period	72,533	83,670	90,135	72,362
Value of new contracts entered into during the year/period[(1)]	66,809	77,036	58,831	19,882
Value of contracts terminated during the year/period[(2)]	(899)	(593)	(2,856)	(560)
Revenue of contracts recognised during the year/period[(3)]	(54,773)	(69,978)	(73,748)	(28,515)
Remaining value of service contracts at the end of the year/period	83,670	90,135	72,362	63,169

Notes:

(1) The service contracts entered into during each year/period include (i) new service contracts tendered/quoted for and awarded to our Group and (ii) service contracts that had expired and were subsequently renewed with the relevant customers during the year/period.

(2) The value of contracts terminated during each year/period accounts for contracts that were terminated, either by our Group or the customers, in accordance with the terms of the service contracts but before the end of the applicable period under the service contracts.

(3) The total revenue of contracts recognised during each year/period also includes variable revenue recognised during each year/period. Variable revenue recognised represents recurring revenue from the provision of cleaning services during the relevant year/period, based on service contracts which include a variable revenue component. It is calculated on a per unit basis and dependent on demand for our services in any particular month. During the Track Record Period and up to the Latest Practicable Date, our Group recognised approximately S$4.8 million, S$6.3 million, S$10.9 million and S$3.4 million of variable revenue respectively, representing approximately 8.7%, 9.1%, 14.8% and 12.1% of the total revenue of contracts recognised during each year/period.

During the Track Record Period, the value of service contracts entered into was approximately S$66.8 million, S$77.0 million and S$58.8 million, respectively, representing the monthly average of approximately S$5.6 million, S$6.4 million and S$4.9 million for each respective year. The decrease in value of service contracts for the year ended 31 December 2019 from the previous years was mainly due to the shorter average duration of the service contracts awarded to us in the year ended 31 December 2019. During the Track Record Period, the average duration of service contracts (based on the top 75% service contracts in terms of contract value) entered into for each period was approximately 21.0 months, 24.8 months and 16.0 months, respectively. The increase in the average duration of service contracts during the Track Record Period corresponds with the increase in value of service contracts entered into during the same year. Given that the average contract duration for the year ended 31 December 2019 was notably lower than the average contract duration recorded for the two years ended 31 December 2018, this resulted in the comparatively lower contract value of new service contracts entered into for the year ended 31 December 2019 of approximately S$58.8 million.

Additionally, for the two years ended 31 December 2018 where the value of service contracts entered into were approximately S$66.8 million and S$77.0 million, respectively, our Group had experienced comparatively higher values of service contracts entered into due to our entry into a number of significant contracts with contract values exceeding S$1.0 million during these years.

Since 1 February 2020 and up to the Latest Practicable Date, 17 of our service contracts have been or have been agreed to be mutually terminated with the respective customers due to decline in demand for our cleaning services at the relevant contract sites. Assuming these terminated contracts would not have been renewed, these terminations represent a decrease of approximately S$0.6 million in the outstanding value of service contracts on hand after 31 January 2020.

OUR BUSINESS MODEL

Our general cleaning works are provided in a wide range of venues, and examples of general cleaning works include scrubbing, toilet cleaning, glass cleaning, carpet cleaning and mopping. During the Track Record Period, most of our revenue was derived from services rendered in Singapore. For each of the three years ended 31 December 2019, our total revenue for public and private sector contracts amounted to approximately S$15.8 million, S$24.5 million and S$29.8 million, and approximately S$40.6 million, S$47.9 million and S$46.5 million, respectively.

COMPETITIVE LANDSCAPE AND OUR COMPETITIVE STRENGTHS

According to the Frost & Sullivan Report, the environmental services industry in Singapore comprises general cleaning services, landscaping services, waste management and others. The cleaning services industry is a fragmented industry with a significant number of small players and, as at the Latest Practicable Date, there were 1,364 licensed cleaning contractors in Singapore. Based on the Frost & Sullivan Report, there is growth potential in the environmental services industry in Singapore due to, amongst others (i) the growing demand from commercial and residential buildings being developed; (ii) the Singapore Government's focus on increasing productivity through the adoption of advanced technologies; (iii) rising supply of parks and open spaces resulting in an increase in demand for landscaping services; and (iv) the implementation of various schemes and incentives by the Singapore Government for waste management and landscaping services. Please refer to the section headed "Industry Overview" in this document for more information on the environmental services industry in Singapore.

We believe our competitive strengths include (i) we have a long and established track record for the provision of cleaning services in Singapore; (ii) we are experienced, well-equipped and qualified to cater to a variety of customers and can undertake sizable service contracts; (iii) we have an experienced and stable management team; and (iv) we have established stable relationships with our customers. Please refer to the section headed "Business — Competitive strengths" in this document for more information.

BUSINESS STRATEGIES, FUTURE PLANS AND USE OF [REDACTED]

Our vision is to become an integrated service provider in the environmental services industry, and to provide consistent and quality cleaning services to our customers. Through the (i) expansion of our service capacity as well as improvement of quality and efficiency of our services; (ii) broadening of our service offerings in Singapore; and (iii) exploration of business opportunities in the Southeast Asian region, we intend to further entrench and increase our market presence in the environmental services industry with a view towards positioning ourselves as a regional integrated service provider. Please refer to the section headed "Business — Business strategies" in this document for more information.

We estimate that the aggregate net **[REDACTED]** from the **[REDACTED]** to be received by us (after deducting the **[REDACTED]** commission and estimated **[REDACTED]** borne by us in relation to the **[REDACTED]**), will be approximately HK$**[REDACTED]** million (approximately S$**[REDACTED]** million and based on the mid-point of our indicative **[REDACTED]** of HK$**[REDACTED]** per Share), which will be applied as follows:

- approximately HK$**[REDACTED]** million (approximately S$**[REDACTED]** million, representing **[REDACTED]**% of the estimated net **[REDACTED]**) to be applied for expansion of our service capacity as well as improvement of quality and efficiency of our services;
- approximately HK$**[REDACTED]** million (approximately S$**[REDACTED]** million, representing **[REDACTED]**% of the estimated net **[REDACTED]**) to be applied for the broadening of our service offerings in Singapore, of which:
  - approximately HK$**[REDACTED]** million (approximately S$**[REDACTED]** million, representing **[REDACTED]**% of the estimated net **[REDACTED]**) to be applied for the expansion of our in-house waste management services;
  - approximately HK$**[REDACTED]** million (approximately S$**[REDACTED]** million, representing **[REDACTED]**% of the estimated net **[REDACTED]**) to be applied for the Proposed Acquisition of a Singapore-based landscaping contractor; and
- approximately HK$**[REDACTED]** million (approximately S$**[REDACTED]** million, representing **[REDACTED]**% of the estimated net **[REDACTED]**) to be set aside for our general working capital.

For further information on our proposed use of **[REDACTED]**, please refer to the section headed "Future Plans and Use of **[REDACTED]**" in this document.

MAIN LICENCES AND REGISTRATIONS

Our Group holds a number of licences and registrations which enable us to carry out our business activities, in particular, our cleaning business licences and our L6-graded FM02 workhead for "Housekeeping, Cleansing, Desilting and Conservancy" services under the CRS, which enables us to undertake cleaning and housekeeping services for premises such as offices, buildings and compounds for any public sector contracts of an unlimited contract value. Please refer to the section headed "Business — Main licences and registrations" in this document for further information.

MARKETING AND PRICING

During the Track Record Period, we did not engage in any material marketing activities other than through our liaising with our private sector customers. We also monitor (i) GeBIZ, the Singapore Government's one-stop e-procurement portal, for suitable open tenders put up by the respective Singapore Government agencies; and (ii) newspaper advertisements for both public and private tenders. Our Directors consider that our leading position in the cleaning services industry and our established track record are important factors in being invited to quote for private sector contracts. Our pricing is generally prepared on a cost-plus basis.

CUSTOMERS

We are engaged by various customers in the public and private sectors of Singapore, comprising Singapore Government agencies, statutory boards and town councils (including the management agents appointed by them) in the former, and private corporations including real estate management boards, MCSTs for private shopping malls, hospitals and medical facilities, hotels and educational institutions in the latter. For the three years ended 31 December 2019, revenue from our top five customers amounted to approximately S$21.2 million, S$30.1 million and S$29.3 million,

accounting for approximately 37.6%, 41.5% and 38.4% of our total revenue, respectively. Revenue from our largest customer for the same periods amounted to approximately S$9.3 million, S$14.3 million and S$15.2 million, accounting for approximately 16.4%, 19.8% and 19.9% of our total revenue, respectively. Please refer to the section headed "Business — Customers" in this document for more information.

SUPPLIERS AND SUBCONTRACTORS

Our purchases are mainly from suppliers in Singapore and includes suppliers of consumables and equipment as well as third party service providers. Our main purchases include cleaning supplies, and tissue and washroom supplies. Our Group engages subcontractors who are connected persons for certain general cleaning services and has entered into an agreement with 2K Services Pte. Ltd., a connected person of our Company, to subcontract certain cleaning services awarded to our Group to 2K. In some cases, we may choose to delegate some parts of our works such as external facade cleaning, waste management and disposal and hygiene services to our subcontractors. For the three years ended 31 December 2019, our purchases (which includes purchases of supplies and subcontractor charges) attributable to our top five suppliers and subcontractors amounted to approximately S$4.4 million, S$4.4 million and S$3.2 million, accounting for approximately 49.9%, 48.4% and 42.1% of our total purchases, respectively. Purchases attributable to our largest supplier/subcontractor for the same periods amounted to approximately S$1.8 million, S$1.5 million and S$0.9 million, accounting for approximately 20.2%, 15.9% and 12.4% of our total purchases, respectively. Please refer to the section headed "Business — Suppliers and subcontractors" in this document for more information.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 2,508 employees, of which 721 were foreign workers. Our foreign workers are sourced and recruited through Independent Third Party agencies and are primarily from Malaysia, the PRC and NAS countries or regions. The supply of foreign workers in Singapore is regulated by the MOM through policy instruments, including the dependency ceilings that are based on the ratio of local and foreign workers. Based on the prevailing dependency ceiling regulations and as at the Latest Practicable Date, we can hire an additional 109 foreign workers in Singapore. Please refer to the section headed "Business — Employees — Recruitment policies and foreign workers" in this document for more information.

RISK FACTORS

Some of the material risks relating to our business relate to (i) failure to secure new or renew existing service contracts could materially and adversely affect our financial performance; (ii) failure to estimate and manage our costs may result in cost overruns, which may adversely affect our profitability; (iii) changes in the PWM and the dependency ceiling ratios may adversely affect our profitability; (iv) failure to comply with or observe any requirement in our service contracts may result in the imposition of liquidated damages on us by our customer; and (v) delays in collecting our account receivables or failure to properly manage our liquidity position could materially and adversely affect our cash flows and financial position. Some of the material risks relating to the industry in which we operate include (i) any fluctuation in the Singapore market such as the occurrence of a natural disaster, economic recession, epidemic outbreak and any other incidents will affect our financial performance; (ii) employee retention and labour shortage issues due to the intensive nature of the environmental services industry and limited local labour force in Singapore; (iii) the highly competitive nature of the environmental services industry in Singapore; and (iv) changes in the regulatory requirements in Singapore and Thailand that may affect our operating costs. Please refer to the section headed "Risk Factors" in this document for more information.

LEGAL MATTERS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, our operating subsidiaries, namely Eng Leng and Titan, had an aggregate of 52 instances of late reporting of work injuries. Please refer to the section headed "Business — Environmental, health and workplace safety — Workplace safety and health non-compliance" in this document for more information. Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, we had not been involved in any non-compliance matters which resulted or may result in a material impact on our business operation, financial condition or reputation. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) we had complied with applicable laws and regulations in Singapore and Thailand in all material aspects; and (ii) our Group was not engaged in any actual or threatened litigation, arbitration or claim of material importance that would have a material adverse effect on our Group's results of operations or financial condition.

SUMMARY OF FINANCIAL INFORMATION

Key financial data

The tables below summarise our consolidated financial information for the three years ended 31 December 2019, and should be read in conjunction with our financial information included in the Accountant's Report set out in Appendix I to this document, including the notes thereto.

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Revenue	56,332	72,440	76,374
Gross Profit	10,268	12,705	13,989
Profit before income tax	5,823	7,515	3,789
Profit for the year	5,174	6,564	2,654
Total comprehensible income	5,176	6,566	2,655

The decrease in our profit for the year ended 31 December 2019 from the previous year was mainly attributable to the combined effects of (i) higher **[REDACTED]** expenses incurred in relation to the Share Offer of approximately S$3.5 million in the year ended 31 December 2019; (ii) an increase in cost of sales due to increases of, amongst others, payment of wages and foreign worker levies and fees, as a result of increase in the number of staff engaged by us to carry out our projects over the period; (iii) an increase in administrative expenses; and (iv) an increase in finance costs due to higher loan interest for our trade receivables financing facility.

Highlight of consolidated statements of financial position

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Non-current assets	4,788	5,334	4,501
Current assets	22,452	31,686	31,804
Current liabilities	11,824	20,598	23,572
Non-current liabilities	2,188	1,956	1,203
Net current assets	10,628	11,088	8,232
Net assets	13,228	14,466	11,530

The decrease in our net assets from approximately S$14.5 million as at 31 December 2018 to approximately S$11.5 million as at 31 December 2019 was primarily due to (i) the decrease in our retained profits of approximately S$2.8 million, largely as a result of dividends of approximately

S$5.5 million paid by a subsidiary of our Group, along with the combined effects of (ii) a decrease in non-current assets by approximately S$0.8 million; (iii) a decrease in trade and other receivables, deposits and prepayment by approximately S$2.0 million; and partially offset by (iv) an increase in cash and cash equivalents by approximately S$2.1 million; (v) a decrease in total borrowings of approximately S$0.5 million; and (vi) a decrease in total lease liabilities of approximately S$0.3 million.

Highlight of consolidated statements of cash flows

Consolidated statement of cash flows

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Operating profit before changes in working capital	8,049	10,488	7,363
Changes in working capital	(4,313)	(4,896)	5,560
Income tax paid	(924)	(605)	(1,030)
Net cash generated from operating activities	**2,812**	**4,987**	**11,893**
Net cash generated (used in) investing activities	(234)	(445)	(775)
Net cash generated (used in) financing activities	(5,240)	(547)	(9,019)
Net increase/(decrease) in cash and cash equivalents	(2,662)	3,995	2,099
Cash and cash equivalents at the beginning of the year	9,114	6,454	10,451
Cash and cash equivalents at the end of the year	**6,454**	**10,451**	**12,549**

Revenue

We generated revenue of approximately S$56.3 million, S$72.4 million and S$76.4 million for the three years ended 31 December 2019, respectively, all of which was derived from our main business of providing general cleaning works for a variety of public and private venues. Our revenue increased by approximately 28.6% from the year ended 31 December 2017 to the year ended 31 December 2018 and approximately 5.5% from the year ended 31 December 2018 to the year ended 31 December 2019, respectively. Our net profit was approximately S$5.2 million, S$6.6 million and S$2.7 million for the three years ended 31 December 2019, respectively. During the Track Record Period, most of our revenue was generated from Singapore, which represented over 98.0% of our Group's annual revenue. As we had only started providing cleaning services in Thailand in April 2018, revenue generated was recorded at less than 2.0% of our Group's annual revenue for the two years ended 31 December 2019.

Revenue from provision of cleaning services by customer

The following table provides a breakdown of our revenue generated from provision of cleaning services by customer for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	S$'000	%	S$'000	%	S$'000	%
Public	15,752	28.0	24,528	33.9	29,824	39.1
Private	40,573	72.0	47,907	66.1	46,524	60.9
TOTAL	**56,325**	**100.0**	**72,435**	**100.0**	**76,348**	**100.0**

Revenue from provision of cleaning services by venue

The following table provides a breakdown of our revenue from the provision of cleaning services by venue for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	S$'000	%	S$'000	%	S$'000	%
Commercial buildings	29,372	52.1	32,800	45.3	32,658	42.8
Government agencies	5,970	10.6	7,402	10.2	8,828	11.6
Town councils	7,946	14.1	6,272	8.7	4,707	6.2
Private condominiums	5,647	10.0	6,130	8.5	6,288	8.2
Schools	6,167	10.9	16,833	23.2	16,831	22.0
Medical centres	990	1.8	1,672	2.3	2,587	3.4
Hotels	233	0.5	1,326	1.8	4,449	5.8
TOTAL	**56,325**	**100.0**	**72,435**	**100.0**	**76,348**	**100.0**

Gross profit and gross profit margin

For the three years ended 31 December 2019, our gross profit was approximately S$10.3 million, S$12.7 million and S$14.0 million, respectively, representing gross profit margin of approximately 18.2%, 17.5% and 18.3% for the same periods, respectively. The decrease in our gross profit margins for the year ended 31 December 2018 was mainly attributable to the combined effects of (i) our Group's intention to remain competitive in our pricing which prevented us from passing all incremental costs to our customers; (ii) increased employee benefit expenses due to the increased average number of local and foreign workers employed to meet our business growth; and (iii) the commencement of our business relationship with Customer B in October 2017, being one of our top five customers, where we recorded gross losses from three loss-making contracts of approximately S$87,000 and S$40,000 for the two years ended 31 December 2018, respectively. Our gross profit was approximately S$12.7 million for the year ended 31 December 2018 and approximately S$14.0 million for the year ended 31 December 2019, representing an increase in our gross profit margins from approximately 17.5% to approximately 18.3% for the corresponding years, respectively.

Cost of sales

Cost of sales primarily consisted of (i) employee benefit expenses attributed to workers employed to undertake cleaning services; (ii) subcontractor charges; (iii) purchase of supplies; (iv) foreign worker levies and fees; (v) outsourced labour; (vi) depreciation of right-of-use assets; and (vii) others. Our cost of sales for the three years ended 31 December 2019 amounted to approximately S$46.1 million, S$59.7 million and S$62.4 million, respectively.

The following table sets forth a breakdown of our cost of sales for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	S$'000	%	S$'000	%	S$'000	%
Employee benefit expenses	30,251	65.7	42,814	71.7	45,876	73.5
Subcontractor charges	5,733	12.4	5,628	9.4	4,881	7.8
Purchase of supplies	3,076	6.7	3,504	5.9	2,604	4.2
Foreign worker levies and fees	3,921	8.5	4,898	8.2	5,933	9.5
Outsourced labour	1,245	2.7	535	0.9	96	0.2
Depreciation of right-of-use assets	1,058	2.3	1,442	2.4	1,653	2.6
Others	780	1.7	914	1.5	1,342	2.2
TOTAL	**46,064**	**100.0**	**59,735**	**100.0**	**62,385**	**100.0**

Trade and other receivables, deposits and prepayments

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Trade receivables	10,864	11,563	12,520
Unbilled revenue	4,574	8,996	3,745
	15,438	20,559	16,265
Deposits	256	426	1,810
Prepayments	277	192	179
Other receivables	27	11	77
Prepayments incurred in relation to **[REDACTED]**	—	[REDACTED]	[REDACTED]
TOTAL	**15,998**	[REDACTED]	[REDACTED]

Trade receivables and unbilled revenue

Our trade receivables mainly represented outstanding receivables from our customers. Our trade receivables increased from approximately S$10.9 million as at 31 December 2017 to approximately S$11.6 million as at 31 December 2018 and further increased to approximately S$12.5 million as at 31 December 2019. The increase was generally in line with the growth in our business scale during the Track Record Period. The increase in our trade receivables for the year ended 31 December 2019, was also mainly attributable to the timing of our billing to one of our top five customers with a corresponding decrease in unbilled revenue over the same period.

Key financial ratios

The following table provides a summary of our key financial ratios for the years indicated and should be read in conjunction with the Accountant's Report set out in Appendix I to this document:

	Year ended/As at 31 December		
	2017	2018	2019
Gross profit margin *(%)*	18.2	17.5	18.3
Return on equity *(%)*	41.8	47.4	20.4
Return on total assets *(%)*	20.1	20.4	7.2
Current ratio *(times)*	1.9	1.5	1.3
Gearing ratio *(%)*	46.3	91.5	116.9
Net debt to equity ratio *(%)*	Net cash	19.3	8.0
Interest coverage *(times)*	18.6	14.1	6.6

Note: Gearing ratio is calculated based on the total borrowings (including term loans, trade receivables financing facility and hire purchase loan) divided by total equity as at the end of the respective year and multiplied by 100.0%. Please refer to the section headed "Financial Information — Key financial ratios" in this document for calculation of other financial ratios.

The decrease in our gross profit margin for the year ended 31 December 2018 was mainly due to (i) increased employee benefit expenses and foreign worker levies and fees; and (ii) our gross losses from three loss-making contracts for the two years ended 31 December 2018. For the year ended 31 December 2019, our gross profit margin had increased to approximately 18.3%.

The decrease in our return on equity and return on total assets for the year ended 31 December 2019 was mainly due to the effect of the lower profit for the year 31 December 2019.

The decrease in our current ratio as at 31 December 2018 was mainly attributable to our higher utilisation of the trade receivables financing facility and hire purchase loan to support our working capital needs and business operations. The decrease in our current ratio as at 31 December 2019 was mainly attributable to increased trade payables due to slower settlement by management to manage cash flow coupled with increased accruals for **[REDACTED]** expenses in relation to our **[REDACTED]**.

The increase in our gearing ratio as at 31 December 2018 and 31 December 2019 was mainly attributable to our higher utilisation of the trade receivables financing facility and hire purchase loan to support our business operations and a reduced equity base as at 31 December 2019.

We reported a net cash position as at 31 December 2017. Our net debt to equity ratio decreased from approximately 19.3% as at 31 December 2018 to approximately 8.0% as at 31 December 2019 mainly due to a higher level of cash and cash equivalents as at 31 December 2019.

The decrease in our interest coverage for the three years ended 31 December 2019 was mainly attributable to higher finance costs incurred as a result of increased borrowings and lower operating profit for the year ended 31 December 2019.

[REDACTED] EXPENSES

The total **[REDACTED]** fees in relation to the **[REDACTED]**, mainly consisting of fees paid or payable to professional parties and **[REDACTED]** fees and commission, are estimated to be approximately HK$**[REDACTED]** million (based on the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** per **[REDACTED]** and **[REDACTED] [REDACTED]**), which is approximately **[REDACTED]**% of the gross **[REDACTED]** from the **[REDACTED]** (based on the mid-point of the indicative **[REDACTED]** Range and assuming the **[REDACTED]** is not exercised). Among the estimated total **[REDACTED]** fees (i) approximately S$**[REDACTED]** million is expected to be accounted for as a deduction from equity upon **[REDACTED]**; (ii)

approximately S$**[REDACTED]** million is expected to be recognised as expenses in our consolidated statements of comprehensive income, of which approximately S$**[REDACTED]** million and approximately S$**[REDACTED]** million has been recognised for the years ended 31 December 2018 and 31 December 2019, respectively, and the remaining of approximately S$**[REDACTED]** million is expected to be recognised for the year ending 31 December 2020.

REASONS FOR [REDACTED]

Our Directors believe that the **[REDACTED]** (i) will increase our competitiveness in the environmental services industry in Singapore by enabling our expansion of operations and strengthening our market position in the environmental services industry; (ii) is strategic for our development in the environmental services industry; (iii) will strengthen our competitiveness among our competitors, which we hope will attract new potential customers for contracts thereby increasing our market share; and (iv) will expose our Company to a broader shareholder base which could lead to a more liquid market in the trading of our Shares, and will provide us with additional working capital to implement our future plans as set out in the sections headed "Business — Business strategies" and "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" in this document. In addition, our Directors also believe that customers, suppliers and subcontractors may prefer to work with listed companies given their reputation, listing status, publicly available financial disclosures and general regulatory supervision by the relevant regulatory bodies as well as demonstrating to business partners and customers that our Group has reached an international standard of internal control, corporate governance, regulation and financial reporting. Notwithstanding that our operations are located outside of Hong Kong, our Directors do not take the view that the location of our operations has to be the same as where we pursue a **[REDACTED]**, especially given the advent of information technology and retail stock trading platforms that cater to multiple stock exchanges.

[REDACTED] STATISTICS

The following table sets forth the statistics under the **[REDACTED]** based on the assumption that the **[REDACTED]** is not exercised:

	Based on the [REDACTED] of HK$[REDACTED] per [REDACTED]	**Based on the [REDACTED] of HK$[REDACTED] per [REDACTED]**
[REDACTED][(1)]	HK$**[REDACTED]** million	HK$**[REDACTED]** million
Unaudited pro forma adjusted consolidated net tangible assets per Share as at 31 December 2019[(2)]	HK$**[REDACTED]**	HK$**[REDACTED]**

Notes:

(1) The calculation of market capitalisation is based on the **[REDACTED]** Shares expected to be in issue immediately upon completion of the **[REDACTED]** and the **[REDACTED]**.

(2) For the calculation of the unaudited pro forma adjusted net tangible asset value per Share attributable to the Shareholders, please refer to the section headed "A. Unaudited pro forma statement of adjusted consolidated net tangible assets" in Appendix II to this document.

(3) The unaudited pro forma adjusted consolidated net tangible assets does not take into account the dividend of approximately S$4.5 million declared in June 2020. Had such dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be approximately S$**[REDACTED]** (equivalent to HK$**[REDACTED]**), assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, and approximately S$**[REDACTED]** (equivalent to HK$**[REDACTED]**), assuming an **[REDACTED]** of HK$**[REDACTED]** per Share.

DIVIDEND AND DIVIDEND POLICY

During the Track Record Period, no dividend was paid or declared by the Company. For the subsidiaries of our Group, dividends of approximately S$3.6 million, S$5.3 million and S$5.5 million have been declared and paid by our subsidiaries to the then shareholders of such subsidiaries for the three years ended 31 December 2019, respectively. From 1 January 2020 and up to the Latest Practicable Date, subsidiaries of our Group declared and paid dividends of approximately S$4.5 million. Please refer to the section headed "Financial Information — Dividend and Dividend policy" in this document for further information.

We may distribute dividends by way of cash or by other means that we consider appropriate. We currently intend to adopt, after the **[REDACTED]**, a general annual dividend policy of declaring and paying annual dividends at a payment ratio of not less than 30% of our Group's consolidated net profit after tax for the financial year. Our Board has absolute discretion as to whether to declare any dividend for any year end and if any, the amount of dividend and the means of payment. Such discretion is subject to the applicable laws and regulations including the Companies Law and our Articles which also require the approval of our Shareholders. The amount of any dividends to be declared and paid in the future will depend on, amongst other things, our dividend policy, results of operations, cash flows and financial conditions, operating and capital requirements, future prospects, contractual restrictions and obligations as well as other factors that our Directors may consider relevant. Any dividends declared will be in S$ with respect to the Shares on a per share basis, and our Company will pay such dividends in Hong Kong Dollars.

CONTROLLING SHAREHOLDERS

Upon completion of the **[REDACTED]** and assuming none of the **[REDACTED]** and option to be granted under the Share Option Scheme is exercised, TEK Assets Management will be interested as to **[REDACTED]**% of our total issued share capital, and TEK Assets Management is in turn wholly-owned by Mr. Toh. Accordingly, upon the **[REDACTED]**, TEK Assets Management and Mr. Toh will be regarded as our Controlling Shareholders.

RECENT DEVELOPMENTS

From 1 January 2020 and up to the Latest Practicable Date, our business model remains unchanged. As at the Latest Practicable Date, we have 304 ongoing service contracts, excluding one-off contracts. The expected revenue attributable to the ongoing service contracts, excluding one-off contracts, for the period indicated is as follows:

	From the Latest Practicable Date to 31 December 2020	After the year ending 31 December 2020
	S$ million	S$ million
Public sector	15.7	14.2
Private sector	20.0	13.3
Total	35.7	27.5

From 1 January 2020 up to the Latest Practicable Date, we have submitted 50 quotations or tenders for new projects amounting to an estimated total contract value of approximately S$221.4 million for service contracts in both the public and private sectors, of which we have been awarded one service contract with an aggregate total contract sum of approximately S$0.1 million and 12 service contracts with an aggregate contract sum of approximately S$12.1 million have been awarded to other service providers. As at the Latest Practicable Date, there are 39 quotations or tenders for new projects which our Group had submitted and are currently pending results. Of these

39 quotations or tenders, 37 were submitted from 1 January 2020 up to the Latest Practicable Date. Our executive Directors confirm that, save for the expenses incurred in connection with the **[REDACTED]**, there has been no material adverse change in our financial or trading position or prospects after 31 December 2019 and up to the date of this document.

OUTBREAK OF NOVEL CORONAVIRUS (COVID-19)

Impact of COVID-19 on our business and operations

Impact on our projects

Singapore Control Order Regulations

On 3 April 2020, the Singapore Government announced that the Multi-Ministry Taskforce had implemented an elevated set of safe distancing measures as a circuit breaker to pre-empt the trend of increasing local transmissions of COVID-19 ("**Circuit Breaker Measures**"). On 7 April 2020, the Singapore Parliament passed the COVID-19 (Temporary Measures) Act 2020 ("**CTMA**") which provided the Singapore Government the legal basis to enforce the Circuit Breaker Measures, and the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 ("**Control Order Regulations**") under the CTMA to implement the Circuit Breaker Measures. The Circuit Breaker Measures, through the Control Order Regulations, were in force from 7 April 2020 and extended to 1 June 2020 (inclusive). Such period, known as the "Circuit Breaker Period", imposed restrictions on (i) premises and businesses, in relation to the closure of premises and respective controls on essential and non-essential service providers; and (ii) the movement of people, both in public places and in places of residences. The Circuit Breaker Measures required the closing of most physical workplace premises and suspension of all business, social and other activities that could not be conducted through telecommuting from home, save for those providing essential services and in selected economic sectors which are critical for our local and global supply chains ("**Essential Services**") as prescribed by the Ministry of Trade and Industry.

With a significant decrease in community transmissions in Singapore over the month of April 2020, the Multi-Ministry Taskforce on 2 May 2020 announced that it was looking into the safe and gradual resumption of economic and community activities after the Circuit Breaker Period. On 19 May 2020, the Multi-Ministry Taskforce announced three phases to introduce the gradual resumption of activities and progressively lift the relevant control measures in place with the first phase to be implemented with effect from 2 June 2020 ("**Phase 1**"). In addition to Essential Services provided during the Circuit Breaker Period, Phase 1 includes the resumption of economic activities that do not pose a high risk of transmission ("**Permitted Services**"), with social, economic and entertainment activities that carry a higher risk of transmission to remain closed. A list of Permitted Services is provided on the prescribed website operated by the Ministry of Trade and Industry. Entities providing Permitted Services must put in place and enforce safe management measures at the workplace, and employees are to strictly adhere to them. With effect from 2 June 2020, the Control Order Regulations, were amended to implement a revised set of measures in order to facilitate the transition from the Circuit Breaker Period to Phase 1 ("**Phase 1 Measures**").

The Multi-Ministry Taskforce has also announced that it will continue to monitor the daily infection rates during Phase 1, and subsequently introduce the second and third phases in due course to allow for a gradual resumption of more activities.

Continued Operation Plans

During the Circuit Breaker Period, entities which carried out Essential Services were permitted to continue operations from their premises and were required to submit details of their plans to operate with enhanced safe distancing measures in place ("**Continued Operation Plans**") to the

Ministry of Trade and Industry to obtain the necessary permissions. The categories of Essential Services included, but were not limited to, water, waste and environment, which included, amongst others, environmental hygiene monitoring and public cleansing services. Our Group had submitted our Continued Operation Plans for both Eng Leng and Titan accordingly under the aforementioned category and specified the provision of our cleaning operations as a cleaning services provider as an Essential Service. The Ministry of Trade and Industry had approved our Continued Operation Plans for both Eng Leng and Titan, which allowed us to continue our operations during the Circuit Breaker Period based on our Continued Operation Plans. Our Directors confirm that, during the Circuit Breaker Period, our Group had not received any notification from the Ministry of Trade and Industry to suspend our business operations.

In accordance with the advisory issued by the Ministry of Trade and Industry, with the implementation of Phase 1, firms that have been permitted to operate as at 1 June 2020 will be allowed to continue to carry on their operations post 1 June 2020. Furthermore, the categories of Permitted Services expanded on the prior list of Essential Services and include, but are not limited to, administrative and support service activities which include, amongst others, cleaning services (except for household cleaning services). Given that both Eng Leng and Titan had been permitted to operate throughout the Circuit Breaker Period and our operations fall within the list of Permitted Services, we have continued with our cleaning operations since the implementation of Phase 1.

As such, since 7 April 2020, our Group has continued with our cleaning operations as listed in our Continued Operation Plans for both our private and public service contracts, with safe distancing measures in place. Furthermore, in compliance with the Control Order Regulations, we have arranged for all other functions that can be performed remotely to be done from home and implemented the appropriate safe management measures to protect our employees. Since the announcement of the Circuit Breaker Measures on 3 April 2020, we have also been in close communication with our customers to assess their needs for our cleaning services. Our Group has been actively seeking reasonable business arrangements with our customers to ensure continuity of our business operations, so that usual cleaning services can be resumed once businesses return to operating as per normal. This is in line with the tripartite advisory jointly issued by the relevant regulators in Singapore to ensure sustainability of the cleaning sector in view of COVID-19.

With the Control Order Regulations in effect and as at the Latest Practicable Date, out of the 324 ongoing service contracts as at 31 January 2020, (i) 59 of our service contracts have been temporarily suspended at the request of the relevant customers; and (ii) our scope of services under 18 of our service contracts have been reduced based on mutual agreement with our customers. For these customers who have been adversely affected by the Control Order Regulations, we are unable to continue with our usual cleaning services due to reasons such as the complete closure of their premises or our customers seeking to reduce costs and expenses during this period. As set out above, we have been and continue to be in active discussions with these customers to seek a mutually agreeable compromise and ensure continuity of our business operations. Furthermore, since 1 February 2020 and up to the Latest Practicable Date, 17 of our service contracts have been or have been agreed to be mutually terminated with the respective customers due to decline in demand for our cleaning services at the relevant contract sites due to the outbreak of COVID-19.

Save as set out above, since 7 April 2020, we have continued providing our regular cleaning services as stipulated under the relevant service contract to our customers for the remainder of our ongoing service contracts. The continuation of our regular cleaning services under such ongoing service contracts is mainly attributable to the fact that a majority of our customers would still require cleaning services despite the Control Order Regulations. For our customers in the public sector, which generally consist of Singapore Government agencies, statutory boards and town councils, we had continued to provide our cleaning services under all our service contracts under the category of public cleansing services, as an Essential Service provider and/or to support other

Essential Services providers in the public sector during the Circuit Breaker Period. Our customers in the private sector, which generally consist of private corporations including real estate management boards, MCSTs for private shopping malls, hospitals and medical facilities, hotel and educational institutions, may have been affected by the Control Order Regulations, for example by there being lesser footfall in their premises or being unable to operate as per normal if they do not fall under the relevant categories of Essential Services during the Circuit Breaker Period. Nonetheless, our customers would still require cleaning services for the upkeep of the properties and/or the general facilities maintenance, while the Control Order Regulations are in effect.

In light of the foregoing, while we continue to provide our regular cleaning services for the majority of our service contracts, we expect that, some of our cleaning services may be provided at a reduced capacity or not at all, depending on the nature of the service contract, the demands of our customers from time to time and subject to regulations pursuant to the CTMA that may be announced by the Singapore Government. As a result, our Directors expect a decline in revenue under our service contracts performed while the Control Order Regulations are in effect. Furthermore, we continue to incur, amongst others, employee benefit expenses as we maintain our workforce during this temporary period. As such, we also expect a moderate decrease in profit during the period while the Control Order Regulations are in effect.

The Control Order Regulations may be varied or extended further depending on regulations pursuant to the CTMA that may be announced by the Singapore Government. Our Directors are of the view that save as disclosed above and assuming that not further control orders are made, our Group is not expected to encounter any further project suspension and that we will be able to discharge our obligations under our existing contracts.

Impact on our suppliers/subcontractors

Certain of our suppliers and sub-contractors may be affected by the Control Order Regulations during Phase 1 if they do not constitute Permitted Services and are not permitted to resume their business and operations. In such event, we may expect some delays in the provision of supplies, equipment and/or services by our suppliers and sub-contractors, respectively. However, our Directors do not expect any material impact on the supply of supplies, equipment and services to our Group given the gradual resumption of economic activities that have been announced starting with Phase 1, and our Directors confirm that (i) we have already procured the necessary supplies and equipment required to fulfil our existing contractual obligations for this period; and (ii) our current inventory levels are sufficient to support our operations and current projects for this period.

Our Directors confirm that save as disclosed above and assuming that no further control orders are made, we have not encountered and do not expect to encounter any supply chain disruptions due to the outbreak of COVID-19 in Singapore. Save as disclosed above, our Directors also confirm that as at the Latest Practicable Date, we have not received any notification from any of our suppliers or subcontractors that there would be delays and/or cancellations with their supply of materials or services to us as a result of the COVID-19 outbreak.

Impact on our workforce

Our Group's employees consist of foreign workers from Malaysia, the PRC and NAS countries, and a substantial majority of the foreign workers employed by our Group are housed in local accommodations, which includes dormitories and other residential properties. Our Directors confirm that, as at the Latest Practicable Date, all of our foreign workers are already physically present in Singapore. As part of our operational management, in the event that we experience a shortfall in manpower at any of our contract sites, we will redeploy labour from other sites to make up for the shortage, if feasible. As such, our Directors are of the view that we will not be materially

affected in terms of shortages in manpower arising from the COVID-19 outbreak and/or border control restrictions that may be imposed in Singapore. In the event that we face an extended shortage of manpower in the near future, our Group plans to hire local employees, if required.

On 5 April 2020, the MOH had issued an advisory on additional measures to minimise further spread of COVID-19 within foreign worker dormitories, pursuant to which a total of 25 dormitories have been declared as isolation areas as at the Latest Practicable Date. Within these 25 dormitories, all foreign workers staying at these premises will be quarantined in their rooms for a minimal two week period to avoid the risk of further transmission. On 21 April 2020, the Multi-Ministry Taskforce announced enhanced measures to be taken to reduce the transmission of COVID-19 in Singapore, and particularly to contain the spread of infection amongst migrant worker clusters through, among others, enforcing safe distancing measures in the dormitories and moving healthy workers in Essential Services to other facilities to reduce movement in and out of dormitories and reduce cross-infection. Further to these enhanced measures, effective from 22 April 2020, daily movement of workers in and out of all dormitories, which include purpose built dormitories, factory converted dormitories, construction temporary quarters and temporary occupation licence quarters, is no longer allowed for a minimal period of up to 4 May 2020 (inclusive). The Multi-Ministry Taskforce on 2 May 2020 announced the extension of these enhanced measures restricting the daily movement of workers in and out of all dormitories until 1 June 2020 (inclusive).

As at the Latest Practicable Date, our Group had a total of 721 foreign workers, of which 39 were housed in foreign worker dormitories, with the rest residing in other private residential properties. Each foreign workers dormitory comprises various housing blocks and houses foreign workers from various other companies and organisations in Singapore. Out of the 39 foreign workers, 16 of our workers are housed in a foreign worker dormitory that had been declared as an isolation area. Precautionary steps have been taken to protect the foreign workers who are well and all foreign workers within these dormitories are not allowed to go to work. The workers will continue to be paid their salaries for the duration of the quarantine and their period of absence from work is treated as paid hospitalisation leave as part of the worker's leave eligibility under the EFMA. For the 23 other foreign workers who are affected by the outbreak of COVID-19 in foreign worker dormitories in Singapore, as part of the measures to reduce the density in the foreign worker dormitories and support companies providing Essential Services, these 23 workers have been relocated by the Singapore Government to alternative accommodation. As at the Latest Practicable Date, out of the 23 foreign workers, (i) two of our foreign workers were confirmed to be carriers of COVID-19 and are currently recovering in a community isolation facility; (ii) seven are required to stay in their alternative accommodation at all times and have not been approved to return to work; and (iii) 14 of our foreign workers have been approved to go back to work. Save as disclosed above, our Directors confirm that we have not experienced any other material impact on the workforce of our Group as at the Latest Practicable Date.

Our Directors confirm that, for the 39 foreign workers affected by the above measures, all 39 are currently posted to three active contract sites under the same customer. However, given that (i) workers deployed to these contract sites require prior training to conduct the cleaning services required; and (ii) assuming that the foreign worker dormitory quarantine period is not extended or varied beyond 30 June 2020 (inclusive), it is not cost-effective to train and deploy new workers in such a relatively short time frame, our Group has opted not to redeploy workers to the affected contract sites. As such, we estimate a decrease in revenue under the affected service contracts to be no more than approximately S$145,000 for the three months ending 30 June 2020.

Impact of COVID-19 on our Group's financial performance for the year ending 31 December 2019

Impact on our revenue

As elaborated above, as at the Latest Practicable Date, 59 of our service contracts out of the 324 ongoing service contracts as at 31 January 2020 have been temporarily suspended and we provide a reduced scope of our services under 18 of our service contracts, as a result of the implementation of the Control Order Regulations by the Singapore Government. We expect a total decrease of approximately S$1.4 million in expected revenue under the affected service contracts during the effective period of the Control Order Regulations.

Since 1 February 2020 and up to the Latest Practicable Date, 17 of our service contracts have been or have been agreed to be mutually terminated with the respective customers due to decline in demand for our cleaning services at the relevant contract sites. Assuming these terminated contracts would not have been renewed, these terminations represent a decrease of approximately S$0.6 million in the outstanding value of service contracts on hand after 31 January 2020. Out of the 17 service contracts terminated, three service contracts included a variable revenue component. With reference to the latest month's revenue of each of the three service contracts, we estimate a loss of approximately S$0.3 million in variable revenue for the year ending 31 December 2020. For more information on the movement of our service contracts, please refer to the section headed "Business — Our contracts and portfolio — Service contracts" in this document.

Based on our customers' feedback received by our Directors, these service contracts were mutually terminated due to (i) the overall decline in demand in tourism, retail and hospitality-related sectors, with these industries adopting cost-cutting measures such as closing certain floors or reducing operating hours, and our affected customers therefore require less cleaning services as a result; and (ii) smaller businesses having implemented working from home policies due to the outbreak of COVID-19, and as such no longer require our cleaning services at their offices. All service contracts were mutually terminated in accordance with their terms and after the customers had given us prior notice.

As provided in the Frost & Sullivan Report, the outbreak of COVID-19 in Singapore is expected to impose short-term negative impacts on Singapore's macro economy, especially for tourism and retail sectors in early 2020. With an anticipated overall revenue decline from both public and private projects, we expect our revenue to have a moderate decrease for the year ending 31 December 2020.

Impact on our costs

Based on the Frost & Sullivan Report, the outbreak of COVID-19 has increased the cost of cleaning services, as customers require increased cleaning frequency and cleaning services companies bear additional costs in providing protection gears to their on-site cleaners. As such, our Directors expect our cost of supplies to increase for the year ending 31 December 2020 due to the recent outbreak of COVID-19, as we may be requested by our customers to increase our frequency of cleaning at certain venues. Our cleaning services, even at an increased frequency, are provided at the original pre-determined contract sum. For some of our service contracts, we are contractually obliged to provide enhanced cleaning services in the event of an outbreak of a pandemic event. We also seek to assist our customers in complying with the NEA advisories on environmental cleaning guidelines and advisories for COVID-19 issued by the NEA at no additional charge, in order to maintain good business relationships with our customers. Such increase in the frequency of our cleaning services would result in a faster utilisation of our cleaning supplies and equipment, and we

would, in turn, have to purchase more cleaning supplies and equipment, which increases our cost of supplies. As a result, we expect our purchases of supplies to increase by approximately 21.5% for the year ending 31 December 2020 as compared to the year ended 31 December 2019.

Effect of Resilience, Solidarity and Fortitude Budgets as introduced by the Singapore Government

While we expect a moderate decrease in revenue for the year ending 31 December 2020 and an increase in our cost of supplies, we expect both our gross profit and gross profit margin to increase slightly for the year ending 31 December 2020. This is because our Group expects to incur slightly lower employee benefit expenses for the year ending 31 December 2020, due to the expected additional government grants to be received from the Singapore Government under the enhanced Jobs Support Scheme ("**JSS**") to offset the costs of local labour and provide wage support to local companies for the year ending 31 December 2020. As elaborated below, the JSS was first introduced in March 2020 as part of the Resilience Budget, and further enhanced in the Solidarity and Fortitude Budgets announced in April 2020 and May 2020, respectively. To qualify for the JSS, applicable employers must have made CPF contributions to its local employees, and the entitlement under the JSS is determined based on stipulated tiers of wage support as announced by the Singapore Government. The payouts under the JSS are scheduled in April 2020, July 2020 and October 2020, with an additional payout stipulated for May 2020 to provide cashflow support for firms whilst the Control Order Regulations are in effect. As at the Latest Practicable Date, our Group has received approximately S$4.9 million in total pursuant to the payouts under the JSS. Our Directors confirm that we have paid the requisite CPF contributions to our local employees and as such, expect to receive the government grants of up to approximately S$7.6 million to offset our employee benefit expenses for the year ending 31 December 2020.

Furthermore, as announced in the Solidarity Budget and elaborated in detail below, during the Circuit Breaker Period, foreign worker levies were waived for all applicable businesses and each employer will receive two rounds of foreign worker levy rebates of S$750 for each work permit or S pass holder in their employment as at 29 February 2020 and as at 1 May 2020, respectively. To qualify for the levy rebates, the employer must have (i) fully paid up its foreign workers' levy up to December 2019; and (ii) made an online acknowledgment that they will use the levy rebate to provide for the pay and upkeep of their foreign workers during the Circuit Breaker Period. Our Directors confirm that we have made the requisite foreign levy payment required for the period up to December 2019 and provided the required online acknowledgement, and as such, our Directors expect to receive approximately S$2.1 million in foreign worker levy waivers and rebates from the Singapore Government.

Having considered that (i) the JSS and foreign worker levy waivers and rebates were introduced as supporting measures of the Singapore Budget while the Control Order Regulations are in effect; (ii) the eligibility of JSS and foreign worker levy waivers and rebates are published on Singapore Government official websites, and employers do not need to apply for them; (iii) our Group has paid up to December 2019's foreign workers' levy in full and made an online acknowledgement as required, and has received levy rebates of approximately S$1.2 million in total; and (iv) our Group has made the necessary CPF contributions for all local employees and therefore is qualified for the JSS payouts, and has received the JSS payouts scheduled in April 2020 and May 2020 of approximately S$4.9 million in total, the Sole Sponsor concurs with Director's views that it is highly probable that the Group receives approximately S$2.1 million in foreign worker levy waivers and rebates from the Singapore Government and the government grants of up to approximately S$7.6 million to offset employee benefit expenses for the year ending 31 December 2020.

In the unlikely event that our Group does not receive the anticipated grants and rebates as set out above, we would not be able to offset these grants and rebates against our employee benefit expenses to be incurred this year, and we expect both our gross profit and gross profit margins to decrease and a net loss for the year ending 31 December 2020.

Impact on our future prospects

Based on the industry experience of our Directors and their indication of the general market sentiment, we anticipate a general decrease in the number of new service contracts that will be up for tender for the year ending 31 December 2020, as customers would seek to cut costs and reduce overheads during the COVID-19 outbreak. Throughout the Track Record Period, we have been increasingly active in our tender strategy, with 173, 194 and 346 tenders submitted in the three years ended 31 December 2019. However, from 1 January 2020 and up to the Latest Practicable Date, we submitted 50 quotations or tenders for new projects, whereas we had submitted 154 quotations or tenders for the same period in 2019. In light of the foregoing, our Directors are of the view that the COVID-19 outbreak may bring an adverse impact to our results for the year ending 31 December 2020.

Taking into account the outbreak of COVID-19 and the implementation of the Control Order Regulations in Singapore, we estimate that our cash and cash equivalents as at 31 May 2020 could satisfy our necessary costs for more than 12 months with the cash burn rate of S$0.6 million per month in the worst case scenario. In the worst case scenario, we may have to temporarily suspend our operations at some or all of our contract sites if any of our on-site staff are suspected or confirmed to have contracted COVID-19, which may require us to quarantine our affected staff, disinfect our workplace, contract sites and facilities, and reallocate manpower in order to deploy additional staff to the affected contract sites. Our key assumptions of the worst case scenario include: (i) we will not generate any income due to the suspension of our business from June 2020 onwards; (ii) we will terminate our existing employment contracts with our workers with one month's notice and no government grants will be received; (iii) our outstanding payables of approximately S$6.9 million as at 30 April 2020 are paid as and when they fall due; (iv) our outstanding trade receivables of approximately S$16.0 million as at 30 April 2020 are received after 90 days when they fall due; (v) we will incur minimal operating and administrative expenses to maintain our operations at a minimal level; (vi) our expansion plan will be delayed as a result of these conditions in the worst case scenario; (vii) there will not be any further external or internal financing from banks or the Controlling Shareholders; and (viii) no further dividend will be declared and paid by the Group during this worst case scenario.

The above scenario is for illustrative purposes only. Our Directors are of the view that the likelihood of the worst case scenario is remote, should the Control Order Regulations not be further prolonged and the gradual resumption of economic and social activities as announced by the Singapore Government is implemented as planned, and will depend on subsequent developments, such as further extensions of the Control Order Regulations under the CTMA in order to manage the developing outbreak of COVID-19 in Singapore. The actual impact of the COVID-19 outbreak of our Group may also be out of our Directors' control and beyond our estimation and assessment. If the COVID-19 situation in Singapore continues for a prolonged period of time, it may materially affect our business, results of operation, financial performance and future prospects.

Nevertheless, given that we have more than 25 years of experience and as one of the leading cleaning services providers in the environmental services industry, our Directors will take prudent steps to ensure the business continuity of our Group despite the ongoing health and financial crises. We will also continue to work closely with our customers to ensure that the impact of any incidents experienced due to unforeseen circumstances is minimised to its fullest extent and implement our business contingency plans as outlined below in mutual agreement with our customers.

Furthermore, our Directors believe that our cleaning services remain a core service to both private and public sector customers, especially during the widespread outbreak of communicable diseases, and our Directors confirm that we will be able to discharge all of our obligations under existing service contracts in the year ending 31 December 2020. Furthermore, save as set out in detail in the section headed "Future Plans and **[REDACTED]**" in this document, our Directors confirm that there is presently no intention to apply the net **[REDACTED]** from the **[REDACTED]** for any other purposes.

Save as disclosed above, our Directors confirm that there had been no material impact on our business operations or any material adverse impact on our financial conditions due to the outbreak of COVID-19 in Singapore, and save for the expenses incurred in connection with the **[REDACTED]**, there has been no material adverse changes in our financial or trading position or prospects after 31 December 2019 and up to the date of this document.

Business contingencies

In light of the foregoing, our Group has implemented several business contingency plans to help us manage the outbreak of COVID-19 and reduce the possibility of any project suspensions and/or cancellations or supply chain disruptions due to COVID-19, which includes the following:

- we have asked our on-site cleaning staff to wear personal protective equipment (such as face masks and gloves), and we will monitor the stock of personal protection equipment for our staff and workers;

- we will evaluate our existing service contracts and contract sites which may require increased frequency of cleaning and/or supply of additional cleaning equipment (such as hand sanitisers), to ensure that our services are suited for their enhanced cleaning needs due to COVID-19; and

- our cleaning supplies and equipment are generally sourced from an existing list of suppliers and we are not reliant on any single supplier. In the event we face a shortage or delay in supply from any one of our suppliers, we will look to our existing list of suppliers to make up for any shortfall in cleaning supplies and equipment.

We continue to closely monitor the development of the COVID-19 outbreak and its effect on our existing contracts with our customers, suppliers and subcontractors, and we will modify our business contingency plans to suit the needs of our customers and employees as and when necessary.

Our Group has also adopted control measures to protect our employees, workers and customers from outbreaks of infectious diseases, which is in line with the advisories issued by the MOM on best practices to be adopted by workplaces in Singapore. Please refer to the section headed "Business — Environmental, health and workplace safety — Health and workplace safety" in this document for more information.

Expected impact of COVID-19 on our industry

On 26 March 2020, as part of the Supplemental Budget 2020, also known as the "Resilience Budget", the Ministry of Trade and Industry of Singapore announced that Singapore's 2020 GDP forecast is in the range of –4.0% to –1.0%, in light of heightened uncertainties in the global economy due to the COVID-19 outbreak. In addition, as set out above, the Singapore Parliament had on 7 April 2020 passed the CTMA and Control Order Regulations to enforce and implement

the Circuit Breaker Measures, which were in force for the Circuit Breaker Period, and subsequently the Control Order Regulations were further amended to implement the Phase 1 Measures in order to facilitate the transition from the Circuit Breaker Period to Phase 1.

Assuming the relevant control measures in place are progressively lifted to facilitate the resumption of activities in a phased manner as set out by the Multi-Ministry Taskforce, and no further control orders are made, our Directors are of the view that our business and operations will not be affected beyond what is set out above, due to, *inter alia*, the following:

(i) As set out in the Ministerial Statement on the Supplemental Budget 2020, some sectors of the Singapore economy are more badly affected than others. These sectors tend to be more consumer-facing, such as aviation, tourism, food services and retail trade, and are more likely to be affected due to the decline in tourism and falls in external demand. Our business, being that of an environmental services provider, does not fall within the ambit of the foregoing sectors and is not consumer-facing in nature. While the demand for our services may be indirectly affected as a result, we serve customers from a wide variety of sectors mainly including private corporations, Singapore Government agencies and town councils, which do not fall within the foregoing sectors and which require our provision of cleaning services even in the midst of the COVID-19 outbreak.

(ii) As stated in the Frost & Sullivan Report, the outbreak of COVID-19 is unlikely to impose long-term impact to the economic condition of Singapore and cause material impact to the cleaning services market in Singapore. According to Frost & Sullivan, there generally remains a rising trend in seeking professional cleaning services, and there continues to be an increasing supply of real estate properties which would trigger additional growth in demand.

(iii) As at the Latest Practicable Date, we have 304 ongoing service contracts with expected revenue attributable amounting to approximately S$35.7 million for the year ending 31 December 2020, and which contributes to the continuity in our business pipeline.

(iv) Furthermore, in response to the negative economic outlook for the year ending 31 December 2020 due to the outbreak of COVID-19, the Resilience Budget introduced measures worth over S$48 billion, including several new and/or enhanced initiatives to help local businesses stay viable and cope with the COVID-19 situation. These initiatives, which focus on retention of employees and boosting cashflow, include (a) the JSS, whereby the Singapore Government will co-fund up to 25% on the first S$4,600 of monthly salaries for nine months up to end-2020; (b) the Wage Credit Scheme, with additional payouts introduced and brought forward to end-June 2020 from September 2020; (c) an enhanced Property Tax Rebate which grants up to 100% rebate on property tax for qualifying commercial properties; and (d) a deferment of income tax payments for three months for companies. We expect to take advantage of such initiatives to combat or otherwise minimise or offset the effects of COVID-19, if any, on our business.

(v) On 6 April 2020, the Singapore Government announced the "Solidarity Budget" to provide added support for households and businesses to save jobs and protect livelihoods during the temporary period whilst the Control Order Regulations are in effect. The measures of the Solidarity Budget include, (a) an enhanced JSS for the month of April, with wage subsidies raised to 75% of gross monthly wages for the first S$4,600 of monthly salaries paid in April for each local employee; and (b) to relieve the cost of retaining foreign workers, a waiver of the monthly foreign worker levies due in April and a foreign worker levy rebate of S$750 for each work permit or S pass holder.

(vi) Due to the extension of the Circuit Breaker Period until 1 June 2020 (inclusive), the Singapore Government had further announced on 21 April 2020 that continued support through the extended circuit breaker period will be provided by building on the measures introduced in the Resilience and Solidarity Budgets, which include (a) extension of the 75% wage support on the first S$4,600 of the gross monthly wages for another month, being the month of May 2020; (b) extension of the JSS payout to cover wages of employees who are also qualifying shareholders and directors of companies; and (c) extension of the waiver of the monthly foreign worker levies and foreign worker levy rebates by one month.

(vii) On 26 May 2020, the Singapore Government announced the "Fortitude Budget" as a next phase of support in light of the developing COVID-19 outbreak in Singapore. The Fortitude Budget introduced, amongst other things, further enhancements to the JSS, including (a) an extension of the JSS to cover one more month of wages for all firms, (b) the continued provision of wage support at 75% for firms that cannot resume operations immediately after the Circuit Breaker Period; and (c) increased wage support for certain sectors that had been severely impacted by the COVID-19 outbreak in Singapore.

In light of the foregoing and our currently available cash balance and unutilised facilities, despite the slight negative forecast in Singapore's 2020 GDP and the Control Order Regulations, our Directors are of the opinion that the Group has sufficient working capital for the next 12 months from the date of this document. We are able to take advantage of the initiatives introduced by the Singapore Government to minimise the effects of COVID-19 on our business and financial condition. We are also constantly evaluating our prospects in the environmental services industry to ensure sustainability and continuity in our business operations, and we will make use of our competitive strengths to strive for the continued success of our Group in the coming year.

In this document, the following expressions and terms shall have the meanings set out below unless the context otherwise requires.

"Accountant's Report"	the accountants' report of our Group prepared by the reporting accountants as set out in Appendix I to this document
"ACRA"	the Accounting and Corporate Regulatory Authority of Singapore, which is the national regulator of business entities and public accountants in Singapore
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with a specified person
"**[REDACTED]**"	**[REDACTED]**
"Articles" or "Articles of Association"	the articles of association of our Company, conditionally adopted on 8 June 2020, to become effective upon the **[REDACTED]**, and as amended from time to time, a summary of which is set out in Appendix III to this document
"associate(s)" or "close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"BCA" or "Building and Construction Authority"	the Building and Construction Authority of Singapore, an agency under the Singapore Ministry of National Development that is responsible for championing the development of the built environment of Singapore
"BCA Academy"	the education and research arm of BCA
"bizSAFE"	a five-step programme to assist companies in building 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
"bizSAFE Level STAR"	the highest bizSAFE level that may be awarded under the bizSAFE programme
"Board"	the board of Directors from time to time or a duly authorised committee thereof

"Business Day"	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal business to the public
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of **[REDACTED]** new Shares to be made upon capitalisation of part of the sum standing to the credit of the share premium account of our Company as referred to in the paragraph headed "4. Written resolutions of the then shareholder of our Company passed on 24 December 2019 and 8 June 2020" in Appendix IV to this document
"CCASS"	Central Clearing and Settlement System
"CCASS Broker Participant(s)"	a person admitted to participate in CCASS as a broker participant
"CCASS Clearing Participant(s)"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant(s)"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant(s)"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of the HKSCC in relation to CCASS, containing the practices, procedures and administrative requirement relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant(s)"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CDA"	the Communicable Diseases Act 2015, B.E. 2558 of Thailand, as amended, supplemented and/or otherwise modified from time to time
"Chairman"	the chairman of the Board

"Clean Mark"	the Clean Mark Accreditation Scheme, a scheme developed by, amongst others, NEA that recognises businesses that deliver high cleaning standards through the training of workers, use of equipment to improve work processes and fair employment practices
"Companies Act"	the Companies Act (Chapter 50) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"Companies Law" or "Cayman Islands Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, as amended, supplemented and/or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
"Companies (WUMP) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
"Company" or "our Company"	Hygieia Group Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 28 February 2019
"connected person(s)" or "core connected person(s)"	has the same meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the same meaning ascribed thereto under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Mr. Toh and TEK Assets Management
"COVID-19"	coronavirus disease 2019, an infectious disease caused by severed acute respiratory syndrome coronavirus 2 (SARS coronavirus 2 or SARS-CoV-2) and is the cause of the 2019–2020 coronavirus outbreak in various countries around the world, including Singapore
"CPF" or "Central Provident Fund"	the Central Provident Fund of Singapore which is a security savings scheme funded by contributions from employers and employees

"CPFA" or "Central Provident Fund Act"	the Central Provident Fund Act (Chapter 36) of Singapore as amended, supplemented and/or otherwise modified from time to time
"CRS" or "Contractors Registration System"	the Contractors Registration System of BCA, which serves the procurement needs of the public sector including government ministries and statutory boards. Companies wishing to participate in tenders for the public sector are required to register under this system
"Deed of Indemnity"	the deed of indemnity dated 8 June 2020 and executed by each of our Controlling Shareholders (as indemnifiers), in favour of our Company (for ourselves and as trustee for each of our subsidiaries), particulars of which are set out in the paragraph headed "G. Other information — 1. Deed of Indemnity" in Appendix IV to this document
"Director(s)"	the director(s) of our Company
"DTA"	the Agreement between the Singapore Government and the Thai Government for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income effective 1 January 2017
"EC WSQ"	the Environmental Cleaning Singapore Workforce Skills Qualifications, a system designed to help workers in the cleaning industry improve their employability as well as progress in their careers by offering progressive qualifications
"EFMA" or "Employment of Foreign Manpower Act"	the Employment of Foreign Manpower Act (Chapter 91A) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"EL Holding"	EL Holding Co., Ltd., a limited liability company incorporated under the laws of Thailand on 7 March 2019 and became an indirect non-wholly owned subsidiary of our Company after the Reorganisation
"Employment Act"	the Employment Act (Chapter 91) of Singapore, as amended, supplemented and/or otherwise modified from time to time

"Eng Leng"	Eng Leng Contractors Pte Ltd, a private company limited by shares that was incorporated in Singapore on 27 June 1991 and wholly-owned by Mr. Toh as to 100% prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company after the Reorganisation
"Eng Leng BVI"	Eng Leng Limited, a limited liability company incorporated under the laws of the BVI on 27 February 2019 and directly wholly-owned by our Company after the Reorganisation
"Eng Leng Thailand"	Eng Leng (Thailand) Co., Ltd., a limited liability company incorporated under the laws of Thailand on 25 October 2016 and became an indirect non-wholly owned subsidiary of our Company after the Reorganisation
"EQAIMS"	EQA IMS Certification Pte Ltd, a provider of professional and independent third party certification services for, amongst others, ISO and OHSAS systems, and is accredited by the Singapore Accreditation Council in Singapore
"Exchange Control Act"	the Exchange Control Act 1942, B.E. 2485 of Thailand, as amended, supplemented and/or otherwise modified from time to time
"Extreme Conditions"	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
"FBA" or "Foreign Business Act"	the Foreign Business Act 1999, B.E. 2542 of Thailand, as amended, supplemented and/or otherwise modified from time to time
"**[REDACTED]**"	**[REDACTED]**
"Frost & Sullivan"	Frost & Sullivan Limited, an industry research consultant and an Independent Third Party
"Frost & Sullivan Report"	the independent industry report prepared by Frost & Sullivan and commissioned by our Company, the contents of which are quoted in this document
"**[REDACTED]**"	**[REDACTED]**

"GeBIZ"	the Singapore Government's one-stop e-procurement portal where all public sector's invitations for quotations and open tenders are posted by individual Singapore Government agencies
"GIRO"	General Interbank Recurring Order, an electronic direct debit mechanism used by billing organisations to collect payments in Singapore
"**[REDACTED]**"	**[REDACTED]**
"Group", "our Group", "we", "us" or "our"	our Company and our subsidiaries or any of them, or where the context so requires, in respect of the period before our Company becomes the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time or the businesses which have since been acquired or carried on by them or, as the case may be, their predecessors
"GSR"	the Government Supplier Registration (formerly known as the Expenditure and Policies Procurement Unit) of GeBIZ, which serves the procurement needs of the public sector. Companies wishing to tender for the supply of goods and/or services to customers in the public sector may be required to register under this system
"HDB"	the Housing and Development Board of Singapore, being Singapore's public housing authority
"HK$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"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
"**[REDACTED]**"	**[REDACTED]**
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standards
"IMM Act"	the Immigration Act 1979, B.E. 2522 of Thailand, as amended, supplemented and/or otherwise modified from time to time
"Independent Third Party(ies)"	a person(s) or company(ies) who or which is/are independent of and not connected (within the meaning of the Listing Rules) with any of the directors, chief executive, or substantial shareholders of our Company or its subsidiaries or any of their respective associates
"**[REDACTED]**"	**[REDACTED]**
"ISO 9001:2015"	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement
"ISO 14001:2015"	an environmental management system standard that maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved
"ISO 45001:2018"	an occupational health and safety management system standard that helps businesses to manage occupational health and safety risks and improve performance through the implementation of policies and objectives
"**[REDACTED]**"	**[REDACTED]**

"**[REDACTED]**"	**[REDACTED]**
"Labour Law " or "Labour Protection Act"	the Labour Protection Act 1998, B.E. 2541 of Thailand, as amended, supplemented and/or otherwise modified from time to time
"Latest Practicable Date"	2 June 2020, being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document prior to its publication
"**[REDACTED]**"	**[REDACTED]**
"Listing Committee"	the listing committee of the Stock Exchange
"**[REDACTED]**"	**[REDACTED]**
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented and/or otherwise modified from time to time
"Main Board"	the main board of the Stock Exchange
"MCST"	the management corporation comprising all the subsidiary proprietors from time to time of all lots comprised in a strata title plan in Singapore
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted on 24 December 2019 and as amended, supplemented and/or otherwise modified from time to time, a summary of which is contained in Appendix III to this document
"MOM"	the Singapore Ministry of Manpower, which is responsible for the formulation and implementation policies relating to the workforce in Singapore
"Mr. Toh"	Mr. Toh Eng Kui, our Chairman, an executive Director, and our Controlling Shareholder

"NAS"	North Asian sources, being countries or regions from which foreign workers can be employed by Singapore entities, which includes Hong Kong, Macau, South Korea and Taiwan
"NEA"	the National Environment Agency, a statutory body under the Singapore Ministry of the Environment and Water Resources which is responsible for improving and sustaining a clean and green environment in Singapore
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"OHSAS 18001:2017"	an international standard that sets out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business
"OSHE Act" or "Occupational Safety, Health and Environment Act"	the Occupational Safety, Health and Environment Act 2011, B.E. 2554 of Thailand, as amended, supplemented and/or otherwise modified from time to time
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**

"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"PRC" or "China"	the People's Republic of China, excluding, for the purpose of this document, Hong Kong, Macau and Taiwan
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**

"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"PWM"	the progressive wage model, a productivity-based wage progression pathway that helps to increase wages of workers through upgrading skills and improving productivity, and is mandatory for workers in, amongst others, the cleaning and landscaping industries in Singapore
"Reorganisation"	the corporate reorganisation of our Group undertaken in preparation for the **[REDACTED]**, details of which are set out in the section headed "History, Reorganisation and Group Structure" in this document
"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 and/or otherwise modified from time to time
"Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"**[REDACTED]**"	**[REDACTED]**
"Share Option Scheme"	the share option scheme conditionally adopted by our Company on 8 June 2020, a summary of its principal terms is set out in the paragraph headed "F. Share Option Scheme" in Appendix IV to this document
"Singapore"	the Republic of Singapore
"Singapore Government"	the government of Singapore

"Sole Sponsor"	Fortune Financial Capital Limited, a licensed corporation under the SFO permitted to carry on Type 6 (advising on corporate finance) regulated activity for the purpose of SFO
"sqm"	square metre
"SSA" or "Social Security Act"	the Social Security Act 1990, B.E. 2533 of Thailand, as amended, supplemented and/or otherwise modified from time to time
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules, unless the context otherwise requires
"Substantial Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"S$" or "SGD"	Singapore dollars, the lawful currency of Singapore
"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented and/or otherwise modified from time to time
"TEK Assets Management"	TEK Assets Management Limited, a limited liability company incorporated under the laws of the BVI on 27 February 2019 and owned as to 100% by Mr. Toh
"Thailand"	the Kingdom of Thailand
"Thai Government"	the government of Thailand
"THB"	Thai baht, the lawful currency of Thailand
"Titan"	Titan Facilities Management Pte. Ltd., a private company limited by shares that was incorporated in Singapore on 23 January 2006 and wholly-owned by Mr. Toh prior to the Reorganisation and being an indirect wholly-owned subsidiary of our Company after the Reorganisation

"Titan BVI"	Titan Facilities Management Limited, a limited liability company incorporated under the laws of the BVI on 27 February 2019 and directly wholly-owned by our Company after the Reorganisation
"Track Record Period"	the period comprising the three financial years ended 31 December 2019
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"US$" or "US dollars"	United States dollars, the lawful currency of the United States of America
"WCA" or "Workmen's Compensation Act"	the Workmen's Compensation Act 1994, B.E. 2537 of Thailand, as amended, supplemented and/or otherwise modified from time to time
"**[REDACTED]**"	**[REDACTED]**
"WICA" or "Workplace Injury Compensation Act"	the Work Injury Compensation Act (Chapter 354) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"work permit"	a type of work pass issued to a foreign employee by the MOM
"WSHA" or "Workplace Safety and Health Act"	the Workplace Safety and Health Act (Chapter 354A) of Singapore, as amended, supplemented and/or otherwise modified from time to time
"WSHIR"	the Workplace Safety and Health (Incident Reporting) Regulations, Rg. 3 of Singapore, as amended, supplemented and/or otherwise modified from time to time
"WSHWR"	the Workplace Safety and Health (Work at Heights) Regulations 2013 of the WSHA, as amended, supplemented and/or otherwise modified from time to time

"**[REDACTED]**"	**[REDACTED]**
"%"	per cent

All dates and times in this document refer to Hong Kong time unless otherwise stated.

No representation is made that any amounts in S$, THB, or HK$ can be or could have been converted at the related dates at the above rates or any other rates or at all. Unless otherwise stated, the conversion of S$ into HK$, and THB into HK$ in this document is based on the exchange rate of S$1.0 to HK$5.7, and THB4.0 to HK$1.0 respectively. Such conversions shall not be construed as representations that amounts in S$ or THB were or could have been or could be converted into HK$ at such rates or any other exchange rates on such date or any other date.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments and, accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

In this document, if there is any inconsistency between English names and their Chinese translations, the English names shall prevail.

GLOSSARY OF TECHNICAL TERMS

This glossary contains explanations of certain terms used in this document in connection with our Group's business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"CAGR"	compound annual growth rate
"digester"	a container in which substances are treated with heat, enzymes or a solvent in order to promote decomposition
"FM02"	one of the maintenance workheads classified under the CRS, where the title of the FM02 workhead is "Housekeeping, Cleansing, Desilting & Conservancy Services" and it refers to the provision of cleaning and housekeeping services for offices, buildings, compounds, industrial and commercial complexes, desilting and cleansing of drains and grasscutting; further details of which are set forth in the section headed "Regulatory Overview" in this document
"FM03"	one of the maintenance workheads classified under the CRS where the title of the FM03 workhead is "Landscaping" and it refers to the provision of landscaping services including free planting and turfing; further details of which are set forth in the section headed "Regulatory Overview" in this document
"GST"	goods and services tax
"L6"	the highest financial grade for the FM02 workhead under the CRS in Singapore; further details of which are set forth in the section headed "Regulatory Overview" in this document
"VAT"	value added tax
"workhead"	work category as sub-classified under the seven major categories of registration under the CRS in Singapore; further details of which are set forth in the section headed "Regulatory Overview" in this document

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that state our Company's belief, expectations, or intentions for the future. These forward-looking statements are contained principally in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business" and "Financial Information", which are, by their nature, subject to risks and uncertainties.

The words "aim", "anticipate", "believe", "could", "estimate", "expect", "forecast", "going forward", "intend", "ought to", "may", "might", "plan", "potential", "project", "seek", "should", "will", "would", "wish" and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements.

These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are, by their nature, subject to certain risks, uncertainties and assumptions, including the risk factors described in this document, some of which are beyond our control. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plan of operation and our various measures to implement such strategies;
- our operations and business prospects, including development plans for our existing business;
- our capital expenditure plans;
- changes in policies, legislation, regulations or practices in the industry and those countries or territories in which we operate that may affect our business operations;
- our financial condition and results of operations;
- changes in economic conditions in Singapore, Hong Kong, Thailand and overseas;
- macroeconomic measures taken by the Singapore Government to manage economic growth and general economic trends in Singapore;
- the regulatory environment and industry outlook in general;
- the general industry outlook, competition in our business activities and future developments in our industry;
- catastrophic losses from fires, floods, wind;
- other statements in this document that are not historical facts;
- realisation of the benefits or future plans and strategies; and

- other factors beyond our control and other risks and uncertainties described in the section headed "Risk Factors" in this document.

We believe that the sources of information and assumptions contained in such forward-looking statements are appropriate sources for such statements and we have taken reasonable care in extracting and reproducing such information and assumptions. We have no reason to believe that information and assumptions contained in such forward-looking statements are fake or misleading or that any fact has been omitted that would render such forward-looking statements fake or misleading in any material respect.

The information and assumptions contained in the forward-looking statements have not been independently verified by us, the Controlling Shareholders, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** and any other party involved in the Share Offer or their respective directors, officers, employees, advisers or agents and no representation is given as to the accuracy or completeness of such information or assumptions on which the forward-looking statements are made. Additional factors that could cause actual performance or achievements of our Group to differ materially include, but are not limited to, those discussed under the section headed "Risk Factors" and elsewhere in this document.

These forward-looking statements are based on current plans and estimates, and apply only as of the date they are made. Subject to the requirements of the applicable laws, rules (including the Listing Rules) and regulations, our Group does not intend to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way our Group expects, or at all.

We caution you that a number of important facts could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statement. Accordingly, you should not place undue reliance on any forward-looking information or statements. All forward-looking statements in this document are qualified by reference to the cautionary statements set forth in this section.

In this document, statements of or references to the intentions of our Company or any of our Directors are made as of the date of this document. Any such intentions may potentially change in light of future developments.

Prospective investors should carefully consider all of the information set out in this document and, in particular, the following risks and special considerations in connection with an investment in our Company before making any investment decisions in relation to the ***[REDACTED]****. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.*

This document contains certain forward-looking statements relating to our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results may differ materially from those as discussed elsewhere in this document. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this document. The trading price of the ***[REDACTED]*** *could decline due to any of these risks, and you may lose all or part of your investment.*

RISKS RELATING TO OUR BUSINESS

Our service contracts have a duration of between one and three years, and there is no guarantee that our existing service contracts may be renewed upon expiry or that new service contracts will be awarded to us, and such service contracts can be terminated early

Our service contracts are typically for a duration of between one and three years. Upon expiry of the service contracts entered into by our Group, we may be invited to quote or participate in the tender process again for the respective contract. Our service contract renewal rate for each of the three years ended 31 December 2019 was approximately 60.7%, 54.5% and 55.8%, respectively.

We have to go through competitive tendering or quotation processes with both public and private customers in order to renew or secure new contracts and so far as our Directors are aware, our customers may track their contractors' performance, financial capability, reputation and certifications internally. If we receive a poor performance review, it may lead to a poor evaluation and it may affect our renewal or tender success rate. In such an event, we may not be invited or awarded future tender or quotation opportunities and our reputation, business operations, financial results and profitability may be adversely affected. For the three years ended 31 December 2019, our tender success rates were approximately 11.0%, 10.3% and 9.8%, respectively. There is no guarantee that we will continue to secure new service contracts from our customers after the completion of the existing service contracts and any failure to do so could materially and adversely affect our financial performance. In the event that we are unable to maintain our business relationships with existing customers, unable to secure new service contracts or unable to obtain a similar number of service contracts and maintain our tender success rate, our financial performance will be materially and adversely affected.

Our service contracts may contain provisions, as it is not uncommon in service contracts in the cleaning services industry, that the customer can terminate the service contracts upon prior notice, subject to certain conditions as set out in the service contracts. If our service contracts are terminated early for any reason, there is no guarantee that we will be able to secure new service contracts or obtain a similar number of service contracts in a timely manner. If we are unable to maintain our existing number of service contracts, our financial performance, business and operations may be materially and adversely affected.

A majority of our contracts have a fixed contract sum throughout the contract period and our profitability may be adversely affected if we suffer from cost overruns

A majority of our contracts with customers have a fixed contract sum throughout the contract period, and the contract sum is fixed when we submit our tender or quotation. After the tender or quotation is agreed upon, we have to bear the risk of cost fluctuations. The number of contracts of which our Group had suffered from cost overruns and the amount of cost overruns arising from such contracts during the Track Record Period are set out in the table below.

	Year ended 31 December		
	2017	2018	2019
No. of contracts with cost overruns	6	7	—
Amount of cost overruns (in aggregate) (S$'000)	94.4	63.1	—

Our revenue is mostly derived from contracts for a duration of between one and three years, and some of our service contracts may allow us to extend our engagement under the service contract or may renew automatically until terminated by either our Group or the customer. There is no assurance that the costs estimated at the beginning of a contract will not overrun during the course of the contract. Any inaccurate estimation of costs, unforeseen increase in costs of labour and/or materials, changes in the regulatory environment, labour disputes and other similar unforeseen circumstances could result in cost overruns or even unilateral termination of contracts by customers due to our unsatisfactory performance. If we are unable to control costs or manage our costs within our estimates, our business operations, financial results and profitability may be adversely affected. Three of our service contracts that suffered from cost overruns resulted in gross losses during the two years ended 31 December 2018. Further details are set out in the section headed "Business — Our contracts and portfolio — Loss-making service contracts" in this document.

Changes in the PWM and the dependency ceiling ratios may affect our profitability

Our business operations are labour intensive and more than half of our workforce are Singapore citizens or permanent residents. Our operations in Singapore are required to comply with the PWM requirements, which were introduced in 2015 and is regulated for our industry by the NEA. In December 2016, the PWM was updated with the introduction of (i) yearly wage adjustments to each wage point in the PWM from 2017 to 2019; (ii) scheduled wage increases from

2020 to 2022, and (iii) an annual bonus for all wage points from 2020 onwards. Beyond 2022, the PWM may be reviewed periodically based on feedback from the relevant stakeholders. Save as disclosed above, there is no assurance that the minimum basic wage level will not be further revised upward in the future or that our labour costs may increase generally due to, amongst others, the continued expansion of our workforce. Based on the Frost & Sullivan Report, the local labour force in Singapore is limited as the average wages are lower compared to other industries and foreign workers are preferred as they are not subject to the PWM requirements. Notwithstanding the same, the policies implemented by the Singapore Government to restrict the employment of foreign workers have increased the demand and competition amongst general cleaning service providers for the hiring and retention of high-quality local employees. For the three years ended 31 December 2019, our employee benefit expenses amounted to approximately S$30.3 million, S$42.8 million and S$45.9 million, representing approximately 65.7%, 71.7% and 73.5% of our cost of sales for the respective periods, and we expect that employee benefit expenses (including labour costs) will continue to represent a significant percentage of our total cost of sales. There is no guarantee that we can increase our tender pricing enough to pass such increased labour costs onto our customers, in which case our business operations, financial results and profitability would be materially and adversely affected. For more information on the PWM and the dependency ceiling ratios in Singapore, please refer to the paragraphs headed "A. Laws and regulations in Singapore in relation to the cleaning business — I. Cleaning business licence — Progressive wage model" and "D. Laws and regulations in Singapore in relation to employment — II. Employment of Foreign Manpower Act — Employment of foreign employees in Singapore under the services sector" in the "Regulatory Overview" section.

Our service contracts may contain liquidated damages clauses, and our customers may request for liquidated damages if we fail to comply or observe any requirement of the service contracts

Our service contracts may contain liquidated damages clauses, which allow our customers to impose liquidated damages on us in the event that we fail to comply with or observe any requirement of our service contracts with them, including failing to provide the minimum number of manpower required and failing to meet certain cleanliness standards. Based on the Frost & Sullivan Report, the imposition of liquidated damages by customers on cleaning service providers is common practice in the cleaning industry in Singapore. During the Track Record Period, our Group incurred an aggregate of approximately S$0.5 million, S$0.6 million and S$0.3 million in liquidated damages under 68, 80 and 90 of our contracts, respectively. The liquidated damages were attributable to, amongst others, our Group's inability to meet the quality imposed by our customers, manpower shortage and/or other operational irregularities (such as delay in the cleaning schedule or deviating from the customer's instructions). During the Track Record Period, three of our service contracts were recorded as loss making, which was partly attributable to the imposition of liquidated damages on us by the relevant customer, further details of which are set out in the section headed "Business — Our contracts and portfolio — Loss-making service contracts" in this document. As at the Latest Practicable Date, we had over 2,500 employees and 304 ongoing service contracts (excluding one-off contracts). In the event that the standards set by our customers are not met by us, liquidated damages may be imposed on us which may adversely affect our financial position and results of operations.

We may experience delays or defaults in collecting our receivables, and such failure to receive payment on time and in full may affect our liquidity position

We may experience a delay between making payment for the salaries of our employees and receiving payment from our customers for invoices and work rendered. For our contracts, we issue invoices to our customers on a monthly basis with a credit term in accordance with the provisions of the contract. Our trade receivables as at 31 December 2017, 31 December 2018 and 31 December 2019 were approximately S$10.9 million, S$11.6 million and S$12.5 million, respectively. During the Track Record Period, our salary payments for local employees were made twice in the same month that services were performed and for the rest of our employees, no later than seven days after the last day of the month, whereas our average trade receivables turnover days were 65, 57, and 58 days, respectively. Further, some customers (including our public sector customers) may only make payment of our invoices upon the issue of the service completion form or report. As a result, there is no assurance that our customers will make their payments on time. Further information on our accounts receivables can be found in the section headed "Financial Information — Discussion on selected items from the consolidated statements of financial position — Trade and other receivables, deposits and prepayments" in this document.

If a customer delays payment, our cash flow and working capital may be materially and adversely affected. Even where we are able to recover any losses incurred pursuant to the terms of the contract, we anticipate that the process of such recovery is usually time-consuming and will require additional financial and other resources to settle the disputes. Furthermore, there can be no assurance that any outcome will be in our favour or that any dispute will be resolved in a timely manner. Failure to secure adequate payments in time or to manage past due debts effectively could have a material and adverse effect on our business, financial position, results of operations and prospects. Please refer to the section headed "Business — Customers — Key contract terms with customers" in this document for further details on our terms of payment.

There is no assurance that future payments of our invoices will be made on time by our customers. Any failure by our customers to make payment to us in a timely manner may have an adverse effect on our future liquidity position. Any delay in collecting our account receivables or failure to properly manage our liquidity position and working capital could materially and adversely affect our cash flows and financial position.

Failure to renew, or any suspension or cancellation of, our licences and registrations in Singapore could materially and adversely affect our operations and financial performance

Our Group holds a number of licences and registrations which enable us to carry on our business in Singapore. In particular, we are registered under the CRS for the FM02 workhead for "Housekeeping, Cleansing, Desilting and Conservancy" services with an L6 grading, which allows us to tender for contracts in the public sector in Singapore of an unlimited contract value, and we also hold cleaning business licences granted by the NEA, which allows us to operate our cleaning business in Singapore. Please refer to the sections headed "Regulatory Overview — A. Laws and regulations in Singapore in relation to the cleaning business" and "Business — Main licences and registrations" in this document for more information on our main licences and registrations.

Our ability to maintain our workhead registration under the CRS and our cleaning business licence is crucial to our business operations. In order to maintain our workhead registration, we have to meet the various requirements laid down by the BCA including having (i) a minimum paid-up capital and net worth; (ii) qualified personnel with the necessary professional qualifications and experience; (iii) the necessary performance track records; (iv) contracts' profile; and (v) other certifications such as ISO and OHSAS, which are set out in the section headed "Regulatory Overview — A. Laws and regulations in Singapore in relation to the cleaning business" in this document. The requirements laid down by the BCA and/or NEA may change from time to time.

If we fail to comply with the applicable requirements or conditions, our registrations and licences may be downgraded, suspended or cancelled. Our applications to renew such registrations and licences upon expiry may be delayed or refused. The renewal or maintenance of our workhead grading is crucial for our business operations as we can only participate in open tenders for public sector contracts if we meet the minimum workhead grading level prescribed. For our private sector customers, they may take our workhead grading into consideration when evaluating our quotations. As such, any inability to renew or maintain our workhead grading may reduce the number of contract opportunities for our Group and have an adverse impact on our operations and financial performance. Failure to keep or renew our existing workhead registrations and our cleaning business licences could result in suspension of our business operations, restriction or prohibition of certain business activities, or restriction on the commencement of new business, thereby materially and adversely affecting our business, financial position, results of operations and prospects.

Our business involves inherent industrial risks and occupational hazards and the materialisation of such risks may affect our business operations and financial results

Our business involves inherent industrial risks and occupational hazards, which may not be wholly eliminated or preventable through the implementation of safety measures. Our industry is labour intensive by nature and our workers are required to perform certain tasks which present risks and dangers, such as working at a height or on a slippery floor, working in environments containing dust, dirt, viruses or bacteria, carrying heavy objects, coming into contact with cleaning chemicals such as bleach and detergents, and the operation of motor vehicles and cleaning machineries. Accordingly, we may be exposed to risks related to such activities, such as physical injuries, diseases, equipment failure and industrial accidents. We cannot ensure that such risks will not materially and adversely impact us in the future. The materialisation of such risks may disrupt our business and damage our reputation, which may also affect the validity of our relevant qualifications, business operations and results of operations. Our insurance coverage may not be adequate, and it may not be possible to obtain adequate insurance (or any insurance at all) to cover these risks on commercially reasonable terms.

During the Track Record Period, we recorded 105 workplace accidents involving our employees. For the three years ended 31 December 2019, our accident frequency rates were 2.16, 4.28 and 5.04, respectively, while our accident severity rates were 86.92, 183.47 and 92.95, respectively. Our accident frequency rates for the two years ended 31 December 2018 were relatively higher than the national average accident frequency rates for cleaning and landscape

maintenance services, and our accident severity rate for the year ended 31 December 2018 was relatively higher than the national average accident severity rate for cleaning and landscaping maintenance service. Please refer to the section headed "Business — Environmental, health and workplace safety — Workplace accidents during the Track Record Period" for more information on the workplace accidents of our Group during the Track Record Period and the basis of calculation of the aforementioned rates.

We are exposed to litigation or arbitration proceedings, work injury claims or other disputes

We are liable under the Work Injury Compensation Act and common law in Singapore to compensate employees (including subcontractors' employees and the employees of the third party service providers) who suffer bodily injuries or death as a result of accidents or contract occupational diseases arising out of and in the course of their employment with us. We may also face claims from third parties from time to time, including those who suffer personal injuries at premises where we provide services. In addition, claims involving us could result in time-consuming and costly litigation, arbitration, or administrative or other legal proceedings. Further, there are 105 work-related incidents and injuries resulting in employees' compensation claims during the Track Record Period, and out of which 32 claims have been settled by our employees' compensation insurance and the remaining 73 incidents are in the course of negotiations between our Group and the employee or insurer. It is possible that the workers in these incidents (including those already settled by insurance) may claim against us under the Work Injury Compensation Act or pursue personal injury claims against us under common law in Singapore. For details of the claims during the Track Record Period, please refer to the section headed "Business — Environmental, Health and Workplace Safety — Employees' compensation claims" in this document.

Our insurance policy for work injury compensation is renewed every year and may be revised upon renewal. There is no assurance that our insurance policies will fully cover us for future events and if we have to pay out of our own resources for any uninsured claims, our financial results may be materially and adversely affected. Furthermore, regardless of the insurance coverage or the merits of our case, we may need to spend resources and incur costs to handle these claims, which may affect our reputation in the environmental services industry and therefore adversely affect our business operations, financial results and profitability. Expenses we incur in legal proceedings, arbitration, or claims brought by or against us and where any such legal proceedings or arbitration results in a judgment or award against us, could have a material adverse effect on our business, financial position, results of operations and prospects. Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group was not involved in any actual, pending or threatened arbitration, litigation or administrative proceedings of material importance, which had or could have had a material adverse impact on our business, results of operation or financial condition.

We had been involved in certain non-compliances in relation to the late reporting of work injuries during the Track Record Period

Our operations are subject to various laws and regulations, in particular pertaining to the reporting of work injuries. For details, please refer to the section headed "Regulatory Overview — C. Laws and regulations in Singapore in relation to workplace safety and health" in this document. During the Track Record Period and up to the Latest Practicable Date, our operating subsidiaries, namely Eng Leng and Titan, had an aggregate of 52 instances of late reporting of work injuries. Composition fines in aggregate of S$1,500 were imposed on us in relation to three of the late reporting instances and the potential maximum penalty for the rest of the late reporting incidents is S$485,000. Further details are set out under the section headed "Business — Environmental, health and workplace safety — Workplace safety and health non-compliance" in this document. There is no guarantee that we will not be fined or penalised by the MOM for our late reporting incidents. In the event that the MOM strengthens the enforcement of the relevant laws and regulations on work injury reporting and imposes penalties on us in the future, our Group's business, financial condition and operating results may be materially and adversely affected.

The increase in depreciation expenses and other operational expenses following the implementation of our business strategies and future plans may adversely affect our financial results

Our business strategies include, amongst others, the expansion of our service capacity, improvement of quality and efficiency of our services, and the broadening of our service offerings in Singapore. The net **[REDACTED]** from the **[REDACTED]** will be applied towards, amongst others, hiring of additional manpower, purchasing or leasing of machinery and equipment, potential acquisition of a landscaping company and investment in software. The purchase of machinery and equipment and investment in software is expected to increase our aggregate depreciation and amortisation expenses and other related expenses by approximately S$0.1 million, S$0.2 million and S$0.3 million for the three years ending 31 December 2022, respectively, which may adversely affect our financial results. The costs to lease automated machinery and equipment is expected to be approximately S$0.1 million, S$0.5 million and S$0.7 million for the three years ending 31 December 2022. Further, the expansion of manpower is estimated to increase staff costs by approximately S$0.2 million, S$1.2 million and S$1.4 million collectively for the three years ending 31 December 2022, respectively. If we fail to secure sufficient new profitable contracts in a timely manner, or if the aforementioned staff costs increase without a corresponding increase in revenue, our profitability may be adversely affected. Please refer to the sections headed "Future Plans and Use of **[REDACTED]**" and "Business — Business strategies" in this document for more information on our future plans and business strategies.

We may record net cash outflow in operating activities in the future

We cannot assure that we will not experience a period of negative cash flow from our operating activities or negative cash balance in the future. In the event that we are unable to generate positive operating cash flow or have sufficient working capital to meet our present or future financial needs, we may be required to obtain external financing and such financing activities

may increase our finance costs, and we cannot guarantee that we will be able to obtain the financing on terms favourable or acceptable to us, or at all. If we are unable to do so, we will be in default of our payment obligations and maybe unable to execute our business strategies as planned. We may also be forced to abandon our development and expansion plans. As a result, our business, financial conditions and results of operations may be materially adversely affected.

Our business strategies may not be successfully implemented which may adversely affect our prospects

Our Directors are of the view that our business strategies have been prepared after due and careful enquiry regarding, amongst others, the future prospects of the environmental services industry in Singapore, our competitive strengths, and other relevant factors. Our future business strategies are formulated based on certain assumptions, and the successful implementation of our business strategies may be affected by a number of factors including the availability of sufficient funds, government policies relevant to and affecting our industry, micro- and macro-economic conditions, our ability to maintain our existing competitive strengths and our business relationships with customers, and the threat of substitutes and/or new market entrants. There is no assurance that our business strategies can be successfully implemented. Any material adverse change in the environment in which we operate may result in our failure to implement any part of our business strategies, and may adversely affect our prospects. Please refer to the sections headed "Future Plans and Use of **[REDACTED]**" and "Business — Business strategies" in this document for more information on our Group's future plans and business strategies.

Loss of our key management and any inability to attract and retain management staff will adversely affect our operations and financial performance

Our executive Directors and senior management team are responsible for key aspects of our business, including but not limited to, maintenance of customer relationships, developing new business opportunities and project management. Most of our executive Directors and senior management team have been with us for over 10 years. We believe that our Group's success and growth depends on our ability to identify, hire, train and retain suitable, skilled and qualified key personnel. If any of our executive Directors or senior management cease to be involved in our Group in the future and we are unable to find suitable replacements in a timely manner, there may be an adverse impact on our business, operations, and overall financial performance.

Damage to our brand name or failure to protect our brand name may affect the attractiveness of our services

Our business is sensitive to customers' perception of the safety and quality of our services. We operate under the brand "Eng Leng" and "Titan" and as at the Latest Practicable Date, we had registered (i) one trademark in Hong Kong; and (ii) two trademarks in Singapore and applied for the registration of one trademark in Thailand. However, if there is any misuse by third parties of our brand (e.g. our subcontractors or third party service providers or our employees), if we are unable to detect, deter and prevent misbehaviour and misconduct by our employees or if we fail to effectively protect our brand and trademarks, our reputation could be damaged and our business and financial performance may be materially and adversely affected.

RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

Any fluctuation in the Singapore market such as the occurrence of a natural disaster, economic recession, epidemic outbreak and any other incidents will affect our financial performance

During the Track Record Period, the majority of our revenue was derived from our operations in Singapore. Any unforeseeable circumstances occurring in Singapore, such as natural disasters, economic recession and any other incidents may adversely affect our business, prospects, financial conditions and results of operations. Our Group is also heavily dependent on the environmental services industry in Singapore, which is subject to fluctuations. In particular, any downturn in the Singapore environmental services industry is likely to have an adverse impact on our business and profitability due to the possibility of postponement, delay or cancellation of contracts and delay in recovery of receivables.

In addition, an epidemic or outbreak of communicable diseases may adversely affect our business, prospects, financial condition and results of operations. For example, the recent outbreak of the novel coronavirus (COVID-19) in Singapore may result in temporary suspensions of our projects, shortage of labour given that our employees returning from certain countries may be put on quarantine under the Infectious Diseases Act (Chapter 137) of Singapore, and shortage of supplies, which may severely disrupt our operations and have a material and adverse effect on our business, financial conditions and results of operations.

Since the outbreak of COVID-19 in Singapore, the Singapore Government has announced measures, including travel restrictions and safe distancing measures in order to reduce the risk of local transmission of COVID-19. On 3 April 2020, the Singapore Government announced an elevated set of safe distancing measures, which includes closing most physical workplace premises and suspending all business, social and other activities that cannot be conducted through telecommuting from home from 7 April 2020 to 4 May 2020 (inclusive), save for those providing essential services and in selected economic sectors which are critical for our local and global supply chains. On 21 April 2020, the Multi-Ministry Taskforce announced that it would extend the period for which the Circuit Breaker Measures would be in effect until 1 June 2020 (inclusive). The Multi-Ministry Taskforce had subsequently announced on 19 May 2020 that Singapore will re-open in

three phases to progressively lift the Circuit Breaker Measures, with the first phase to be implemented with effect from 2 June 2020. Our business and operations maybe disrupted if we are required to suspend our operations due to such measures imposed by the Singapore Government or if any of our employees or employees of our subcontractors are issued quarantine orders or stay-home notices as this may require us and our subcontractors to quarantine some or all of our employees and disinfect our workplace and facilities used for our operations. In particular, as most of our foreign workers are housed in workers dormitories in Singapore, in the event any person staying at the same workers dormitory is, or is suspected to be, a carrier of an infectious disease or if any of our foreign workers come into contact with such person who is confirmed to have an infectious disease, all our foreign workers staying in the affected workers dormitory may be issued quarantine orders and will not be able to report to work. In such an event, our business and operations may be materially and adversely affected if a significant number of our foreign workers are unable to report to work for a prolonged period of time.

In addition, our revenue and profitability may be materially affected if any health epidemic or virus outbreak affects the overall economic and market conditions in Singapore and the economy slowdown and/or negative business sentiment could potentially have an adverse impact on our business and operations. We are uncertain as to when the outbreak of COVID-19 will be contained, and we also cannot predict if the impact of an outbreak will be short-lived or long-lasting. If the outbreak of COVID-19 is not effectively controlled in a short period of time, our business, financial condition, results of operations and prospects may be materially and adversely affected. For further details of the potential effects of COVID-19 on our business and operations, please refer to the section headed "Summary — Recent developments — Outbreak of novel coronavirus (COVID-19)" in this document.

We may face employee retention and labour shortage issues due to the intensive nature of the environmental services industry and limited local labour force in Singapore

The environmental services industry in Singapore is highly labour intensive. However, the local labour force is limited as cleaning work is less attractive to local employees. Our Group is heavily dependent on labour for our operations, and any unforeseeable circumstances relating to the increase in the salaries of workers in the environmental services industry pursuant to the PWM, or the introduction of more restrictive Singapore Government policies relating to the hiring of foreign workers to undertake general cleaning works may adversely affect our ability to maintain and hire workers who are able to carry out contracted works to the standard demanded by our customers. We may also face retention issues as the environmental services industry in Singapore is fragmented with many industry players, and our employees are able to shift between employers more easily than in other industries. In the event that there is a shortage of workers, our business, prospects, financial conditions and results of operation maybe materially and adversely affected.

The environmental services industry in Singapore is highly competitive

The environmental services industry in Singapore which we operate in is highly competitive, with many competitors, some of whom may have comparatively better manpower, resources, licences and registrations, and brand names. As listed on the BCA website, as at the Latest

Practicable Date, there were 27 contractors registered under the FM02 workhead for "Housekeeping, Cleansing, Desilting and Conservancy" services with an L6 grade; and as listed on the NEA website, there were 1,364 licensed cleaning businesses in Singapore as at the Latest Practicable Date. There is no assurance that there will not be an increase in the number of contractors who are able to obtain the L6 grade under the FM02 workhead or obtain a cleaning business licence, or an increase in the number of contractors who have significant expertise and track record for contracts of a similar scale as our track record.

Further, the environmental services industry in Singapore may be affected by new initiatives introduced by the regulatory agencies. For example, the NEA introduced the Clean Mark Accreditation Scheme in 2010 as an initiative to raise the overall standards and professionalism of the cleaning industry through better employment practices and productivity initiatives. The Clean Mark Accreditation Scheme recognises businesses that deliver high cleaning standards through the training of workers, use of equipment to improve work processes and fair employment practices, which can have a positive effect on a contractor's corporate image. Based on the Frost & Sullivan Report, accredited Clean Mark companies are required to appoint a productivity manager to maintain continuous productivity improvements. With the recognition and promotion of productivity from the Singapore Government, the environmental services industry will have higher service standards and professionalism to provide high-quality of services to customers in the public and private sectors in Singapore. If we are unable to capitalise on Singapore Government-backed initiatives and adapt or compete against our competitors in the face of such changes, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Changes in regulatory requirements in Singapore and Thailand may affect our operating costs and profitability

Our operations are subject to laws and regulations in Singapore and Thailand that relate to matters such as licensing, workplace health and safety, and environmental protection, with certain material laws and regulations summarised in the section headed "Regulatory Overview" in this document. In the event that our operations fail to meet such legal requirements, we may be subject to fines or required to take remedial measures, and our ability to obtain new contracts may be affected. If any of these events occurs or if there are any changes in the legal landscape that results in our Group incurring additional costs to comply with them, it may increase our operating costs thereby adversely affecting our reputation, business, financial condition and results of operations.

RISKS RELATING TO THE [REDACTED]

No assurance of liquidity and possible price and trading volume volatility of our Shares

An active trading market for our Shares may not develop and the trading price of our Shares may fluctuate significantly. Prior to the **[REDACTED]**, there has been no public market for our Shares. The **[REDACTED]** range has been determined through negotiation between our Company and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) and the final **[REDACTED]** may differ significantly from the price at which our Shares will be traded following the completion of the **[REDACTED]**. In addition, there is no assurance that an active trading

market for our Shares will develop, or, if it does develop, that it will be sustained following completion of the **[REDACTED]**, or that the trading price of our Shares will not decline below the **[REDACTED]**.

The pricing and trading volume of our Shares may be volatile. The market price of our Shares may fluctuate significantly and rapidly as a result of the following factors, among others, some of which are beyond our control:

- variations in our operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by us or our competitors;
- changes in investors' perception of our Group and the investment environment generally;
- addition or departure of key management;
- developments in the Singapore environmental services industry;
- changes in Singapore Government spending;
- changes in pricing made by us or our competitors;
- fluctuations in market prices and trading volume of the Shares;
- involvement in litigation; and
- general economic environment and other factors.

These broad market and industry fluctuations may adversely affect the market price of our Shares.

In addition, the Stock Exchange has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies quoted on the Stock Exchange. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of their Shares regardless of our operating performance or prospects.

Since there will be a gap of several days between pricing and trading of our [REDACTED], holders of our [REDACTED] are subject to the risk that the price of our [REDACTED] could fall when the trading of our [REDACTED] begins

The **[REDACTED]** of our Shares will be determined on the **[REDACTED]**. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the 8th business day after the **[REDACTED]**. As a result, investors may not be able to sell or

otherwise deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall when trading begins as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

There is no guarantee that we will declare dividends in the future

During the Track Record Period, no dividend was paid or declared by the Company. For the subsidiaries of our Group, dividends of approximately S$3.6 million, S$5.3 million and S$5.5 million have been declared and paid by our subsidiaries to the then shareholders of such subsidiaries for the three years ended 31 December 2019, respectively. From 1 January 2020 and up to the Latest Practicable Date, subsidiaries of our Group declared and paid dividends of approximately S$4.5 million.

The value of dividends declared and paid in previous years should not be relied on by prospective investors as a guide to the future dividend policy of our Group or as a reference or basis to determine the amount of dividends payable in the future. There is no assurance that dividends will be declared or paid in the future, at a similar level or at all, and in any form. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions (if any) and other factors which our Directors deem relevant. In any event, there is no assurance that our Company will receive sufficient distribution from our subsidiaries to support any future profit distribution to our Shareholders, or that the amounts of any dividends declared by our Company in the future, if any, will be of a level comparable to dividends declared and paid by us in the past, or by other listed companies in the same industry as our Group.

Termination of the [REDACTED]

Prospective investors should note that the **[REDACTED]** are entitled to terminate their obligations under the **[REDACTED]** by **[REDACTED]** and **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) by giving written notice to our Company upon the occurrence of any of the events stated in the section headed "**[REDACTED]** — **[REDACTED]** arrangement and expenses — Grounds for termination" in this document at any time prior to 8:00 a.m. (Hong Kong time) on the **[REDACTED]**. Such events include, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, pandemic, act of terrorism, earthquake, strike or lock-out. Should **[REDACTED]** and **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) exercise their rights and terminate the **[REDACTED]**, the **[REDACTED]** will not proceed and will lapse.

Future sales of substantial amounts of our Shares in the public market may adversely affect the prevailing market price of our Shares

Except for Shares issued in the **[REDACTED]**, our Company has agreed with the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) not to issue any of our Shares or securities convertible into or exchangeable for our Shares during the period beginning from the

date of this document and continuing through the date which is six months from the date on which dealings in our Shares commence on the Stock Exchange, except with the prior written consent of the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**). Further, our Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this document and up to twelve months from the **[REDACTED]**. After these restrictions lapse, the market price of our Shares may decline as a result of sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuances may occur. This may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

Shareholders' interests may be diluted as a result of additional equity fund-raising

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 us 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.

For the purpose of further expansions or new developments in our existing operations, our Group may need to raise additional funds in the future by way of issue of new equity or equity-linked securities of our Company to finance further expansion of our business, joint ventures or other strategic partnerships and alliances. Such fund-raising exercises may not be conducted on a pro-rata basis to existing Shareholders. As such the shareholding of the then-Shareholders may be reduced or diluted, and such new securities may confer rights and privileges that take priority over those conferred by our Shares.

The interests of our Controlling Shareholders may conflict with the interests of our Company's public shareholders

Immediately upon the completion of the Capitalisation Issue and the **[REDACTED]**, our Controlling Shareholders will own **[REDACTED]**% of our enlarged issued share capital. Therefore, our Controlling Shareholders will be able to exercise substantial control or influence over our business by directly or indirectly voting at shareholders' meetings in matters that are significant to us and our public Shareholders. For example, they may perform significant corporate actions, affect composition of the Board and affect the issue of dividends. Our Controlling Shareholders may take actions, and exercise influence that favours their interests over the interests of our Company or our public Shareholders. We cannot assure you that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interests of our other Shareholders.

Proceeds from the [REDACTED] may be subject to foreign exchange risk

Our headquarters and principal place of business is in Singapore with our sales and purchases mainly denominated in Singapore dollars while the proceeds from the **[REDACTED]** will be denominated in HK dollars. Since 1 January 2017 and up to the Latest Practicable Date, Singapore dollar has appreciated by approximately 2.8% against the HK dollar, from 1.00 to 5.36 as at 1 January 2017, to 1.00 to 5.51 as at the Latest Practicable Date. As such, we may be exposed to fluctuations in exchange rate and any unfavourable fluctuation against our Group may adversely affect the underlying value of our proceeds from the **[REDACTED]**.

Shareholders and investors could face difficulties in protecting their interests because our Company was incorporated under the laws of the Cayman Islands and these laws could provide different protections to minority Shareholders than the laws of Hong Kong

Our corporate affairs are governed by the Memorandum and the Articles and by the Companies Law and the laws of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders could differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. Such differences could mean that the minority Shareholders could have different protections than they would have under the laws of Hong Kong.

We have significant discretion as to how we will use the net [REDACTED] of the **[REDACTED]**, and you may not necessarily agree with how we use them

Our management may spend the net **[REDACTED]** from the **[REDACTED]** in ways you may not agree with or that do not yield a favourable return to our Shareholders. Please see the section headed "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" for more information. However, our management will have significant discretion as to the actual application of our net **[REDACTED]**. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific use we will make of the net **[REDACTED]** from the **[REDACTED]**.

RISKS RELATING TO INFORMATION CONTAINED IN THIS DOCUMENT

Investors should not place undue reliance on facts, statistics and data contained in this document with respect to the economies and our industry

Certain facts, statistics and data in this document 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 have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst our Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by us, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any of their respective directors, affiliates, or advisers. Therefore, none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Due

to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this document may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance 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.

You should read the entire document and we strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the [REDACTED]

There may be press and media coverage regarding us or the **[REDACTED]**, which may include certain events, financial information, financial projections and other information about us that do not appear in this document. We have not authorised the disclosure of any other information not contained in this document. We do not accept any responsibility for any such press or media coverage and we 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 document is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for them. Accordingly, we strongly caution prospective investors to 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 document.

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

This document contains certain statements and information that are "forward-looking" and uses forward-looking terminology 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 Group's growth strategy and expectations concerning our future operations, liquidity and capital resources. Investors of the 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 not within our Group's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations by our Company that our plans or objectives will be achieved and investors should not place undue reliance on such forward-looking statements. Our Company does 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. Please refer to the section headed "Forward-looking Statements" in this document for further details.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the **[REDACTED]**, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Rule 8.12 of the Listing Rules requires that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our principal business operations are primarily located in Singapore and will continue to be based in Singapore, our executive Directors and senior management members are and will continue to be based in Singapore. At present, none of our executive Directors is ordinarily resident in Hong Kong. We have applied to the Stock Exchange for, and obtained, a waiver from strict compliance with the requirements set out in Rule 8.12 of the Listing Rules subject to the following conditions:

(a) We have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. Hong Rui Sheng, our executive Director, and Mr. Lau Chung Wai, our company secretary. Mr. Lau Chung Wai, is ordinarily resident in Hong Kong. Although Mr. Hong Rui Sheng does not ordinarily reside in Hong Kong, he possesses or is eligible to apply for valid travel documents to visit Hong Kong and he has never been rejected for application of such documents. 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 home, office, mobile and other telephone numbers, email address and correspondence address (if the authorised representative is not based at the registered office), facsimile numbers if available, and any other contact details prescribed by the Stock Exchange from time to time. Each of the authorised representatives has been duly authorised to communicate on our behalf with the Stock Exchange. Both of them will be able to meet with the Stock Exchange within a reasonable period of time, when required;

(b) Our authorised representatives have means of contacting all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the authorised representatives and our Directors, our Company has implemented a policy whereby (a) each Director will provide his office phone number, mobile phone number, residential phone number, office facsimile number and email address to the authorised representatives; (b) each Director will provide valid phone numbers or means of communication to the authorised representatives when he travels; and (c) all Directors will provide their mobile phone numbers, office phone numbers, email addresses and office fax numbers to the Stock Exchange;

(c) Our Company has, in accordance with Rule 3A.19 of the Listing Rules, also appointed Fortune Financial Capital Limited as its compliance adviser, who will act as an additional channel of communication with the Stock Exchange. The compliance adviser will advise on on-going compliance requirements and other issues arising under the

Listing Rules and other applicable laws and regulations in Hong Kong for a period commencing on the **[REDACTED]** at least until the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the **[REDACTED]**;

(d) Meetings between the Stock Exchange and our Directors could be arranged through our authorised representatives or our Company's compliance adviser, or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in our Company's authorised representatives and compliance adviser; and

(e) Each Director who is not ordinarily resident in Hong Kong has confirmed that he has valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period upon request.

CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue, certain transactions which will constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon the **[REDACTED]**. Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to certain continuing connected transactions between us and certain connected persons under Chapter 14A of the Listing Rules. For further details in this respect, please see the section headed "Continuing Connected Transactions" in this document.

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

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[REDACTED]

INFORMATION ABOUT THIS DOCUMENT AND THE [REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Toh Eng Kui (卓榮貴先生)	41 Jalan Sajak Singapore 769585	Singaporean
Mr. Hong Rui Sheng (唐瑞聲先生)	714 Ang Mo Kio Avenue 6 #14-4020 Singapore 560714	Singaporean
Mr. Peh Poon Chew	720 Woodlands Avenue 6 #03-618 Singapore 730720	Singaporean
Independent non-executive Directors		
Mr. Koh How Thim (高厚琛先生)	125 Kim Tian Road #05-96 Singapore 160125	Singaporean
Mr. Tan Wu Hao (陳武豪先生)	75 Florissa Park Singapore 789658	Singaporean
Mr. Wong Yuk (王旭先生)	2 Section F 7th Street Fairview Park Yuen Long New Territories Hong Kong	Chinese

Further information is disclosed in the section headed "Directors and Senior Management" of this document.

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**Fortune Financial Capital Limited** 43/F, Cosco Tower 183 Queen's Road Central Hong Kong *A corporation licensed by the SFC to carry out type 6 (advising on corporate finance) regulated activity under the SFO*
[REDACTED]	**[REDACTED]**
	[REDACTED]
	[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

[REDACTED] **[REDACTED]**

[REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS AND PARTIES INVOLVED IN THE [REDACTED]

Legal advisers to our Company

As to Hong Kong law:
Luk & Partners
In Association with
Morgan, Lewis and Bockius
Suites 1902–09, 19th Floor
Edinburgh Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to Singapore law:
Morgan Lewis Stamford LLC
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

As to Thailand law:
R&T Asia (Thailand) Limited
973 President Tower, 12th Floor
Units 12A–12F, Ploenchit Road
Lumpini, Pathumwan
Bangkok 10330
Thailand

As to Cayman Islands law:
Conyers Dill & Pearman
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Legal adviser to the Sole Sponsor and the [REDACTED]

As to Hong Kong law:
Robertsons
57th Floor, The Center
99 Queen's Road Central
Hong Kong

Auditors and reporting accountant

PricewaterhouseCoopers
Certified Public Accountants
and Registered Public Interest Entity Auditor
22nd Floor, Prince's Building
Central
Hong Kong

Independent industry consultant	**Frost & Sullivan Limited** Suite 1706, One Exchange Square 8 Connaught Place Central Hong Kong
Independent Internal Control Consultant	**Baker Tilly Consultancy (Singapore) Pte Ltd** 600 North Bridge Road #05-01 Parkview Square Singapore 188778
Receiving bank	**Industrial and Commercial Bank of China (Asia) Limited** 33/F., ICBC Tower 3 Garden Road Central Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	Unit 629A, 6th Floor Star House, No. 3 Salisbury Road Tsim Sha Tsui, Kowloon Hong Kong
Headquarters and principal place of business	6 Tagore Drive #B1-02 Tagore Industrial Building Singapore 787623
Company secretary	**Mr. Lau Chung Wai** *(HKICPA)* Flat B, 17th Floor Block 2, Harmony Garden Siu Sai Wan Hong Kong
Authorised representatives	**Mr. Hong Rui Sheng** 714 Ang Mo Kio Avenue 6 #14-4020 Singapore 560714 **Mr. Lau Chung Wai** *(HKICPA)* Flat B, 17th Floor Block 2, Harmony Garden Siu Sai Wan Hong Kong
Audit committee	Mr. Wong Yuk (王旭先生) *(Chairman)* Mr. Koh How Thim (高厚琛先生) Mr. Tan Wu Hao (陳武豪先生)
Remuneration committee	Mr. Koh How Thim (高厚琛先生) *(Chairman)* Mr. Wong Yuk (王旭先生) Mr. Tan Wu Hao (陳武豪先生)

CORPORATE INFORMATION

Nomination committee	Mr. Tan Wu Hao (陳武豪先生) *(Chairman)* Mr. Wong Yuk (王旭先生) Mr. Koh How Thim (高厚琛先生)
Compliance adviser	**Fortune Financial Capital Limited** 43/F, Cosco Tower 183 Queen's Road Central Hong Kong
[REDACTED]	**[REDACTED]**
[REDACTED]	**[REDACTED]**
Principal banker	**Oversea-Chinese Banking Corporation Limited** 65 Chulia Street OCBC Centre Singapore 049513
Company website	**www.hygieiagroup.com** *(Note: The contents of this website do not form part of this document)*

The information and statistics in this section, unless otherwise indicated, are derived from various private and official governmental publications, publicly available sources and the Frost & Sullivan Report, a market research report prepared by Frost & Sullivan and commissioned by our Group. We believe that the sources of the information in this section are appropriate sources for such information, and we 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 that would render such information false or misleading. The information prepared by Frost & Sullivan and set out in this section has not been independently verified by us, the Sole Sponsor, the ***[REDACTED]****, the* ***[REDACTED]****, the* ***[REDACTED]*** *or any other party involved in the* ***[REDACTED]*** *(except Frost & Sullivan) and they do not give any representations as to its accuracy or correctness and accordingly it should not be relied upon in making, or refraining from making, any investment decision.*

SOURCE AND RELIABILITY OF INFORMATION

Our Group commissioned Frost & Sullivan, an independent market research company, to conduct an analysis of, and to produce a report on, the cleaning services market in Singapore for use in this document. Frost & Sullivan is an independent global consulting firm founded in 1961, and offers industry research, market strategies and provides growth consulting and corporate training on a variety of industries. The information from Frost & Sullivan disclosed in this document is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of HK$630,000, and is disclosed with the consent of Frost & Sullivan.

The Frost & Sullivan Report was undertaken through both primary and secondary research obtained from various sources. Primary research included interviews with industry experts and participants in cleaning services market in Singapore. Secondary research involved reviewing the statistics published by the government official statistics, industry publications, annual reports and data based on Frost & Sullivan's own database. Frost & Sullivan also adopted the following primary assumptions while making projections on the macroeconomic environment, the cleaning services market in Singapore:

- Singapore's economy is expected to grow at a steady rate supported by favourable government policies as well as global economic recovery, among other factors; and
- The social, economic and political environment of Singapore is likely to remain stable during the forecast period, which will ensure a sustainable and steady development of the cleaning services market in Singapore.

Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. Our Directors confirm that after taking reasonable care, the sources of information used in this section, which are extracted from the Frost & Sullivan Report, are reliable and not misleading as Frost & Sullivan is an independent professional market research agency with extensive experience, and there is no material adverse change in the overall market information since the date of the Frost & Sullivan Report that would materially qualify, contradict or have an impact on such information.

OVERVIEW OF CLEANING SERVICES IN SINGAPORE

Definitions and Classification of Environmental Services

Environmental Services Industry in Singapore includes general cleaning services, landscaping services and waste management and others. The clients are in both the public and private sectors. Public sector refers to government and public utility companies while private sector includes individuals, real estate developers and other private companies.

The cleaning services in Singapore include provision of various cleaning services to both public and private premises. Public premises include residential, public facilities, parks, recreation venues while private premises include offices, shopping malls, industrial buildings, factories. Cleaning services can be categorized into general cleaning and special cleaning, such as high-rise cleaning and cleaning room cleaning. The increasing demand from the public and private sectors has driven the upward trend of the cleaning services industry in Singapore.

The landscaping services in Singapore include installation and upgrade of sidewalks, walls and fences, pavers, rocks and decks, garden cultivation and maintenance services, as well as lawn maintenance.

The waste management services in Singapore include collection, transportation and disposal services of general waste, horticultural waste, chemical and toxic waste, collection and sorting services of recycles, and composite waste management.

Environmental services in Singapore is generally categorised as follows:

	General Cleaning Services	Specialised Cleaning Services
Cleaning Services	— Public area cleaning services for residential buildings — Cleaning services for public premises — Cleaning services for shopping malls, industrial buildings and factories and schools — Office cleaning services — Housekeeping services — Garbage disposal services — Car park cleaning services — Conservancy services	— High rise cleaning services — Cleanroom cleaning services — Dishwashing services — One-off post-construction cleaning services
Landscaping Services	— Installation and upgrade of sidewalks, walls and fences, pavers, rocks, decks — Garden cultivation and maintenance services — Lawn maintenance services	
Waste Management	— Collection, transportation and disposal services of general waste, horticultural waste, chemical and toxic waste — Collection and sorting services of recycles — Composite waste management	
Others	— Pest control and fumigation services — Desilting services — Dewatering Services — Washing of treatment units	

Source: Frost & Sullivan

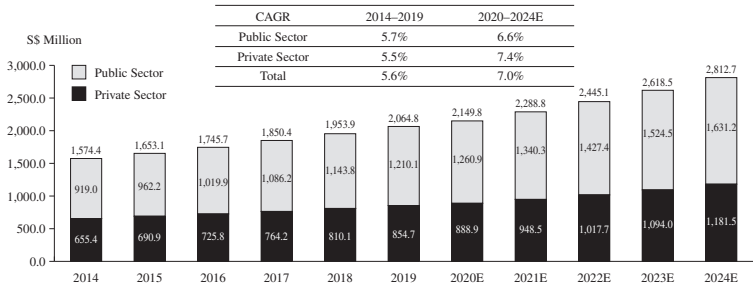
Market Size of Cleaning Services by Sector

With the growth of Singapore's economy and rising trend in seeking professional cleaning service providers, the demand for cleaning services has continued to rise. In 2014, the market size by revenue was S$1,574.4 million and increased to approximately S$2,064.8 million in 2019, demonstrating a CAGR of 5.6% during this period. The continuous demand would further drive the industry growth with improving technology such as using cleaning robots to improve cleaning efficiency and reduce labour costs.

Moreover, the increasing supply of real estate properties would also trigger additional growth in demand. For instance, the number of HDB residential properties, which are public housing planned and developed by Housing & Development Board ("HDB"), is expected to reach approximately 1,195,026 units by 2024. The number of private residential properties and executive condominiums are also expected to further grow and reach approximately 454,492 units and approximately 63,570 units by 2024, respectively. The outbreak of COVID-19 in 2020 is expected to impose short term negative impacts on Singapore's macro economy, especially for the tourism and retail sectors in early 2020. In order to tackle the outbreak of COVID-19 in Singapore, the Multi-Ministry Taskforce has announced the implementation of Circuit Breaker Measures on 3 April 2020 and would be effective until 1 June 2020 (inclusive). Circuit Breaker Measures require closure of physical premises, except entities that provide essential services. Therefore, the temporary closure of businesses have lower the demand for cleaning services, especially in tourism and retail sectors. On 2 May 2020, the Multi-Ministry Taskforce announced to ease some of the Circuit Breaker Measures from 5 May 2020 onward and gradually resume economic and community activities after the end of circuit breaker period on 1 June 2020. Also, the outbreak of COVID-19 has increased the cost of cleaning services, as customers require increase cleaning frequency and cleaning services companies bear additional costs in providing protection gear to their on-site cleaners. However, the outbreak of COVID-19 is unlikely to impose long-term impact to the economic conditions of Singapore and cause material impact to the cleaning services market in Singapore.

According to the NEA, there are over 1,200 cleaning companies in 2020, and as such the cleaning services market in Singapore is highly fragmented. The keen competition in the market has caused the price competition for new sales and renewal of contracts which may affect the revenue of cleaning industry in the future. From 2020 to 2024, the market size by revenue of the cleaning services sector is expected to reach approximately S$2,812.7 million in 2024, at a CAGR of approximately 7.0%.

Market Size of Cleaning Services by Sector (Singapore), 2014–2024E



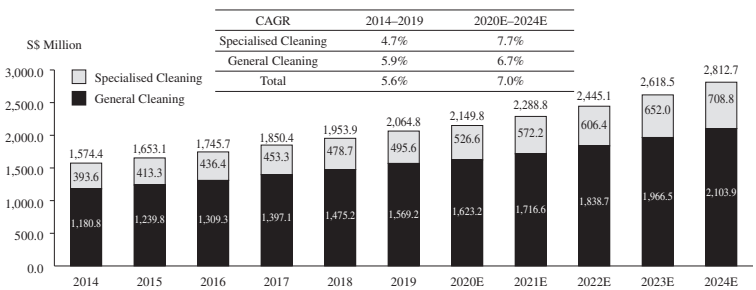
Source: Singapore Department of Statistics; Frost & Sullivan

Market Size of Cleaning Services by Services Type

Specialised cleaning services mainly include high-rise cleaning, cleanroom cleaning, dishwashing services and one-off post-construction cleaning. The market size of specialised cleaning services by revenue has seen an increase from S$393.6 million in 2014 to S$495.6 million in 2019, representing a CAGR of approximately 4.7%. For general cleaning services, the market size by revenue increased from S$1,180.8 million in 2014 to S$1,569.2 in 2019, representing a CAGR of approximately 5.9%.

Along with the increasing commercial and residential area in Singapore, the specialised cleaning services market is expected to reach S$708.8 million by 2024, with a CAGR of approximately 7.7% from 2020 to 2024. Also, the general cleaning market is expected to reach S$2,103.9 million by 2024, representing a CAGR of approximately 6.7% from 2020 to 2024.

Market Size of Cleaning Services by Services Type (Singapore), 2014–2024E

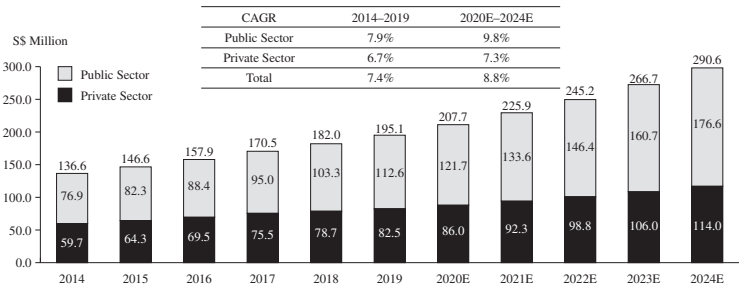


Source: Singapore Department of Statistics; Frost & Sullivan

Market Size of Landscaping Services

The demand for landscaping services in Singapore is driven by the national vision of "Garden City", with aims to transform Singapore to a country with abundant lush greenery and a clean environment. The implementation process has gone from tree planting to park creating, generating substantial demand for landscaping & maintenance services. The market size by revenue of the landscaping services sector in Singapore reached approximately S$195.1 million in 2019, at a CAGR of approximately 7.4% from 2014 to 2019 and is expected to reach approximately S$290.6 million by 2024, at a CAGR of approximately 8.8% from 2020. The increase in supply of public spaces also create strong driving forces for the growth in demand for landscaping services in Singapore. The total area of parks, playgrounds and related public open spaces has reached approximately 2,811.0 hectares in 2018 and is expected to further grow in the foreseeable future, substantially driving the demand for landscaping services.

Market Size of Landscaping Services (Singapore), 2014–2024E

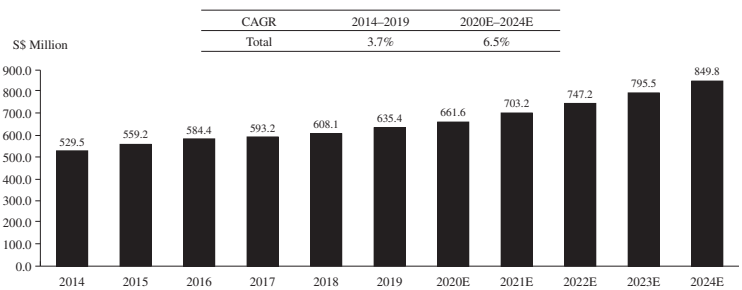


Source: Singapore Department of Statistics; Frost & Sullivan

Market Size of Waste Management Services

The market size of waste management services in Singapore has increased from S$529.5 million in 2014 to S$635.4 million in 2019, representing a CAGR of 3.7%. The increase is attributable to the growth of Singapore's population and economy, which leads to a rising amount of waste produced from various industry sectors. As the NEA aims to work towards transforming Singapore into a Zero Waste Nation, and reach an overall recycling rate of 70% by 2030 from 60% in 2018. The demand for waste management services is expected to increase in both public and private sectors. For the next five years, the market size is expected to increase at a CAGR of 6.5% from 2020 to 2024, reaching S$849.8 million in 2024.

Market Size of Waste Management (Singapore), 2014–2024E



Source: Frost & Sullivan

Market Drivers and Trends for Cleaning Services

- ***Growing demand from commercial and residential buildings***

Along with the growing national economy, the number of commercial and residential buildings has seen an increasing trend in Singapore. The total number of HDB units has increased from 965,200 units in 2014 to 1,079,200 units in 2019 with a CAGR of 2.3% and it is expected to reach 1,195,026 units in 2024, representing a CAGR of approximately 2.1% since 2019. The available office space in Singapore has experienced an increase from 7,553 thousand sqm in 2014 to 8,108 thousand sqm in 2019 at a CAGR of 1.4% and is expected to reach 8,702.8 thousand sqm, demonstrating a CAGR 1.5% from 2020 to 2024. The number of available private residential properties has also experienced a growth from 308,814 units in 2014 to 373,561 units in 2019, representing a CAGR of 3.9% and is forecasted to reach 454,492 units in 2024, representing a CAGR of 4.0% from 2020 to 2024. The growing number of residential and commercial buildings has driven the demand for cleaning services. Moreover, the awareness of public hygiene also has driven the demand for professional cleaning services in commercial and residential areas.

- ***Increasing productivity***

The Singapore Government has a focus on increasing the productivity in different industries, including the cleaning services industry. For example, the Clean Mark Accreditation Scheme by the NEA recognizes businesses that deliver high cleaning standards through the training of workers, use of equipment to improve work processes, as well as those that have fair employment practices. Accredited companies are required to appoint a productivity manager to maintain continuous productivity improvements. With the recognition and promotion of productivity from the Singapore Government, the cleaning services industry will have higher service standards and professionalism to provide high-quality services to public and private sectors. The licensing requirements of the cleaning business license also include the training for cleaning workforce. All cleaners, including local and foreign workers, full time and part-time workers are required to attend at least 1 module under the ECWSQ framework.

- ***Adoption of advanced technologies***

The cleaning service providers are aiming to improve and optimise their service delivery by using more advanced equipment and machinery, such as smart cleaning machines and vehicles, to enhance operational efficiency and lower labour costs. Also, the Singapore Government implemented a series of incentive schemes and policies to improve the industry structure and promote the use of automation. For example, the Info-communications Development Authority of Singapore along with the Workforce Singapore and the Environmental Management Association of Singapore introduced the Robot-as-a-Service pilot solution to the cleaning services industry in 2014, which aimed to redesign workflow processes and transform the cleaning services industry to become manpower lean. With the use of technology and advanced equipment, the productivity of the cleaning services industry can be improved.

- ***Growing trend of integrated environmental service***

The Singapore cleaning services and landscaping services market is still relatively fragmented and is in the growth stage of its lifecycle model. This is exemplified by the following economic conditions for outsourced service providers: lower average costs due to economies of scale, increased sales volume due to more customers choosing to outsource environmental services functions. The business strategies normally employed by providers of such services during the growth stage include integrated service offerings, improvements in service quality, introducing price reductions, and expanding its service and geographical coverage in the market. Initially, environmental services in Singapore were provided by a number of different suppliers, each specialising in individual services. Increasingly, a trend appears to be present where service providers in the cleaning services and landscaping market began to offer a broader suite of services, acting as the sole counterparty responsible for overseeing the provision of multiple services with the end customer, resulting in becoming an integrated environmental service provider.

It is anticipated that this trend will continue to gain popularity in the coming years, where there is an increasing preference for customers to appoint a single provider to oversee an array of environmental services to save on fees and simplify operations. In terms of benefits to integrated environmental services providers, this includes economies of scale, being able to cross-sell new services to its existing customer base and leveraging existing fixed costs.

Market Drivers and Trends for Landscaping Services

- ***Increasing supply of landscaping infrastructure***

The rising supply of parks and other open spaces in Singapore provides continuous demand for landscaping services. According to the National Parks Board, the total maintained area of parks, playgrounds, fitness corners and park connectors has increased to 2,811 hectares in 2018 from 2,363 hectares in 2013.

In addition to the growth in the public sector, there is an increasing number of community gardens continuously being established in Singapore in recent years under the "Community in Bloom" Initiatives ("**CIB**"), a government scheme which aims to foster a community spirit and bring together residents, both young and old, to make Singapore a "Garden City". By the end of 2018, the CIB scheme had 1,400 gardens across Singapore with a coverage of approximately 20,000 residents and is expected to further increase the number of community gardens to 2,000 by 2030.

Hence, the rising supply of landscaping infrastructures such as parks, playgrounds and roadside greenery as well as community gardens would drive market demand for landscaping services.

- ***Strong government support***

In order to promote the development and growth of the landscaping industry, the Singapore Government has promulgated many incentive schemes and policies. For instance, the Landscape Productivity Grant ("**LPG**") Scheme administered by the Centre for Urban Greenery & Ecology since 2013, has committed approximately S$3.6 million to support more than 50 companies under the first tranche. The LPG scheme aims to encourage landscaping companies to purchase landscape equipment. The second LPG scheme was also announced with several enhancements, where eligible companies can receive up to S$300,000 in funding.

Meanwhile, the Singapore Government has launched and introduced a series of campaigns for creating and maintaining a green economy, such as the Clean and Green Singapore (CGS) by the NEA.

Hence, the strong government support would further drive industry activities and growth for landscaping services in Singapore.

Market Drivers and Trends for Waste Management Services

Support from government

The amount of solid waste generated in Singapore reached 7.70 million tonnes in 2018. In order to manage the solid waste and support the industry, the Singapore Government has implemented various policies. In the Environmental Service Industry Transformation Map ("**ES ITM**") for waste management and cleaning sectors, NEA has developed different strategies to transform the industry to improve productivity, promote growth, and create better jobs. The ES ITM provides opportunities for technology collaboration and adaptation in the waste management sectors, such as using on-site food waste digesters to increase productivity and reduce costs. Moreover, the Skills Framework for Environmental Services provides skills recognition and supports the design of training programmes for skills and career development to enhance business competitiveness and support employment and employability in the environmental services industry.

Trend of waste recycling

The NEA aims to work towards transforming Singapore into a "Zero Waste Nation", and reach an overall recycling rate of 70% by 2030 from 60% in 2018. In order to better manage the waste generated, the NEA plans to develop an Integrated Waste Management Facility ("**IWMF**") to meet the long-term solid waste management needs, which will be able to process a large amount of incinerable waste, household recyclables collected under National Recycling Programme ("**NRP**"), source-segregated food waste, and dewatered sludge from Tuas Water Reclamation Plant. IWMF will be developed in phases and the first phase of waste-to-energy facility is expected to completed by the middle of 2023. Moreover, the Singapore Government also encourages citizens to "reduce, reuse, recycle" in different premises. For example, the NRP launched in 2001 required public waste collectors licensed by NEA to provide recycling bins and recycling collection services to all HDB

estates, private landed properties and condominiums or private apartments. With the promotions and practices from Singapore Government, waste recycling has become a trend in the waste management sector.

Market Opportunities and Threats

Industry consolidation

The cleaning services industry is a fragmented industry with a significant number of small players. According to the Singapore Department of Statistics, there were 2,016 licensed contractors in cleaning services and landscape maintenance industry in 2018. In order to gain more market share and increase the chance of obtaining large projects, the cleaning services industry in Singapore is expected to have an increase in mergers and acquisitions. Large scale companies prefer to acquire companies with waste disposal and landscaping services as the entry barriers for these two sectors is higher, such as requirements for licenses, initial capitals and skills. Expansions of companies can help the daily operation become more efficient. The industry is expected to develop more diversified services and provide better services to customers through consolidation, as companies can acquire more high-quality labour, advanced technology, and assets in acquisitions.

Increasing Labour Cost

As a labour-intensive industry, labour costs comprises a large proportion of operating costs. Increasing labour cost have created pressure to the cleaning industry in Singapore. Under requirements of the PWM for cleaning services and landscape sectors, the wage of local workers has seen an increase. The average monthly income of both local and foreign cleaning service workers in Singapore has seen an increase. The monthly income of local worker has increased from S$1,355 in 2014 to S$1,723 in 2019 while the monthly income of foreign workers also rose from S$596 in 2014 to S$769 in 2019. From July 2020 onward, the PWM minimum wage of local general cleaners in cleaning sector will rise to S$1,236 per month while the minimum wage of local landscape workers will rise to S$1,450 per month. Moreover, a PWM bonus of at least two weeks of basic monthly wages will be payable to eligible employees in a given year from 2020. Other than the increasing wages, cleaning service providers are also responsible for providing accommodation for foreign workers and training for all workers. Therefore, the rising wages, accommodation and training costs lead to increasing labour costs in the industry.

Labour shortage

The cleaning services industry in Singapore is a labour intensive industry. The local labour force is limited as the average wage of the cleaning services industry is generally lower than the average salary of other industries and the cleaning work is less attractive to local employees. The cleaning services industry in Singapore prefers to hire foreign workers as they have lower salaries than local workers. Foreign workers have to apply for work permits in Singapore, which have restrictions on nationalities, ages and the maximum period of employment. Moreover, the number of work permit holders that a company can hire is limited by the dependency ratio ceiling ("**DRC**"), or quota, and a levy is required. However, the Singapore Government is tightening the conditions to employ foreign workers, such as limiting the number of work permits and increasing the levy for work permit holders to encourage local enterprises to reduce dependence on foreign workers and upgrade local workers. According to the MOM, the DRC for the services sector is currently 40% and the levy rates and tiers require employers who hire close to the maximum quota to pay a higher levy. The DRC for the services sector will be deducted to 38% from 1 January 2020, and to 35% from 1 January 2021.

Employee retention issue

In the cleaning services industry, the quality of labour directly affects the services delivery and customer experience. Therefore, the cleaning service providers highly rely on their employees and aim to employ more full-time and high-quality workers. The training of full-time employees is time-consuming and costly, therefore recruiting and retaining high-quality employees is a great challenge for cleaning service providers. As the cleaning services market is fragmented with many industry players, employees are able to shift between employers more easily than in other industries. According to the MOM, the labour turnover rate in cleaning and landscaping industry in 2018 is 4.2%, which is relatively higher than that of other industries. The high turnover rate in cleaning and landscaping service industry is mainly due to low salary, less attractive job nature and competition for labour within the industry. Moreover, the absence of labour may lead to liquidated damaged claims due to delayed services. In order to keep high-quality labour, industry participants need to improve the working environment and welfare for the workers.

Accident Rate

The number of workplace accidents in cleaning and landscape maintenance activities in Singapore includes the number of minor injuries and fatal injuries. The number of workplace accidents has increased from 116 cases in 2013 to 211 cases in 2018, representing a CAGR of 12.7%. Accident Frequency Rate (AFR) measures how often work accidents occur per million man-hours worked. The AFR of cleaning and landscaping maintenance activities in Singapore increased from 0.8 in 2013 to 1.2 in 2018 with a CAGR of 3.0%. The rise of accidents number will increase the cost of injury compensation.

Cost Analysis

The cleaning services industry is considered as a labour-intensive industry with increasing labour costs accounting for a significant part of the operation cost. Local workers are generally paid a higher wage than foreign workers. In Singapore, foreign workers play an important role in labour-intensive industries including the cleaning services industry as the local workforce is limited and more costly. The average monthly income of cleaning service workers is expected to increase in the future and create cost pressures on the daily operation of cleaning services providers.

The average monthly income of both local and foreign cleaning service workers in Singapore has increased. The monthly income of local workers has increased from S$1,355 in 2014 to S$1,723 in 2019 with a CAGR of 4.9% from 2014 to 2019. The monthly income of foreign workers has also risen from S$596 in 2014 to S$769 in 2019 with a CAGR of 5.2%from 2014 to 2019.

From July 2020 onward, the minimum wage of local general cleaners in the cleaning services sector will rise to S$1,236 per month. Moreover, a PWM bonus of at least two weeks of basic monthly wages will be payable to eligible employees in a given year from 2020.

COMPETITIVE LANDSCAPE OF CLEANING SERVICES INDUSTRY IN SINGAPORE

Overview

According to the BCA, there are seven major groups of registration heads, namely Construction Workheads ("**CW**"), Construction Related Workheads ("**CR**"), Mechanical & Electrical Workheads ("**ME**"), Facilities Management Workheads ("**FM**"), Trade Workheads ("**TR**"), Supply Workheads ("**SY**") and Regulatory Workheads ("**RW**"). The CRS is administered by the BCA to serve procurement needs of government departments, statutory bodies and other public sector organisations including first level subcontractors involved in government projects.

Workhead for waste management services is included in Building and Construction Authority (BCA) registered contractors FM02 — Housekeeping, Cleansing, Desilting & Conservancy Service. National Environment Agency also licenses general waste collectors (GWCs) in Singapore. GWCs primarily serve industrial and commercial premises.

The cleaning services sector in Singapore is very fragmented with top 5 players accounting for approximately 16.1% of the market share in 2019. According to the BCA, as at the Latest Practicable Date, there are 401 companies in Singapore registered as FM02 — Housekeeping, Cleansing, Desilting & Conservancy Service contractors, providing various kind of cleaning services.

According the NEA, as at the Latest Practicable Date, there were 1,364 licensed cleaning companies in Singapore.

The Group has recorded a revenue of S$76.4 million in 2019, representing a market share of 3.7% in the Singapore cleaning services industry. The Group is one of the 27 contractors having a grading of L6 of FM02.

BCA Registered Contractor Numbers by Workheads (Singapore), 2020/06/02

Registered Contractor							
Facilites Management	***FM02 — Housekeeping, Cleansing, Desilting & Conservancy Service***						
	Total	L1	L2	L3	L4	L5	L6
	401	243	16	33	29	53	27
	FM03 — Landscaping						
	Total	L1	L2	L3	L4	L5	L6
	299	220	13	21	15	28	2
	FM04 — Pest Control						
	Total	L1	L2	L3	L4	L5	
	108	85	7	9	6	1	

Source: BCA, NEA, Frost & Sullivan

Rankings of Cleaning Services Providers by Revenue in Singapore, 2019

Rank	Company name	Company type	Estimated revenue (Million S$)	Market shares
1	Company A	Private	88.1	4.3%
2	**The Group**	**Private**	**76.4**	**3.7%**
3	Company B	Private	76.3	3.7%
4	Company C	Private	47.0	2.3%
5	Company D	Private	44.4	2.2%
		Others	1,732.6	83.9%
		Total	2,064.8	100%

Source: Frost & Sullivan

Note: Company A was delisted in 2019

COMPETITIVE LANDSCAPE OF LANDSCAPING SERVICES INDUSTRY AND WASTE MANAGEMENT SERVICES INDUSTRY IN SINGAPORE

The landscaping services market in Singapore is fragmented with over 200 companies providing landscaping services in 2019. The top 5 market players in landscaping services industry comprised 36.1% of market share in 2019. The waste management market is also fragmented. There were over 300 waste management services providers in Singapore in 2019 with top 5 players accounting 49.3% of market share.

Rankings of Landscaping Services Provider in Singapore, 2019

Rank	Company name	Company type	Estimated revenue (Million S$)	Market shares
1	Company A	Private	19.2	9.8%
2	Company E	Private	16.2	8.3%
3	Company F	Private	14.3	7.3%
4	Company G	Private	11.4	5.8%
5	Company H	Private	9.4	4.8%
		Others	124.6	63.9%
		Total	195.1	100%

Source: Frost & Sullivan

Note: Company A was delisted in 2019

Rankings of Waste Management Services Provider in Singapore, 2019

Rank	Company name	Company type	Estimated revenue (Million S$)	Market shares
1	Company M	Subsidiary of listed company	157.0	24.7%
2	Company A	Private	69.0	10.9%
3	Company I	Listed	38.4	6.0%
4	Company J	Subsidiary of listed company	27.0	4.2%
5	Company K	Private	21.7	3.4%
		Others	322.3	50.7%
		Total	635.4	100%

Source: Frost & Sullivan

Note: Company A was delisted in 2019

Notes:

1. Company A was founded in 1986 which is an environmental services provider in the public and private sectors in Singapore. Their environmental services include waste management, cleaning and conservancy and horticultural services. It serves residential, commercial and industrial customers, as well as schools and departments of the Singapore Government. It was listed on Singapore Exchange Limited in 2011 and delisted in 2019.

2. Company B is an integrated environmental solutions specialist and professional cleaning company established in 1988 in Singapore. The company provides cleaning solutions, pest management, specialised cleaning solutions, waste management and offsite dishwashing solutions services, while preventing health risks and ensuring environmental sustainability. It serves residential, commercial and industrial customers, as well as schools and departments of the Singapore Government.

3. Company C was founded in 1985. It offers custodial & janitorial services, external facade cleaning services, landscaping & horticultural services, pest management services and waste management services. It provides services to residential, commercial and industrial customers, as well as departments of the Singapore Government.

4. Company D provides a range of comprehensive solutions for the cleaning industry in Singapore, which was incorporated in 1994. Their cleaning solutions includes conservancy cleaning, commercial & industrial cleaning, institutional cleaning and external facade cleaning. It serves residential, commercial and industrial customers, as well as schools and departments of the Singapore Government.

5. Company E is a landscaping contractor and golf management specialist in Singapore, which was established in 1991. Its landscaping services include landscape design, implementation and maintenance, urban park management and maintenance and arboriculture consultancy. It serves customers from both the public and private sectors, including residential and commercial areas, as well as departments of the Singapore Government.

6. Company F was incorporated in 2003. It provides reliable and quality commercial landscaping services in Singapore. Its services include landscape maintenance, horticulture services, arboriculture services, turf management, grass cutting, tree pruning, tree cutting and tree removal. It has served the Singapore Government, commercial buildings, colleges, townships, gardens, and institutions.

7. Company G was established in 1990 and is primarily involved in landscaping, recycling, horticulture waste management and maintenance. Its services include nursery planting, landscape maintenance, arboriculture, floral services, green waste disposal recycling, rental of equipment and consulting services. It has served various hotels, parks, townships, high tech factories, the Singapore Government and private organisations.

8. Company H is an established integrated one-stop environmental services provider founded in 1988. It specialises in providing landscaping services, cleaning services and waste management services across the public and private sectors in Singapore. It provides services for residential and commercial customers.

9. Company I is a public company established in 1971 which specialises in waste management services in Singapore. It provides many innovative value-added services which include the fully mechanised waste disposal vehicles and portable waste compactors used in the industry today. It specialises in waste disposal for a wide portfolio of clients including commercial offices, shopping complexes, food courts, cineplexes, residential buildings and warehouses.

10. Company J was established in 1998. It specialises in optimised resource management, providing innovative waste, water and energy management solutions. It works across the whole spectrum of environmental services including integrated waste and recycling management of hazardous and non-hazardous waste, industrial services, public cleansing and water management. It provides waste management services for residential, commercial and industrial customers and departments of the Singapore Government.

11. Company K was founded in 2004. It provides waste management solution which includes waste collection and disposal solution and recycling services for residential and commercial area in Singapore.

12. Company M is a fully-owned subsidiary of an energy, urban development and marine group, with business across multiple markets worldwide. The company is an integrated waste management service provider that operates in Singapore only. Its waste management services include waste collection and recycling services to various sectors, such as residential, commercial and industrial sectors.

Factors of Market Competition

Diversified services offerings

The cleaning services, landscaping services and waste management services providers have to serve clients from both private and public sectors, including public and private residential buildings, shopping malls, office buildings, factories and warehouses, schools and government. Clients from different sectors have specific requirements for cleaning services, for example, commercial cleaning services need cleaning of floor and carpets, internal walls and external walls on a regular basis. The cleaning services providers that are able to provide one-stop cleaning solutions to customers is more competitive in the market, such as delivering integrated cleaning services, including cleaning, landscaping services and waste management services.

Reputation and business relationships

The cleaning services, landscaping services and waste management services providers need to participate in an open tender to obtain contracts in the public sector. Sometimes, they are also invited to quote projects in private sectors. Customers tend to choose services providers with more experiences and a longer proven track record. Also, they often prefer services providers who have a decent brand reputation, so as to secure the service quality. Moreover, service providers have to maintain a close business relationship with customers and upstream suppliers to ensure the quality of service delivery. Good business relationship with customers in private sectors is an important factor to consider for a contract extension as well.

Labour management

Both cleaning, landscaping and waste management services industry are labour intensive, which require a large number of workers for daily operations. The recruitment and management of employees are critical to the business of cleaning services and landscaping services providers. Labour management includes employee training according to the scope of works, as well as the courses required by the NEA, BCA, and the MOM. The training courses can ensure labour quality and service quality, and provide knowledge of working safety to both local and foreign employees.

Entry Barriers

- ***Sufficient and continuous investment for equipment and human resources***

A significant amount of capital to finance equipment and labour cost is required in the cleaning services, landscaping services and waste management services industry in Singapore, where the consistently rising labour cost, and the high initial start-up cost of purchasing advanced equipment (e.g. autonomous scrubbers) and material, payment for performance deposit, subcontracting charges and providing comprehensive worker training program are barriers for newcomers.

Moreover, capital investments for advanced equipment and increasing productivity are necessary for market players to hold competitive advantages in the industry. Therefore, it is critical for the cleaning services and landscaping services providers to have a sound financial position and sufficient working capital to maintain daily operations and implement works.

- ***Techniques for providing high-quality services***

Professional techniques are also regarded as a barrier in the cleaning services, landscaping services and waste management services industry, where many disciplines and numerous fields of expertise are involved, such as cleanroom and high-rise cleaning, landscape architecture, botany, architecture design, garden design and construction techniques, planting and conservation

techniques, and ecological restoration techniques. The landscaping services industry also belongs to the construction engineering business which illustrates a wide range of core tasks such as business contracting, engineering design, implementation and maintenance.

Only enterprises with mature and comprehensive business systems can offer high-quality services such as technical solutions design ability, cost measurement and project quotation abilities. New entrants without accumulated professional skills will encounter technical barriers in the industry.

- ***High standard in building solid business network***

The general cleaning services, landscaping services and waste management services industry participants require a long-term solid business network with both upstream suppliers and downstream customers. The relationships with suppliers, such as cleaning products and labour suppliers, can ensure the quality of services. A good relationship with customers can help services providers to provide better-customised services and increase chances to win the tenders. Therefore, existing market players who have solid business relationships and networks are more competitive than new entrants. It is difficult for new entrants to establish a trustworthy and long-term business relationship with both upstream and downstream participants to stay competitive in the market.

OVERVIEW OF CLEANING SERVICES IN THAILAND

Market Size of Cleaning Services

The market size of cleaning services industry in Thailand by revenue has increased from THB9,179.2 million in 2014 to THB10,309.9 million in 2019, representing a CAGR of 2.4%. Driven by continuous growth in tourism sector and Thailand's Environmental Policies towards sustainable development goals proposed in 2017, the market size of cleaning services industry in Thailand is expected to reach THB11,924.2 million by 2024, representing a CAGR of 3.0% from 2020 to 2024. The public sector of Thailand's cleaning services industry is expected to develop faster at a CAGR of 3.1% from 2020 to 2024, reaching THB3,138.4 million by the end of 2024. The private sector is forecasted to reach THB8,785.8 million in 2024, with a CAGR of 2.9% from 2020 to 2024.

Future Development Trends

The booming of tourism sector: Continuously growing demand from tourism sector in Thailand leads to a booming demand of cleaning services for both public and private areas, as more amusement parks, airport terminals, and private institutions are built, especially in popular tourist destinations, including Bangkok, Phuket, Pattaya, etc. For example, the opening of Terminal 2 of U-Tapao International Airport in February 2019, Marvel Experience Thailand in June 2018.

Upgrade of procurement methods: The development of procurement methods and the introduction of E-procurement in the public sector is bringing new opportunities for the cleaning services industry, leading to a more competitive market, where participants can always keep up with new situations.

Migrants and workers from other neighbouring Southeast Asian countries: Foreign workers from nearby Southeast Asian countries is expected to substitute local workers to become major practitioners of this industry. Since 2015, the cleaning services industry in Thailand has been facing significant worker shortage due to low pay and other psychological factors, bringing big challenges for further expansion of business of this industry. In order to maintain low cost, Thai cleaning services companies are turning to hire migrants and overseas workers from Southeast Asian countries, such as Myanmar, Cambodia and Laos. In March 2018, the new version of the Royal Ordinance on the Management of Foreign Workers Employment B.E. 2560 (2017) was approved by the Cabinet of the Thai Government. The new version relaxed the restriction of hiring foreign workers in Thailand, including the change of permission system and notification system and the removal of restrictions on accommodation zoning of foreign workers.

The following is a summary of the main laws and regulations of Singapore and Thailand that are material and specific to our business as at the Latest Practicable Date. As this is a summary, it does not contain detailed analysis of the Singapore laws and Thai laws referred to herein.

LAWS AND REGULATIONS IN SINGAPORE

A. LAWS AND REGULATIONS IN SINGAPORE IN RELATION TO THE CLEANING BUSINESS

I. Cleaning Business Licence

Overview

With effect from 1 September 2014, businesses offering general cleaning services at premises or any public places, even if these services form only part of their overall business, are required to obtain a cleaning business licence with the exception of those that are under the list of excluded cleaning works. Cleaning businesses must meet the following requirements in order to be licensed:

Registration	Track record		Training for cleaning workforce[(1)(2)(3)(4)]	Progressive wage plan[(5)(6)]
	Existing cleaning business	New start-ups		
Registration with ACRA for sole proprietorships, partnerships, limited partnerships, limited liability partnerships and companies. Registration with the Registry of Societies for associations and societies.	Have at least one cleaning contract on-going or completed in the 12 months preceding the licence application.	Have at least one employee: (a) with no less than two years of practical experience in supervising cleaning work; or (b) who has attended the requisite training modules under the EC WSQ as prescribed, namely, WSQ Supervise Service Operations and WSQ Demonstrate and Apply Understanding of Cleaning Methods and Processes.	Cleaners are required to attend at least one module under the EC WSQ framework or the Institute of Technical Education Skills Certificate in Housekeeping Operations (Healthcare).	Cleaning businesses have to submit a progressive wage plan for resident[(7)] cleaners employed.

Notes:

(1) Not including cleaners who are employed for less than three months as at the date of licence application or licence renewal.
(2) At the point of licence application and throughout the licence period, at least 50% of the cleaners are to be trained.
(3) At the point of licence renewal and throughout the licence period, 100% of the cleaners are to be trained.
(4) Training compliance has to be maintained throughout the licence period and applies to both resident and foreign cleaners (full-time, part-time and casual inclusive).
(5) The progressive wage plan shall specify the basic wage for each class of cleaners which should conform to the wage levels specified by the Commissioner for Labour, based on the recommendations of the Tripartite Cluster for Cleaners ("**TCC**").
(6) Progressive wages apply to resident cleaners whether they are full-time, part-time or casual employees.
(7) Singapore citizens or permanent residents.

Every cleaning business licence shall be deemed to be granted subject to, *inter alia*, the following conditions:

- *cleaning business records:* the licensee must keep records in relation to its cleaning business;
- *training records:* the licensee must keep training records for each cleaner (for as long as the cleaner is employed by the licensee);
- *training requirements:* the licensee must comply with the requisite training requirements (as described in the table above) at the point of licence application, licence renewal and throughout the licence period;
- *written contract of service:* the licensee must enter into a contract of service in writing with every cleaner that it employs; and
- *issuance of pay slips:* the licensee must issue, at least once every month but no later than seven days after the last day of that month, a pay slip in respect of that month to each cleaner the licensee employs.

A cleaning business licence issued by the National Environment Agency is valid for one year and renewable on a yearly basis. As at the Latest Practicable Date, the details of the cleaning business licences held by Eng Leng and Titan were as follows:

Company name	Licence number	Licence expiry date
Eng Leng	NEA190425/3080W/R06	10 December 2020
Titan	NEA190204/1076K/R06	5 November 2020

Progressive Wage Model

The PWM helps to increase wages of workers through upgrading skills and improving productivity. The PWM for the cleaning sector comes under the cleaning business licence scheme administered by the NEA. Cleaning companies must meet the PWM requirements to obtain or renew their licences.

PWM Wage Structure

The PWM wage structure, the details of which are set out below, comprises three wage ladders for three broad categories of cleaning jobs, which are based on the NEA's classification of cleaning sub-sectors under the Enhanced Clean Mark Accreditation Scheme. Team leaders are recommended to be paid additional wage allowance starting from S$100 as they handle more job responsibilities. Wages and PWM bonus for part-time workers will be pro-rated.

Group	Description	Designation	With effect from 1 July 2018 to 30 June 2019[(1)]	With effect from 1 July 2019 to 30 June 2020[(1)]	With effect from 1 July 2020 to 30 June 2021[(1)]	With effect from 1 July 2021 to 30 June 2022[(1)]
Group 1	Office & Commercial — e.g. office, school, hospital and polyclinic	Supervisors	≥ S$1,720	≥ S$1,800	≥ S$1,854	≥ S$1,910
		Multi-skilled cleaners/ machine operators	≥ S$1,520	≥ S$1,600	≥ S$1,648	≥ S$1,698
		Outdoor cleaners/ healthcare cleaners	≥ S$1,320	≥ S$1,400	≥ S$1,442	≥ S$1,486
		General/indoor cleaners	≥ S$1,120	≥ S$1,200	≥ S$1,236	≥ S$1,274
Group 2	F&B Establishment — e.g. hawker centre and food court	Supervisors	≥ S$1,720	≥ S$1,800	≥ S$1,854	≥ S$1,910
		Multi-skilled cleaners/ machine operators	≥ S$1,520	≥ S$1,600	≥ S$1,648	≥ S$1,698
		Dishwashers/refuse collectors	≥ S$1,320	≥ S$1,400	≥ S$1,442	≥ S$1,486
		Table-top cleaners	≥ S$1,220	≥ S$1,300	≥ S$1,339	≥ S$1,380
		General cleaners	≥ S$1,120	≥ S$1,200	≥ S$1,236	≥ S$1,274
Group 3	Conservancy — e.g. Town council and public cleansing	Truck drivers (Class 4/5)	≥ S$1,820	≥ S$1,900	≥ S$1,957	≥ S$2,016
		Supervisors/Mechanical drivers	≥ S$1,720	≥ S$1,800	≥ S$1,854	≥ S$1,910
		Multi-skilled cleaners/ machine operators/ refuse collectors	≥ S$1,520	≥ S$1,600	≥ S$1,648	≥ S$1,698
		General cleaners	≥ S$1,320	≥ S$1,400	≥ S$1,442	≥ S$1,486

Note:

(1) Wages shown are for basic salary.

On 15 November 2018, the MOM announced that the TCC's recommended enhancements to the PWM would be accepted pursuant to which, *inter alia*, a mandatory annual bonus would be payable to eligible resident cleaners. The details of the PWM bonus are as follows:

- the PWM bonus has taken effect from 1 January 2020 and is payable to resident cleaners who have worked for the same cleaning business for at least 12 months. The length of service eligibility will be waived for circumstances beyond the cleaner's control such as when there is a change of service provider;

- the total PWM bonus quantum in a given year must be no less than two weeks of the cleaner's basic monthly wage; and

- the PWM bonus is to be paid at least once but not more than twice a year.

EC WSQ

The WSQ is a national credentialing system. The EC WSQ is one of the WSQ industry frameworks developed to-date, and is designed to help workers in the cleaning industry improve their employability as well as progress in their careers. This framework caters to the training of cleaning crew, stewards and supervisors in two sub-sectors: (a) commercial and private residential cleaning; and (b) public cleaning.

Enhanced Clean Mark Accreditation Scheme

The Clean Mark Accreditation Scheme (previously known as the Voluntary Accreditation Scheme) was launched on 21 July 2010. It recognises businesses that deliver high cleaning standards through the training of workers, use of equipment to improve work processes, and fair employment practices. The Clean Mark Accreditation Scheme was enhanced in 2012 to raise the overall standards and professionalism of the cleaning industry through better employment practices and productivity initiatives. The Singapore Government has been taking the lead by engaging only accredited businesses since 1 April 2013.

Cleaning businesses will be assessed in the following four areas:

(i) professional and regulatory cleaning standards;

(ii) environmental health and cleanliness standards;

(iii) operation planning, support and delivery; and

(iv) training, quality of manpower and general working conditions.

There are two levels of award under the scheme; namely the Clean Mark Silver Award and the Clean Mark Gold Award. The award is currently valid for one year and is renewable upon re-assessment. As at the Latest Practicable Date, Eng Leng and Titan have been awarded the Clean Mark Silver Award.

II. Contractors Registration System

Overview

The CRS is administered by the BCA to serve the procurement needs of government departments, statutory bodies and other public sector organisations including first level sub-contractors involved in government projects. Except for the Regulatory Workhead (RW), the CRS functions as an administrative body only for public sector procurement. As such, business entities

which are not registered with the BCA are not restricted from conducting business as contractors or suppliers outside the public sector. There are seven major registration categories under the CRS, namely Construction Workhead (CW), Construction-Related Workhead (CR), Mechanical & Electrical Workhead (ME), Maintenance Workhead (MW), Supply Head (SY), Trade Head (TR) and Regulatory Workhead (RW). There are seven financial grades for CW, six financial grades for CR, ME, MW, SY and single grading for CR01, CR03, CR15, CR17, CR18, TR and RW. Registration of a contractor with the BCA and the grade assigned to it is dependent on the contractor fulfilling the requisite grade requirements relating to, among others, track record and performance, financial capacity and personnel resources. With effect from 1 April 2020, MW was renamed as Facilities Management Workhead (FM). A new FM01 Workhead has been introduced with 4 financial grades while the existing MW02, MW03 and MW04 have been renamed as FM02, FM03 and FM04 respectively.

The following table sets out the current registrations of Eng Leng and Titan in the CRS as at the Latest Practicable Date.

Company name	Workhead code	Title	Scope of work	Grade	Expiry date
Eng Leng	FM02	Housekeeping, Cleansing, Desilting & Conservancy Service	Includes cleaning and housekeeping services for offices, buildings, compounds, industrial and commercial complexes, desilting and cleansing of drains and grasscutting.	L6	1 May 2023
Titan	FM02			L5	1 April 2021

Tendering Limits for Different Grades under the Contractors Registration System

The tendering limit for projects in the public sector is determined by one's qualified grade under the CRS. As at the Latest Practicable Date, the tendering limits under the FM02 Workhead were as follows:

Tendering limit (S$ million)	Single grade	L6	L5	L4	L3	L2	L1
1 July 2019 to 30 June 2020	Unlimited	Unlimited	13	6.5	4	1.3	0.65
1 July 2020 to 31 December 2020	Unlimited	Unlimited	13	6.5	4	1.3	0.65

Registration and Retention Requirements

The validity for a first time registration is for a period of three years. Registration will thereafter lapse automatically unless a renewal (for a period of three years) is filed and approved by the BCA. In order to apply for, maintain and renew the registrations under the CRS, there are

different requirements to be complied with for different grades, including but not limited to, requirements relating to minimum paid up capital and net worth, employment of certain personnel with prescribed qualifications, and track record of past and current projects.

As at the Latest Practicable Date, the registration and renewal requirements for the workhead registrations held by Eng Leng and Titan were as follows:

Name	Facilities Management Workhead (FM)				Requirements		
	Workhead	Title	Grade	Financial[1]	Track record period (past 3 years)[2]	Personnel[3]	Management & development[4]
Eng Leng	FM02	Housekeeping, Cleansing, Desilting & Conservancy	L6	S$1.5 million	S$30.0m, of which — S$7.5m PS — S$3.0m MC — S$3.0m SP	2T, of which min 1T with BCCPE	bizSAFE Level 3/ ICQA
Titan	FM02	Service	L5	S$500,000	S$10.0m, of which — S$1.0m SP	2T, of which min 1T with BCCPE	bizSAFE Level 3/ ICQA

Notes:

(1) Both minimum paid-up capital and minimum net worth must be met separately. All L1 firms are required to submit the latest management accounts (not more than 12 months old).

(2) Completed projects in the past three years for all cases. Ongoing projects are acceptable for renewal and L1. "**PS**" refers to minimum projects executed in Singapore, "**MC**" refers to minimum main contracts (nominated sub-contracts may be included) and "**SP**" refers to minimum size single main contract or sub-contract.

(3) Unless otherwise directed by the BCA, "**T**" refers to a Certificate in Facilities Maintenance Supervision or equivalent. We have obtained a confirmation from the BCA that one individual holding a degree with BCCPE is sufficient to meet the personnel requirements described above. "**BCCPE**" refers to Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by BCA Academy. A director with BCCPE is acceptable for one company only.

(4) BizSAFE Level 3, OHSAS 18001 or ISO45001. ICQA (Integrated Construction Quality Assurance) is an alternative certification by BCA to meet ISO9001, ISO14001 and ISO45001/OHSAS18001/BizSAFE Level 3 requirement.

As at the Latest Practicable Date, such registration requirement were fully complied with.

B. LAWS AND REGULATIONS IN SINGAPORE IN RELATION TO THE GENERAL WASTE COLLECTION BUSINESS

Overview

NEA licenses general waste collectors in Singapore as well. General waste collectors primarily serve commercial and industrial premises. Class A general waste collection licences relate to the collection of inorganic waste, whereas Class B general waste collection licences relate to the collection of organic waste.

As at the Latest Practicable Date, Eng Leng held a Class A,B general waste collection licence which will expire on 30 April 2021, and Titan is pending issuance of its renewed Class A general waste collection licence and has already obtained in-principle approval for the renewal from the NEA. A general waste collection licence is generally valid for a period of one year.

Application Criteria

Applicants are required to fulfil, *inter alia*, the following criteria in order to apply for a Class A or Class B general waste collection licence:

- the ACRA business profile of the applicant must list SSIC Code 38100 (Collection of Waste) as one of its principal activities;

- all drivers employed by Class A & B general waste collectors must be WSQ-qualified to operate waste collection vehicles to collect waste and all crew employed by the applicant must be WSQ-qualified to carry out waste and recyclables waste collection;

- in respect of hooklift trucks, the applicant is required to: (a) provide inspection certificates from Singapore Accreditation Council ("**SAC**") accredited workshops to certify the vehicles are safe and fit for operation and compatible with the open top containers/compactors used; and (b) install reversing cameras to provide live feed into the driver's cabin when reversing;

- in respect of open top containers/compactors, the applicant is required to provide inspection certificates from SAC accredited workshops to certify the open top containers/ compactors are safe and fit for operation;

- in respect of rear end loaders, the applicant is required to provide: (a) water-tightness test reports to certify that the rear end loaders are leak-proof; and (b) letters of undertaking from suppliers to certify that the rear end loaders conform to SS EN1501 standards, where the packing systems only operate in semiautomatic or manual mode; and

- in respect of intermediate bulk containers, the applicant is required to provide: (a) purchase invoice; and (b) inspection certificates to certify that the intermediate bulk container is safe and fit for use.

Environmental Public Health (General Waste Collection) Regulations

Pursuant to the Environmental Public Health (General Waste Collection) Regulations Cap. 95 Regulation 12, Class A or Class B general waste collectors are expected to comply with, *inter alia*, the following:

- a licensee must label all vehicles and equipment owned or used by the licensee for the collection and transportation of general waste;

- a licensee shall ensure that its vehicles and equipment used for the collection of general waste are cleansed at the end of each work shift and maintained in good working condition;

- a licensee shall ensure that any general waste collection point under its charge is cleansed and maintained daily to be free from odours, stains, flies, vermin and rodents;

- a licensee shall ensure that the general waste or liquid from such waste is not dropped, scattered or spilled onto any public place; and

- a licensee shall keep and maintain proper records on the collection service for general waste rendered by it.

Conditions of General Waste Collection Licence

Under the conditions of the general waste collection licence issued by the NEA, licenced general waste collectors are expected to comply with, *inter alia*, the following:

- ensure that all vehicles, bins and equipment are inspected by a competent workshop and certified by a qualified person as being roadworthy and in a fit condition to collect, transport and dispose of waste at disposal facilities and be affixed with a certification label;

- ensure that the tippers, open lorries and bins are not overly filled with refuse and that the refuse is securely covered;

- maintain the vehicle(s), equipment and bins in a clean and good working condition and keep records of all transactions;

- ensure that drivers and crew have been trained and certified under the WSQ framework for the Waste Management Industry; and

- maintain proper records and provide a copy of all WSQ qualifications received by drivers and crew when the licence is renewed or whenever demanded by the NEA.

C. LAWS AND REGULATIONS IN SINGAPORE IN RELATION TO WORKPLACE SAFETY AND HEALTH

I. Workplace Safety and Health Act

Overview

The WSHA 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: (a) 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; and (b) ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees. The relevant regulatory body is the MOM.

Workplace Safety and Health (Incident Reporting) Regulations

Pursuant to Regulation 4 of the WSHIR, where any accident at a workplace occurs which leads to the death of any employee, the employer shall no later than 10 days after the accident submit a report to the CWSH. Pursuant to Regulation 6 of the WSHIR, where an employee meets with an accident at a workplace, the employer shall submit a report to the CWSH: (a) in the case where the employee is granted more than three days of sick leave (consecutive or otherwise), not later than 10 days after the third day of the sick leave; and (b) in the case where the employee is admitted in a hospital for at least 24 hours, not later than 10 days after the date of the accident.

II. Work Injury Compensation Act

The WICA provides that if in any employment personal injury by accident arising out of and in the course of the employment is caused to an employee, his employer shall be liable to pay compensation. This applies to any person who has entered into or works under a contract of service or apprenticeship with an employer (but does not includes any class of persons specified in the Fourth Schedule to the WICA). The WICA sets out, among other things, the amount of compensation such employees are entitled to and the method(s) of calculating such compensation. The relevant regulatory body is the MOM.

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: (a) submit a claim for compensation through the MOM without needing to prove fault or negligence on any party's part. There is a fixed formula in the WICA on amount of compensation to be awarded; or (b) commence legal proceedings to claim damages under common law against the employer for breach of duty or negligence.

Under Section 23 of WICA, every employer shall insure and maintain insurance under one or more approved policies with an insurer against all liabilities which he may incur under the provisions of WICA unless specifically exempted. An employer is required to buy work injury compensation insurance for all employees (both foreign and local) doing manual work (regardless of salary level) and all employees doing non-manual work who are earning $1,600 or less a month. Failure to provide adequate insurance is an offence carrying a fine of up to $10,000 or jail of up to 12 months, or both.

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 effect on 1 September 2020. Certain of the key amendments include (a) 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, designated Work Injury Compensation ("**WIC**") insurers are required to share policy and claims data with MOM. The data will be made available to all designated insurers approved by MOM, (b) 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 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, (c) enhancement of protection for employees. The WICA Subsidiary Legislation will be amended to extend mandatory insurance to non manual employees ("**NME**") regardless of where they work, and update the NME monthly salary threshold from S$1,600 to S$2,100 in April 2020 and to S$2,600 in April 2021. Further, compensation limits for death and permanent incapacity will be increased by about 10% to S$225,000 and S$289,000, respectively. The compensation limit for medical expenses will be increased by about 25%, from the current S$36,000 to S$45,000. This change to WICA Subsidiary Legislation has taken effect on 1 January 2020, and (d) providing more certainty for employers. There will be a prescribed core set of standard terms for WICA-compliant 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.

III. Infectious Diseases Act

The Infectious Diseases Act, Chapter 137 of Singapore ("**IDA**") relates to the quarantine and prevention of infectious diseases.

Quarantine Order

Under Section 15 of the IDA, the Director of Medical Services ("**DMS**") may order any person who is, or is suspected to be, a case or carrier or contact of an infectious disease to be detained and isolated in a hospital or other place for such period of time and subject to such conditions as the DMS may determine ("**Quarantine Order**"). Quarantine Orders are issued to Singapore residents and long-term pass holders returning from Hubei Province, as well as close contacts of confirmed COVID-19 cases. In order to mitigate the financial impact for employers whose employees have been served Quarantine Orders, employers who are Singapore-registered companies and whose employees under Quarantine Orders are Singaporean Citizens, Permanent Residents or work pass holders can apply for a Quarantine Order allowance of up to S$100 per day under the Quarantine Order Allowance Scheme after their employee has completed the quarantine. The MOM may revoke the work passes and withdraw work privileges against errant employers or employees.

Stay-Home Notice ("SHN")

With effect from 20 March 2020, 2359 hours, all travellers to Singapore (including all returning residents (Singaporeans and Permanent Residents) and returning long-term pass holders (including work pass holders) are placed on a 14-day SHN. Under the SHN, returnees will have to

remain in their place of residence during the 14-day period and minimise close contact with others and avoid having visitors to their residence. Employees who flout the SHN may face penalties and can be prosecuted under Section 21A of the IDA. Foreign workers may have their work passes revoked and be repatriated, and employers may also have their work pass privileges withdrawn. Eligible employers may, under the LOA/SHN Support Programme, apply for S$100 daily per affected worker for the required duration of paid SHN granted to the employee. Eligible employers will also qualify for a levy waiver for affected foreign workers for the SHN period.

Surveillance Order

Under Section 16 of the IDA, the DMS has the discretion to order any person who is, or is suspected to be, a case or carrier or contact of an infectious disease to undergo surveillance for such period of time and subject to such conditions as the DMS thinks fit.

Closure of Premises

Under Section 19 of the IDA, if the DMS has reason to believe that there exist on any premises conditions that are likely to lead to the outbreak or spread of any infectious disease, he may, amongst others, by written notice order the closure of the premises for a period not exceeding 14 days, and require the owner or occupier of the premises to cleanse or disinfect the premises in the manner and within the time specified in the notice or carry out such measures as the DMS may require in the manner and within the time specified in the notice. Such notice directing the owner or the occupier of the premises to close the premises may be renewed by the DMS from time to time for such period not exceeding 14 days as the DMS may, by written notice, specify.

Control of occupation, trade or business

Under Section 21 of the IDA, the DMS may also direct any person who is a case or carrier of an infectious disease and is carrying on or may carry on any occupation, trade or business, or any person carrying on any occupation, trade or business in a manner as is likely to cause the spread of any infectious disease, to take preventative action that the DMS reasonably believes is necessary to prevent the possible outbreak or prevent or reduce the spread of the infectious disease. Under the IDA, "preventative action" in the case of such direction includes, amongst others, requiring the person to stop carrying on, or not carry one, the occupation, trade or business during a period of time specified in the direction.

Offence

Any person who, without reasonable excuse, fails to comply with any requirement of such notice or direction given to that person by the DMS shall be guilty of an offence under the IDA. Where there are no specific penalties for such offences, any person guilty of an offence under the IDA for which no penalty is expressly provided shall (a) in the case of a first offence, be liable on conviction to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 6 months

or to both; and (b) in the case of a second or subsequent offence, be liable on conviction to a fine not exceeding S$20,000 or to imprisonment for a term not exceeding 12 months or to both pursuant to Section 65 of the IDA.

IV. Other laws, regulations and measures relating to COVID-19

COVID-19 (Temporary Measures) Act 2020 and COVID-19 (Temporary Measures) (Control Order) Regulations 2020

Under the COVID-19 (Temporary Measures) Act 2020 (the "**CTMA**"), which came into effect on 7 April 2020, there is provision for, *inter alia*, temporary relief from the inability to perform contracts in the form of a freeze on the taking of legal action for breach of certain scheduled contracts for the next 6 and possibly up to 12 months. Such scheduled contracts must have been entered into on or before 24 March 2020 and a party will be entitled to relief if they are unable to perform an obligation due to be performed on or after 1 February 2020. The inability to perform must be to a material extent caused by either the COVID-19 epidemic or pandemic or by any law, order or direction made because of COVID-19.

Under the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 which were issued pursuant to Section 34 of the CTMA and effective from 7 April 2020, heightened safe distancing measures have been implemented to pre-empt escalating infections of COVID-19.

Jobs Support Scheme

Under the Jobs Support Scheme, the government will co-fund between 25% to 75% of the first S$4,600 of gross monthly wages paid to each local employee in a ten-month period through cash subsidies. Employers will receive three main payouts in April, July and October 2020, with an additional special payout in May 2020. The level of support each employer will receive depends on the sector in which the employer operates.

D. LAWS AND REGULATIONS IN SINGAPORE IN RELATION TO EMPLOYMENT

I. Employment Act

The Employment Act is the main legislation governing employment in Singapore. With effect from 1 April 2019, the Employment Act covers every employee who is under a contract of service with an employer but does not include, *inter alia*, any seafarer or any domestic worker.

Part IV of the Employment Act contains provisions relating to, *inter alia*, working hours, overtime, rest days, payment of retrenchment benefit, priority of retirement benefit, annual wage supplement and other conditions of work or service and applies to: (a) workmen earning basic monthly salaries of not more than S$4,500; and (b) employees (excluding workmen or persons employed in a managerial or an executive position) earning basic monthly salaries of not more than S$2,600. Part X of the Employment Act contains provisions relating to paid public holidays, annual leave and sick leave.

Following the amendments to the Employment Act in effect from 1 April 2016, all employers must issue key employment terms ("**KETs**") in writing to certain employees. KETs include, *inter alia*, full names of employer and employee, job title, main duties and responsibilities, start date of employment, duration of employment (if employee is on a fixed-term contract), daily working hours, number of working days per week and rest days, basic salary, fixed allowances, fixed deductions, overtime rate of pay, leave, medical benefits, probation period and notice period. KETs which are not applicable to specific employees may be excluded from their contracts.

II. Employment of Foreign Manpower Act

Work Passes

The policies and regulations relating to the employment of foreign employees and manpower are set out, *inter alia*, under the 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. Section 5 of the EFMA provides that no person may employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him. Based on the information available from the MOM database as at the Latest Practicable Date, Eng Leng employed 413 foreign employees who hold work permits and 194 foreign employees who hold S passes, and Titan employed 84 foreign employees who hold work permits and 7 foreign employees who hold S passes. With effect from 31 January 2020, the MOM will reject all new work pass applications for foreign workers from mainland China until further notice. This will not affect renewal applications for existing work pass holders. With effect from 20 March 2020, MOM requires all new and existing work pass holders (including dependents) planning to enter or return to Singapore from any country, to obtain MOM's approval before they commence their journey. Approvals for any new applications will be very limited.

To help firms in the manufacturing and services sector better manage their manpower needs in view of the COVID-19 situation, MOM has introduced a six-month temporary scheme which started from 2 March 2020. Under the temporary scheme, firms in these sectors can hire existing PRC work permit holders with the agreement of their employers, without the workers having to leave Singapore. With effect from 1 April 2020, this scheme has been expanded to allow inter-sectoral transfer of foreign workers for all sections and to allow transfers of foreign workers whose work permits are nearing expiry for all sectors. In addition, with certain exceptions, work passes expiring from 6 May 2020 to 5 June 2020 will be automatically extended until 1 July 2020.

Work Permit

A work permit is generally issued to semi-skilled foreign employees. The duration of a work permit is generally two years, subject to the validity of the foreign employee's passport, the security bond and the foreign employee's employment period, whichever is shorter.

In respect of foreign employees who are issued with a work permit and who are not domestic workers, employers are required to comply with Part III and Part IV of the Fourth Schedule to the EFMR which provides that, *inter alia*, employers must ensure that: (a) such foreign employee only works for the employer and in the specified occupation; (b) the foreign employee has acceptable accommodation; and (c) it purchases and maintains medical insurance with coverage of at least S$15,000 per 12-month period of the foreign employee's employment (or for such shorter period where the foreign employee's period of employment is less than 12 months) for the foreign employee's in-patient care and day surgery. Where the employer purchases group medical insurance policy for his foreign employees, the employer shall not be considered to have satisfied the obligation under this condition unless the terms of the employer's group medical insurance policy are such that each and every individual foreign employee is concurrently covered to the extent required under such regulations.

S Pass

An S pass is generally issued to eligible mid-skilled foreign employees who have a fixed monthly salary of at least S$2,400, are degree or diploma holders and have the requisite years of relevant experience. The duration of an S pass is up to two years and is renewable. An application for an S pass is open to all nationalities.

In respect of foreign employees who are issued with an S pass, employers are required to comply with Part I and Part II of the Fifth Schedule to the EFMR which provides that, *inter alia*, employers must ensure that: (a) such foreign employee only works for the employer and in the specified occupation; and (b) it purchases and maintains medical insurance with coverage of at least S$15,000 per 12-month period of the foreign employee's employment (or for such shorter period where the foreign employee's period of employment is less than 12 months) for the foreign employee's in-patient care and day surgery. Where the employer purchases group medical insurance policy for his foreign employees, the employer shall not be considered to have satisfied the obligation under this condition unless the terms of the employer's group medical insurance policy are such that each and every individual foreign employee is concurrently covered to the extent required under such regulations.

Employment of Foreign Employees in Singapore under the Services Sector

To employ foreign employees for the services sector, employers have to meet specific requirements for business activity, source country, quota and levy, security bonds.

Business Activity

A company will be considered to be under the services sector if it has registered, *inter alia*, financial, insurance, real estate, infocomm or business services as its principal business activity.

Source Country

The permitted source countries or regions are: (a) Malaysia; (b) the PRC; and (c) NAS, namely: (i) Hong Kong (HKSAR passport); (ii) Macau; (iii) South Korea; and (iv) Taiwan.

Notwithstanding the above, on 2 December 1996, a special scheme allowing town council cleaning contractors to employ foreign employees from non-traditional sources (i.e., from Thailand, Philippines, India, Sri Lanka, Bangladesh, The Republic of the Union of Myanmar) ("**NTS**") was announced and the scheme came into effect on 1 March 1997. A cleaning company that wishes to employ foreign employees from NTS countries would have to first submit a completed prior approval form to the Work Pass Division of the MOM, and such prior approval form has to be endorsed by the supporting town council. Once the prior approval has been issued, the cleaning company may then proceed to submit a new work permit application for each NTS foreign employee.

Quota and Levy

The number of work permit holders that an employer can hire is limited by a quota (or dependency ratio ceiling) and subject to a levy. The levy rates are tiered so that those who hire close to the maximum quota will pay a higher levy. As at the Latest Practicable Date, the levy rates and tiers applicable to the services sector were as follows:

Type of Work Pass	Tier	Levy Rate (S$)
S Pass	Basic/Tier 1	330
	Tier 2	650
Work Permit	Basic/Tier 1 (up to 10% of the total workforce)	Higher-Skilled: 300 Basic-Skilled: 450
	Tier 2 (Above 10% to 25% of the total workforce)	Higher-Skilled: 400 Basic-Skilled: 600
	Tier 3 (Above 25% to 38% of the total workforce)	Higher-Skilled: 600 Basic-Skilled: 800

In view of the COVID-19 situation, there will be a waiver of the monthly foreign worker levy due in April 2020, May 2020 and June 2020 and a foreign worker levy rebate of S$750 in April 2020, May 2020 and June 2020 from levies paid for each work permit or S Pass holder. A 50% levy waiver and a S$375 levy rebate will be applicable for July 2020.

As at the Latest Practicable Date, the quota (or dependency ratio ceiling) for the services sector is currently set at 38% of the total workforce. The number of S pass holders is in turn limited to 13% of the total workforce for a company in the services sector. The maximum number of PRC work permit holders for a company in the services sector is calculated by the following formula: 8% x (total workforce + 1). The dependency ratio ceiling for the services sector will be reduced to 35% from 1 January 2021. For companies that exceed the new dependency ratio ceiling, they will be allowed to keep their excess foreign employees until the work permits expire but they will not be able to apply for new or renew work permits in excess of the new dependency ratio ceiling. In addition, the number of S pass holders will also be reduced from 13% to 10% with effect from 1 January 2021.

As at the Latest Practicable Date: (a) Eng Leng employed 413 work permit holders and 194 S pass holders, and was permitted to employ 94 additional work permit and/or S pass holders pursuant to the services sector dependency ceiling ratio; and (b) Titan employed 84 work permit holders and 7 S pass holders, and was permitted to employ 15 additional work permit and/or S pass holders pursuant to the services sector dependency ceiling ratio.

Security Bond

An employer is required to place a $5,000 security bond for each non-Malaysian work permit holder it wishes to employ. The bond is in the form of a banker's or insurance guarantee to support the security bond. It is used to ensure that both the employer and the foreign employee comply with the conditions of the work permit. The employer is not permitted to ask the foreign employee to pay for the bond, and the bond must be purchased before the foreign employee arrives in Singapore.

Housing of Foreign Employees

In accordance with the EFMA, employers must provide acceptable accommodation for foreign employees holding work permits, and provide the foreign employees' residential addresses to the MOM. In the event of any change to such residential addresses, the MOM must be notified within five days of such change. Employers are, subject to certain conditions, permitted to house their foreign employees in various types of housing, including but not limited to HDB flats. Foreign employees who are permitted to be housed in HDB flats include S Pass holders or work permit holders who are Malaysians or who work in the service sector.

Where an employer provides accommodation to foreign employees in an unregulated dormitory that the employer operates or rents from another, the employer must have, or rent an unregulated dormitory the operation of which involves, appropriate policies, procedures and controls that conform to requirements by or under the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 and the Foreign Employee Dormitories Act 2015 on the operation of dormitories.

III. Central Provident Fund Act

The CPF system is a mandatory social security savings scheme funded by contributions from employers and employees.

Pursuant to the CPFA, an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for 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 a yearly additional wage ceiling) of employees at the applicable prescribed rates which are dependent on, *inter alia*, 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.

E. SINGAPORE TAXATION

Corporate Tax

With effect from year of assessment 2010, a company is taxed at a flat rate of 17% on its chargeable income regardless of whether it is a local or foreign company. In addition, for years of assessment 2019 and before, the partial tax exemption scheme applies on the first S$300,000 of normal chargeable income; and specifically 75% of up to the first S$10,000 of a company's normal chargeable income, and 50% of up to the next S$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. For year of assessment 2020, 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. Further, companies will be granted a corporate income tax rebate of 50% of the tax payable for the years of assessment 2017, subject to a cap of S$25,000 for year of assessment 2017. Companies will 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, 20% of the tax payable for year of assessment 2019, subject to a cap of S$10,000 and 25% of the tax payable for year of assessment 2020, subject to a cap of S$15,000. Income tax payments for companies due in April 2020 are automatically deferred for 3 months to June 2020.

Dividend Distributions

One Tier Corporate Taxation System

Effective from 1 January 2008, Singapore resident companies can issue one-tier tax exempt dividends. This means shareholders will not be taxed on this dividend income. However, dividends received from shares in co-operatives are taxable.

Withholding Taxes

Singapore currently does not impose withholding tax on dividends.

Goods and Services Tax

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

LAWS AND REGULATIONS IN THAILAND

F. LAWS AND REGULATIONS IN THAILAND IN RELATION TO THE CLEANING BUSINESS

Foreign Business Act

There is no specific law and licence required for operating a cleaning services business in Thailand. However, to operate a cleaning services business, an operator must be a Thai individual or Thai juristic person as a cleaning services business is one kind of services business which a foreigner (a person who is not Thai) is prohibited to operate without obtaining approval from the Department of Business Development ("**DBD**"), under the Ministry of Commerce ("**MOC**"). The primary body of law with respect to foreign participation in various business activities in Thailand is the FBA. The FBA has restricted foreigners from engaging in some certain business activities as set out in the lists annexed to the FBA. Under the FBA, "foreigner" means any of the following:

(1) A natural person with no Thai nationality.

(2) A juristic person not registered in Thailand.

(3) A juristic person registered in Thailand having the following characteristics:

  (a) having half or more of the juristic person's registered share capital held by a person under (1) or (2) or a juristic person having the persons under (1) or (2) investing with a value of half or more of the total capital of the juristic person; or

  (b) a limited partnership or registered ordinary partnership having the person under (1) as the managing partner or manager.

(4) A juristic person registered in Thailand having half or more of its registered share capital held by a person under (1), (2) or (3), or a juristic person having the persons under (1), (2) or (3) investing with the value of half or more of its total capital.

The activities that are restricted to foreigners are divided into three lists. Essentially, the operation of businesses stipulated in List 1 of the FBA (prohibited businesses due to special reasons) is strictly prohibited to foreigners. Foreigners wishing to engage in one of the businesses in List 2 of the FBA (businesses related to national safety or security or affecting arts and culture, tradition, folk handicraft or natural resources and environment) would need to obtain a foreign business licence ("**FBL**") from the DBD together with the approval of the Cabinet of Thailand. In the case of the businesses in List 3 of the FBA (the businesses which Thai nationals are not yet ready to compete with foreigners) which a cleaning business falls within, an FBL would also be required from the Director-General of the DBD together with the approval of the Foreign Business Commission under the control of the MOC.

If any foreigner operates a business in violation of the FBA, Section 37 of the FBA will be applied which provides that "a foreigner operating a business in violation of the FBA (without an FBL) shall be liable to imprisonment for a term not exceeding three years or a fine of THB100,000 to THB1,000,000, or both, and the court shall order termination of the business operation. In case of violation of the court's order, such foreigner shall be liable to a fine at the daily rate of THB10,000 to THB50,000 during which the violation continues".

Service Contract

All service agreements are governed by Thai Civil and Commercial Code ("**CCC**"). Under the CCC, service agreements shall be categorised as the hire of work. The hire of work agreement is required, under the Thai Revenue Code ("**RC**"), to be affixed with stamp duty within 15 days from the date specified in such agreement at the rate of THB1 for every THB1,000 of the total fee (e.g., if the total fee is THB100,000, the corresponding stamp duty must be THB100). The applicable stamp duty must be affixed on one original of the agreement, and every other original must be affixed with THB5 each.

If the relevant officer finds that the correct amount of stamp duty has not been affixed to the agreements, a fine of up to six times of the missing amount of the applicable stamp duty would be imposed on the party liable, being the service provider. In addition, agreements to which stamp duty has not been affixed would not be admissible as evidence in court proceedings (although this does not affect the validity of the agreements).

Taxation

Thailand's principle taxes for cleaning services businesses are prescribed in the RC. The RC prescribes two classes of taxation on income from service business. The first tax class is the corporate income tax ("**CIT**") that is applicable to companies and currently is 20% of net profits. The second tax class is VAT.

A juristic person established in Thailand which has accrued income per annum exceeding THB1,800,000 and which is not otherwise exempt, is subject to VAT. VAT is similar to the goods and services tax in Singapore as it is levied on every purchase of goods and services. The juristic person which is subject to VAT must file an application for VAT registration either before commencing its business or within 30 days after the date on which the THB1,800,000 accrued income per annum is exceeded. The rate for VAT is 10% as provided in the RC; however, the VAT rate is currently reduced to 7% by the royal decree.

Certain types of income paid to companies are subject to withholding tax at source. The withholding tax rates depend on the types of income and the tax status of the recipient. The payer of income is required to file the return (Form CIT 53) and submit the amount of tax withheld to the District Revenue Offices in Thailand within seven days of the following month in which the payment is made. The tax withheld will be credited against the final tax liability of the taxpayer.

The DTA entered into between Singapore and Thailand on 11 June 2015 became effective on 1 January 2017. Under Article 10 of the DTA, dividends paid by a company which is a resident of a contracting state to a resident of the other contracting state may be taxed in that other state. However, such dividends may also be taxed in the contracting state of which the company paying the dividends is a resident and according to the laws of that state, but if the beneficial owner of the dividends is a resident of the other contracting state, the tax so charged shall not exceed 10 percent of the gross amount of the dividends. As a result, dividends paid to Singapore shareholders shall be subject to withholding tax at the rate of 10%.

Lease of the Premises

Under the Land Code of Thailand, lease of immovable property including offices, land and buildings for more than three years is enforceable only for three years if such lease is not registered at the relevant land office of Thailand (the area where the premise is located). Except for leases of certain commercial or industrial purposes which is approved by the relevant government authorities, the terms of leases shall not exceed 30 years.

If the term of a lease is less than three years, the registration at the relevant land office is not required; however, such lease must be made in written agreement and signed by the liable party. Otherwise, it is not enforceable by action.

Exchange Control Act

In accordance with the Exchange Control Act, foreign funds and profits made therefrom are subject to the following:

(a) the remittance of dividends, investment funds, profits, loan repayment and interest payment thereon, after settlement of all applicable taxes in Thailand, may be remitted freely, provided that the required documentary evidence is furnished to the satisfaction of the remitting bank;

(b) in respect of the purchase of foreign currencies in excess of US$200,000 or its equivalent in other currency, the Bank of Thailand requires that the notification form of the remittance to the exchange control officer and documentary evidence shall be furnished to the remitting banks as evidence of the transaction; and

(c) further, in respect of the purchase of foreign currencies for any purpose, the Bank of Thailand requires that documentary evidence shall be furnished to the remitting banks to establish the legitimacy of the transaction.

Under Thai law, dividends can be paid only when the company has earned profits. If the company has incurred losses, no dividends may be paid unless such losses have been made good. The company is required to retain at least 5.0% of their profits, at each distribution of dividend, as their reserve fund and may declare no more than 95.0% of their profits as dividends. However, if the company's reserve fund is equal to 10.0% or more of its capital, all of its net profit may be declared as dividends.

G. LAWS AND REGULATIONS IN THAILAND IN RELATION TO EMPLOYMENT AND WORKPLACE SAFTY AND HEALTH

I. Labour Protection Act

Thailand has detailed laws relating to labour matters, which are generally considered to be protective of employees. There is no statutory requirement that an employment contract must be in writing. A contract, whether in writing or verbal, made between an employer and an employee is recognised as an "employment contract" under the Labour Law if it specifies expressly or impliedly that a person, the employee, agrees to work for another person, the employer, who agrees to pay wages during the period of work. The Labour Law sets out certain minimum employment terms and conditions, such as a maximum of eight working hours per day (48 hours per week) for normal working conditions and maximum of seven working hours per day (42 hours per week) for hazardous work, and a minimum of 13 days of public holidays. There is also an entitlement to 30 days of paid sick leave, three days of paid leave for necessary business and 98 days of maternity leave (45 days of which is paid maternity leave). The benefits of employees are established by their respective employment contracts, work rules and regulations under Labour Law.

Section 108 of the Labour Law provides that any employer with 10 or more employees shall arrange and have work rules in the Thai language posted at the office premises, and such rules shall, at least, consist of (a) working days, regular working hours and rest period; (b) holidays and rules governing holidays and work stoppage; (c) rules on overtime work and holiday work; (d) date and place of payment of wage, overtime pay, holiday work pay and overtime on holiday pay; (e) leave of absence and rules on leave of absence; (f) discipline and disciplinary measures; (g) grievance; and (h) termination of employment, severance pay and special severance pay.

Termination of employment must be preceded by advance notice (or payment in lieu thereof) and unless the employer is able to bring the grounds for termination within specific narrow exceptions provided by the Labour Law, the employer is liable also for statutory severance pay that ranges from 30 to 400 days of salary, depending on the employee's length of service.

An employer who employs 50 employees or more is required to set up a welfare committee in its workplace. The welfare committee must comprise at least five employees. Any violation of this requirement carries a penalty of a fine not exceeding THB50,000.

The national legal minimum wage in Thailand depends on the location of its offices as prescribed in the announcement of the wages committee under the Labour Law. For example, employees who work in an office which is located at Bangkok, Nonthaburi and Samut Prakan are entitled to minimum wages of THB331 per day. In addition, the wages committee may announce a different rate of minimum wage for certain types of employees. For example, employees who work as technicians in maintaining cars are entitled to minimum wages of THB375 per day.

II. Workmen's Compensation Act

Pursuant to the WCA, an employer is obliged to register under the Workmen's Compensation Fund and make contribution to the fund annually at a rate ranging between 0.2% and 1.0% of its employees' wages per month (depending on the risk involved for each type of business). The Workmen Compensation Fund will compensate employees in cases of injuries, illness, disability, or death (caused by their works).

If the employer fails to submit the employer registration form, or fails to pay a contribution to the Workmen Compensation Fund, it shall be penalised with a term of imprisonment of not more than six months or a fine of not more than THB20,000 or both. Moreover, if the employer fails to pay the contribution to the Worker Compensation Fund on time or not pay in full, the employer is subject to a penalty at the rate of 2% per month on the unpaid amount.

III. Social Security Act

Pursuant to the SSA, any employer with one or more employees is obliged to register under the Social Security Fund ("**SSF**"). Each of the employer and the employee has to make contribution to the SSF at the rate required by law, which is currently imposed at 5% of the employee's salary, but not more than THB750 per month. The SSF will provide basic compensation and support to employees in case of illness, injuries, pregnancies, disability, death, child expenses, old age, and unemployment (which may or may not relate to the employees' work).

The failure to submit social security for the employee within the required period by the employer is subject to a fine of not more than THB20,000 or imprisonment of not more than six (6) months or both. The penalty provided is punishable to both the employer as a company and its director(s) who have authority to file relevant applications/documents to the Social Security Office.

IV. Occupational Safety, Health and Environment Act

Under the OSHE Act, the company is obliged to administer, manage, operate and keep its workplace and its employees in a safe and hygienic working condition, as well as prevent its employees from any harm to their life, body, mental and physical health.

The company is required to comply with the working environment regulations issued by virtue of the OSHE Act as follows:

(a) Arrange for the measurement and analysis of the employer's compliance with the standards on light intensity provided in the workplace as required by the relevant regulations. The employer is also required to submit a report on such measurement and analysis, which must be certified by a registered and qualified safety officer/company, to the Ministry of Labour ("**MOL**") within 30 days from the date of carrying out the measurement. The measurement must be carried out at least once a year, and the employer must keep such report at the employer's workplace for inspection.

(b) Arrange for the measurement and analysis of the employer's compliance with the standards on electrical systems as required by the relevant regulations. The employer is also required to submit a report on such measurement and analysis, which must be certified by a licenced professional engineer or a registered and qualified safety officer/company, to the inspection official of that area within 15 days from the date of carrying out the measurement. The measurement must be carried out at least once a year. Where the employer has already arranged for the measurement and certification of the electrical systems under the laws on factories or the laws on building control, the report on such measurement and certification could be regarded as the report on the measurement and certification required under the OSHE Act and its relevant regulations.

(c) Arrange for the protection of fire and conflagration system and having all of the employees attend a fire evacuation drill at the employer's workplace at least once a year, as required by the relevant regulations. The employer is also required to submit a report on its fire conflagration system and fire evacuation drill to the MOL within 30 days from the date of the fire evacuation drill.

The penalty for an employer who fails to comply with the standards and requirements prescribed under the OSHE Act is imprisonment not exceeding one year or a fine not exceeding THB400,000, or both. Where a company commits the aforesaid offence, the directors, partners or persons with the authority to represent the entity who committed or ordered the commission of the offence or who are obliged to take action but who failed to take action to prevent the commission of such offence, would also be liable for the same penalties.

V. Communicable Diseases Act

According to the CDA, the Minister of Public Health has the authority to prescribe a list of disease which are deemed as a dangerous communicable disease, a communicable disease under surveillance, or an epidemic as well as the criteria, procedures and conditions on implementation or issuance of orders and disease investigation. The coronavirus disease 2019 (COVID-19) has listed as a dangerous communicable disease and came into effect on 1 March 2020.

The main legal measures which may affect the workplace and employees are as follows:

(a) Under Section 31 of the CDA, in the case of occurrence of a dangerous communicable disease or there is a reasonable ground that there is such occurrence, the owner or a person in charge of the house, or a person controlling a business facility or any place of business shall notify a communicable disease control officer within 3 hours after finding on the premises a person infected or reasonably suspected of being infected with such dangerous communicable disease.

(b) Under Section 34 of the CDA, a communicable disease control officer shall have the power to order the persons who are infected reasonably suspected of being infected with the dangerous communicable disease to have a check-up or treatment or medical examination, and for the purpose of safety, such persons may be isolated, quarantined or controlled for observation at a specific area until such persons have had a check-up and medical examination and it is confirmed that the period of communicability has passed or such suspicious has been dispelled.

(c) Under Section 35 of the CDA, in case of urgent necessity to prevent the transmission of dangerous communicable disease, the Provincial Governor with the approval of the Provincial Communicable Disease Committee shall have power to order the temporary closure of market places, cooking or food selling places, beverage producing or selling places, factories, public meeting places, theaters, educational institutes or any other places, to order person infected or reasonably suspected of being infected with a dangerous communicable disease not to enter those places and temporarily cease performing their occupations.

The penalty for a person who fails to comply with the measures prescribed under the CDA would be (i) in case of offence under Section 31 and Section 34, liable to a fine not exceeding THB20,000; (ii) in case of offence under Section 35, liable to imprisonment for a term of not exceeding 1 year or to a fine not exceeding THB100,000 or to both.

H. LAWS AND REGULATIONS IN THAILAND IN RELATION TO FOREIGN EMPLOYEE

I. Visa

Foreign nationals who intend to remain in Thailand to work are required to apply for a Non-Immigrant Visa as a prerequisite to apply for a work permit. The IMM Act is administered by the Immigration Bureau of the Royal Thai Police. Under the IMM Act, foreigners wishing to have a prolonged stay or those coming to work in Thailand must obtain a Non-Immigrant visa including their family members prior to entering into Thailand by applying at the relevant Thai Embassy. There are several categories of Non-Immigrant Visas. To work in Thailand, the Non-Immigrant B Visa must be applied by a foreigner who will come to work in Thailand and the Non-Immigrant O Visa for such foreigner's dependents.

II. Work Permit

Under the Emergency Decree on the Management of the Employment of Aliens B.E. 2560 (2017) ("**Emergency Decree**"), foreigners wishing to enter into employment must obtain a work permit from the MOL prior to commencing work in Thailand. An applicant for a work permit must already (i) hold a non-immigrant visa (i.e., permitted to stay temporarily in Thailand) or (ii) be resident in Thailand.

III. The Memorandum of Understandings with the Nations having a border adjacent to Thailand ("MOU")

Thailand has entered into the MOU with nations having a border adjacent to Thailand which are Laos, Cambodia, Myanmar and Vietnam. One of the most beneficial consequences from the MOU to Thai employers is the entitlement to employ labour from Laos, Cambodian, Myanmar and Vietnam ("**MOU Workers**") legally to work in limited nature of works (such as labour work and labour service). The MOU Workers must obtain a special visa (i.e. Non-immigrant L-A) and work permit for which the process and criteria for granting the work permit are different from the ordinary process and ordinary criteria.

Under the Emergency Decree, employers who wish to bring the MOU Workers to work with them can proceed under two methods as provided below:

Method I: Proceed to bring the MOU Workers to work in Thailand by themselves.

a. The employer must not operate the business of being a labour subcontractor and the employer must provide an employment contract for MOU Workers.

b. The employer submits an application for bringing the MOU Workers to work with the employer in Thailand and submit the employment contract to the registrar including the details related to the countries and the MOU Workers, and the nature of work that the MOU Workers will perform.

c. The registrar contacts the requested country of origin to issue the list of available the MOU Workers to the requesting Thai employer.

d. The employer and the selected the MOU Workers proceed with the work permit and enter into an employment contract and the employer must provide the name, nationality and nature of work of the selected MOU Workers to the registrar within 15 days.

e. If the employment contract is terminated due to any cause, the employer must inform such termination and the cause of termination to the registrar within 15 days. The MOU Workers is terminated, the MOU Workers shall not be entitled to work for any other employer unless the MOU Workers can prove that their employment contracts have been terminated due to the employer's fault or have paid the damages to the previous employer.

Method II: Proceed to bring the MOU Workers to work in Thailand by the person granted by the Department of Employment to bring foreigners for working ("**Permitted Person**").

a. The employer must not operate the business of being a labour subcontractor and the employer must provide an employment contract for the MOU Workers.

b. The employer makes a contact with the Permitted Person and informs the number of countries and the MOU Workers, the nature of work that the MOU Workers will perform.

c. The Permitted Person provides the list of available MOU Workers for the employer.

d. The employer and the selected MOU Workers enter into an employment contract. The Permitted Person thereafter proceeds in lieu of the employer to ask for the visa and the work permit of the selected MOU Workers (or this process, the employer is entitled to proceed by himself).

e. The Permitted Person provides the name, nationality and nature of work of the selected MOU Workers to the registrar and brings the selected MOU Workers to work with the employer.

f. If the employment contract is terminated due to any cause, the employer must inform such termination and the cause of termination to the registrar within 15 days. The MOU Workers is terminated, the MOU Workers shall not be entitled to work for any other employer unless the MOU Workers can prove that they have been terminated due to the employer's fault or have paid the damages to the previous employer.

A worker with a nationality of Laos, Cambodian or Myanmar who has been granted the status of legal migrant under the notification of the Ministry of Interior issued under the law on immigration would be entitled to apply for the work permit for certain nature of work (such as labour work or domestic servant) without having to comply with the two methods set out above.

The workers who have already been working in Thailand without work permits or have the work permit but work outside the nature of work specified in the work permit will be liable to a fine of THB5,000 to THB50,000. The liability of the employer who employs such workers shall be as follow:

(a) If the employer employs workers who have no work permit or have work permits but work outside the nature of work specified in the work permit, he will be liable to a fine from THB10,000 to THB100,000 for each illegal employed worker, and if such employer recommits the same offence, he will be liable to imprisonment for a period not exceeding one year or will be liable to a fine from THB50,000 to THB200,000 for each illegal employed worker or both. Moreover, such employer shall not be entitled to employ a foreigner for the period of three years (Section 102 of the Emergency Decree).

(b) If the employer employs workers who have work permits with incorrect employer's information, such employer will be liable to a fine not exceeding THB20,000 (Section 103 of the Emergency Decree).

OUR HISTORY AND DEVELOPMENT

Overview

Our history can be traced back from 1991 when one of our primary operating subsidiaries, Eng Leng, was incorporated. We initially provided cleaning services to public access areas in town councils in Singapore. With the growth in our experience and expertise throughout the years, we then expanded into the provision of cleaning services to customers in the private sector. Led by our experienced management team, we have grown into an established cleaning service provider, with the capability to handle multiple contracts concurrently. As at the Latest Practicable Date, we employed over 2,500 employees and have 304 ongoing service contracts (excluding one-off contracts) which, given the labour-intensive nature of our industry, is a testament to our ability to handle multiple contracts spread across different districts and venues in Singapore concurrently.

Mr. Toh, our founder, chairman of our Board and executive Director, has been instrumental in spearheading the growth of our Group with almost 28 years of experience in the cleaning industry in Singapore, commencing with the founding of Eng Leng in 1991. We believe that Mr. Toh's and our management team's collective industry knowledge and extensive project management experience are valuable in establishing stable relationships with our customers as well as facilitating the submission of competitive tenders and believe that this has assisted us to in securing numerous tenders over the years.

In 2015, Mr. Toh acquired Titan using his own funds. Titan had also been providing cleaning services to clients in the public and private sectors, similar to Eng Leng, such as town councils, medical facilities and private condominiums. In 2016, our Thai subsidiary, Eng Leng Thailand, was incorporated as part of our expansion into the Thai market. Due to the experience that Eng Leng has accumulated over 25 years, our Group decided to explore opportunities in Thailand, leveraging on our industry expertise and reputation built in Singapore.

The following illustrates our major development milestones:

Year	Event
1991	Eng Leng was incorporated in Singapore
2004	Eng Leng was awarded its first shopping mall cleaning services contract in Orchard District in Singapore with a contract sum of S$294,000
2005	Eng Leng was awarded its first office tower cleaning services contract for a multi-national financial institution headquartered in Singapore with a contract sum of S$86,400 annually
2011	Eng Leng was awarded its first medical centre cleaning services contract for a private medical facility containing over 250 beds with a contract sum of S$198,000
2014	Eng Leng was awarded a cleaning services contract to provide cleaning services for an integrated sports, entertainment and lifestyle destination located in the Kallang district of Singapore with a contract sum of S$6,042,000
2015	Eng Leng was awarded a number of cleaning services contracts for a biennial multi-sport event involving participants from the countries of Southeast Asia
2016	Our Group expanded its operations to Thailand through the incorporation of Eng Leng Thailand
2016	Eng Leng awarded a conservancy contract relating to over 20,000 residential units
2018	Our Group started servicing numerous hotels operated by international hotel chains in Singapore
2018	Eng Leng attained Level 6 grade under the FM02 workhead for Housekeeping, Cleansing, Desilting and Conservancy services from the BCA

HISTORY OF OUR GROUP

As at the Latest Practicable Date, our Group comprised our Company, Eng Leng, Titan, Eng Leng Thailand, EL Holding, Eng Leng BVI and Titan BVI. Eng Leng, Titan and Eng Leng Thailand are our operating subsidiaries.

Our Company is an exempted company with limited liability incorporated under the laws of the Cayman Islands on 28 February 2019 with an authorised share capital of HK$380,000 divided into 38,000,000 Shares with a nominal value of HK$0.01 each. Our Company is the proposed **[REDACTED]** vehicle. At the time of incorporation, one fully-paid Share was held by the initial subscriber. On the same day, the said one fully-paid Share was transferred to TEK Assets Management for a consideration at a nominal value. After the said transfer and as part of the Reorganisation, our Company became wholly-owned by TEK Assets Management.

Eng Leng

Eng Leng was incorporated on 27 June 1991 as an exempt private company limited by shares in Singapore with an initial issued and paid-up share capital of S$100,001. On the date of incorporation, Mr. Toh was allotted and issued 100,000 ordinary shares for an aggregate consideration of S$100,000 and Mr. Lam Kim Hoe, an Independent Third Party, was allotted and issued one ordinary share for a consideration of S$1. On 19 August 1992, 50,000 ordinary shares were allotted and issued to Mr. Toh for an aggregate consideration of S$50,000. On 29 July 1994, 100,000 ordinary shares were allotted and issued to Mr. Toh for an aggregate consideration of S$100,000. On 23 June 1995, 149,999 ordinary shares were allotted and issued to Mr. Toh for an aggregate consideration of S$149,999. On 13 November 1996, 100,000 ordinary shares were allotted and issued to Mr. Toh for an aggregate consideration of S$100,000. On 15 August 2001, one ordinary share was transferred from Mr. Lam Kim Hoe to Mr. Ong Ah Thiam, a former director of Eng Leng, for a consideration of S$1. On 17 May 2002, one ordinary share was transferred from Mr. Toh to Mr. Lim Jiun Wei, our former employee, for a consideration of S$1. On 7 October 2002, 500,000 ordinary shares were allotted and issued to Mr. Toh for an aggregate consideration of S$500,000. On 18 June 2008, 1,000,000 ordinary shares were allotted and issued to Mr. Toh for an aggregate consideration of S$1,000,000. On 28 September 2011, one ordinary share was transferred from each of Mr. Lim Jiun Wei and Mr. Ong Ah Thiam, respectively, to Mr. Toh, each for a consideration of S$1. On 24 June 2016, 1,000,000 ordinary shares were allotted and issued to Mr. Toh for non-cash consideration as a bonus issue.

As at the beginning of the Track Record Period, Eng Leng was wholly-owned by Mr. Toh. As part of the Reorganisation, on 10 June 2019, Eng Leng became an indirect wholly-owned subsidiary of our Company.

Eng Leng primarily engages in the provision of general cleaning services.

Titan

Titan was incorporated on 23 January 2006 as a private company limited by shares in Singapore with an initial issued and paid-up capital of S$50,000. Immediately prior to the acquisition by Mr. Toh, Titan was owned as to 50% by Mr. Toh Yin Chye, a brother of Mr. Toh, and 50% by Mr. Toh Chun Heng, Leonard, who is Mr. Toh's son. In 2015, as part of a family arrangement, it was agreed that Mr. Toh would acquire Titan from his brother and his son, which primarily engages in the provision of cleaning services similar to those services offered by Eng Leng. Hence, on 16 April 2015, Mr. Toh Yin Chye transferred all his 500,000 ordinary shares in Titan to Mr. Toh for an aggregate consideration of S$500,000. Likewise, on the same day, Mr. Toh Chun Heng, Leonard transferred all his 500,000 ordinary shares in Titan to Mr. Toh for an aggregate consideration of S$500,000. Upon completion of such share transfers, Titan became wholly-owned by Mr. Toh, and Mr. Toh Yin Chye has since remained employed by our Group as a director of Titan, whereas Mr. Toh Chun Heng, Leonard has since ceased to work in the general cleaning services industry. As part of the Reorganisation, on 10 June 2019, Titan became an indirect wholly-owned subsidiary of our Company.

Titan primarily engages in the provision of cleaning services.

Eng Leng Thailand

Eng Leng Thailand was incorporated on 25 October 2016 as a limited company under the Civil and Commercial Code of Thailand with an initial registered capital of THB 1,000,000. On the date of incorporation, Eng Leng held 4,800 ordinary shares with a par value of THB 100 each, Ms. Kanya Moosophin, an Independent Third Party, held 5,100 ordinary shares with a par value of THB 100 each. Mr. Hong Rui Sheng, our executive Director and chief executive officer of our Group, held 50 ordinary shares with a par value of THB 100 each and Mr. Toh held 50 ordinary shares with a par value of THB 100 each.

On 2 May 2017, one ordinary share in Eng Leng Thailand was transferred from Ms. Kanya Moosophin to Mr. Palawut Phuawade, an employee of our Group, and one ordinary share was transferred from Mr. Hong Rui Sheng to Mr. Chia Kok Seng, an Independent Third Party. On 24 May 2017, an additional 18,700 ordinary shares in Eng Leng Thailand were allotted and issued to Eng Leng, 15,401 ordinary shares were allotted and issued to Ms. Kanya Moosophin, 4,999 ordinary shares were allotted and issued to Mr. Palawut Phuawade, 201 ordinary shares were allotted and issued to Mr. Hong Rui Sheng, 200 ordinary shares were allotted and issued to Mr. Toh, and 499 ordinary shares were allotted and issued to Mr. Chia Kok Seng.

On 2 June 2017, the registered capital of Eng Leng Thailand was increased from THB 1,000,000 to THB 5,000,000.

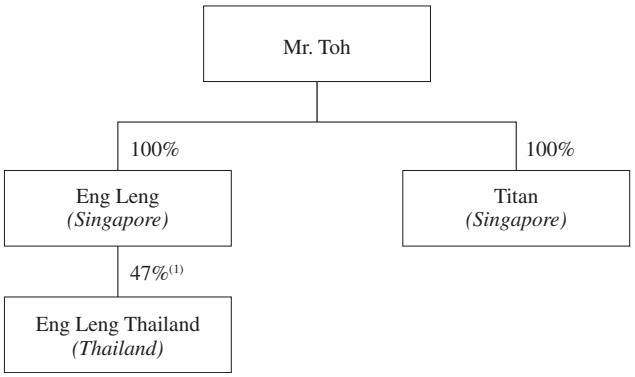
Pursuant to an acknowledgement letter and loan agreement executed by each of Ms. Kanya Moosophin and Mr. Palawut Phuawade on 24 April 2019 (collectively, the "**Acknowledgement Letters and Loan Agreements**"), Ms. Kanya Moosophin and Mr. Palawut Phuawade acknowledged that on or about 20 October 2016, they would surrender 41% and 10% of the voting rights in the shares held by each of them in Eng Leng Thailand (including any subsequent allotment of new shares) respectively to Mr. Toh in exchange for the provision of certain credit facilities made available by Mr. Toh to each of Ms. Kanya Moosophin and Mr. Palawut Phuawade respectively for the purposes of acquiring shares in Eng Leng Thailand. Therefore, together with the 47% of the shares held by Eng Leng in Eng Leng Thailand, Mr. Toh held 98.5% of the voting rights directly and indirectly in Eng Leng Thailand since its establishment. As advised by R&T Asia (Thailand) Limited, our Company's legal adviser as to Thai laws, the Acknowledgement Letters and Loan Agreements and arrangements contemplated therein are legal, valid, effective and do not contravene any applicable laws, rules and regulations in Thailand.

On 25 April 2019, 20,500 ordinary shares in Eng Leng Thailand were transferred from Ms. Kanya Moosophin to EL Holding for a consideration of THB 2,050,000. On the same date, 5,000 ordinary shares in Eng Leng Thailand were transferred from Mr. Palawut Phuawade to EL Holding for a consideration of THB 500,000. At the time of such share transfers, Eng Leng held 82.753% of the voting rights in EL Holding. Ms. Kanya Moosophin and Mr. Palawut Phuawade then agreed to apply the funds received respectively from EL Holding in exchange for their shares in Eng Leng Thailand to repay the credit facilities made available to them by Mr. Toh under the Acknowledgement Letters and Loan Agreements. The arrangement relating to the surrender of Ms. Kanya Moosophin's and Mr. Palawut Phuawade's respective 41% and 10% of the voting rights in Eng Leng Thailand automatically terminated following the sale of their shares. Through Eng Leng's ownership of the majority of the voting rights in EL Holding, Mr. Toh, as our Controlling Shareholder, continued to hold 98.5% of the voting rights directly and indirectly in Eng Leng Thailand. Please refer to the paragraph headed "Incorporation of EL Holding" in this section for details relating to the voting arrangements of EL Holding and the voting rights of its ordinary and preference shares. As part of the Reorganisation, on 10 June 2019, Eng Leng Thailand became an indirect non-wholly owned subsidiary of our Company.

Eng Leng Thailand primarily engages in the provision of cleaning services.

CORPORATE STRUCTURE PRIOR TO THE REORGANISATION

The following chart shows our corporate structure immediately before the commencement of the Reorganisation.



Note:

(1) Pursuant to the Acknowledgement Letters and Loan Agreements, Ms. Kanya Moosophin and Mr. Palawut Phuawade acknowledged that on or about 20 October 2016, they would surrender 41% and 10% of the voting rights in the shares held by each of them in Eng Leng Thailand (including any subsequent allotment of new shares) respectively to Mr. Toh. Therefore, together with the 47% of the shares held by Eng Leng in Eng Leng Thailand, Mr. Toh held 98.5% of the voting rights directly and indirectly in Eng Leng Thailand since its establishment. Please refer to the paragraph headed "History of our Group — Eng Leng Thailand" in this section for further details.

REORGANISATION

The companies comprising our Group underwent the Reorganisation in preparation for the **[REDACTED]**, pursuant to which our Company became the holding company of our Group. The Reorganisation involved the following major steps:

1. Incorporation of Eng Leng BVI and Titan BVI and allotment of shares to Mr. Toh

Eng Leng BVI is a limited liability company incorporated under the laws of the BVI on 27 February 2019 and was authorised to issue a maximum of 50,000 shares of a single class with no par value. The business of Eng Leng BVI is investment holding.

Titan BVI is a limited liability company incorporated under the laws of the BVI on 27 February 2019 and was authorised to issue a maximum of 50,000 shares of a single class with no par value. The business of Titan BVI is investment holding.

Upon its incorporation on 27 February 2019, Eng Leng BVI and Titan BVI each allotted and issued one nil-paid share to Mr. Toh respectively. As a result, Eng Leng BVI and Titan BVI each became wholly-owned by Mr. Toh.

2 Incorporation of TEK Assets Management

TEK Assets Management is a limited liability company incorporated under the laws of the BVI on 27 February 2019 and was authorised to issue a maximum of 50,000 shares of a single class with no par value. The business of TEK Assets Management is investment holding.

Upon its incorporation on 27 February 2019, TEK Assets Management allotted and issued one nil-paid share to Mr. Toh. As a result, TEK Assets Management became wholly-owned by Mr. Toh.

3. Incorporation of our Company and allotment of shares to TEK Assets Management

Our Company is an exempted company with limited liability company incorporated under the laws of the Cayman Islands on 28 February 2019 with an authorised share capital of HK$380,000 divided into 38,000,000 Shares with a nominal value of HK$0.01 each. Our Company is the proposed **[REDACTED]** vehicle.

At the time of incorporation, one fully-paid Share was held by the initial subscriber. On the same day, the said one fully-paid Share was transferred to TEK Assets Management for a consideration at a nominal value.

After the said transfer, our Company became wholly-owned by TEK Assets Management.

4. Incorporation of EL Holding

EL Holding is a limited liability company incorporated under the Civil and Commercial Code of Thailand with an initial registered capital of THB 1,000,000 on 7 March 2019. EL Holding was authorised to issue a total of 10,000 shares of an ordinary class and a preference class, both with a par value of THB 100 per share. The business of EL Holding is investment holding. With respect to the voting rights of the ordinary and preference shares in EL Holding, every ordinary share held in EL Holding shall entitle its shareholder to one vote at a general meeting and every five preference shares held in EL Holding shall entitle its shareholder to one vote at a general meeting. As advised by R&T Asia (Thailand) Limited, our Company's legal adviser as to the laws of Thailand, the voting rights of the ordinary and preference shares are legally effective, valid and in compliance with the requirements of Thai law. Furthermore, Mr. Toh, through his majority shareholding in Eng Leng and Eng Leng's majority holding of the voting rights in EL Holding, has ultimate control of EL Holding.

Upon its incorporation on 7 March 2019, EL Holding allotted and issued 4,899 ordinary shares (corresponding to 82.753% of its voting rights) to Eng Leng, one ordinary share (corresponding to 0.017% of its voting rights) to Mr. Hong Rui Sheng, 5,099 preference shares (corresponding to 17.227% of its voting rights) to Mr. Palawut Phuawade, and one preference share (corresponding to 0.003% of its voting rights) to Mr. Kunanon Tuntirarux, an employee of our Group.

On 11 March 2019, Mr. Kunanon Tuntirarux transferred one preference share to Mr. Palawut Phuawade for a consideration of THB 100.

5. Transfer of shares of Eng Leng Thailand to EL Holding

Eng Leng Thailand is a limited liability company incorporated under the laws of Thailand on 25 October 2016, which was owned by Eng Leng, Ms. Kanya Moosophin, Mr. Palawut Phuawade, Mr. Hong Rui Sheng, Mr. Toh, and Mr. Chia Kok Seng as to 47%, 41%, 10%, 0.5%, 0.5% and 1% respectively. Pursuant to the Acknowledgement Letters and Loan Agreements, Ms. Kanya Moosophin and Mr. Palawut Phuawade acknowledged that on or about 20 October 2016, they would surrender 41% and 10% of the voting rights in the shares held by each of them in Eng Leng Thailand (including any subsequent allotment of new shares) respectively to Mr. Toh in exchange for the provision of certain credit facilities made available by Mr. Toh to each of Ms. Kanya Moosophin and Mr. Palawut Phuawade respectively for the purposes of acquiring shares in Eng Leng Thailand. Therefore, together with the 47% of the shares held by Eng Leng in Eng Leng Thailand, Mr. Toh held 98.5% of the voting rights directly and indirectly in Eng Leng Thailand since its establishment. As advised by R&T Asia (Thailand) Limited, our Company's legal advisers as to Thai laws, the Acknowledgement Letters and Loan Agreements and arrangements contemplated therein are legal, valid, effective and do not contravene any applicable laws, rules and regulations in Thailand.

On 25 April 2019, Ms. Kanya Moosophin and Mr. Palawut Phuawade transferred 41% and 10% of the issued share capital in Eng Leng Thailand, respectively, to EL Holding at a consideration of THB 2,050,000 and THB 500,000, respectively. Upon completion of such share transfers, Eng Leng Thailand became owned by Eng Leng, Mr. Hong Rui Sheng, Mr. Toh, Mr. Chia Kok Seng, and EL Holding as to 47%, 0.5%, 0.5%, 1% and 51% respectively.

Ms. Kanya Moosophin and Mr. Palawut Phuawade agreed to apply the funds received respectively from EL Holding in exchange for their shares in Eng Leng Thailand to repay the credit facilities made available to them by Mr. Toh under the Acknowledgement Letters and Loan Agreements. The arrangement relating to the surrender of Ms. Kanya Moosophin's and Mr. Palawut Phuawade's respective 41% and 10% of the voting rights in Eng Leng Thailand automatically terminated following the sale of their shares. Mr. Toh continued to control 98.5% of the voting rights directly and indirectly in Eng Leng Thailand through Eng Leng, EL Holding and his own shareholding in Eng Leng Thailand.

6. Transfer of shares of Eng Leng to Eng Leng BVI

On 4 June 2019, Mr. Toh transferred the entire issued share capital of Eng Leng to Eng Leng BVI and as consideration of which, Eng Leng BVI credited the one nil-paid share in its share capital held by Mr. Toh as fully-paid.

After the said transfer, Eng Leng became a wholly-owned subsidiary of Eng Leng BVI and indirectly wholly-owned by Mr. Toh.

7. Transfer of shares of Titan to Titan BVI

On 4 June 2019, Mr. Toh transferred the entire issued share capital of Titan to Titan BVI and as consideration of which, Titan BVI credited the one nil-paid share in its share capital held by Mr. Toh as fully-paid.

After the said transfer, Titan became a wholly-owned subsidiary of Titan BVI and indirectly wholly-owned by Mr. Toh.

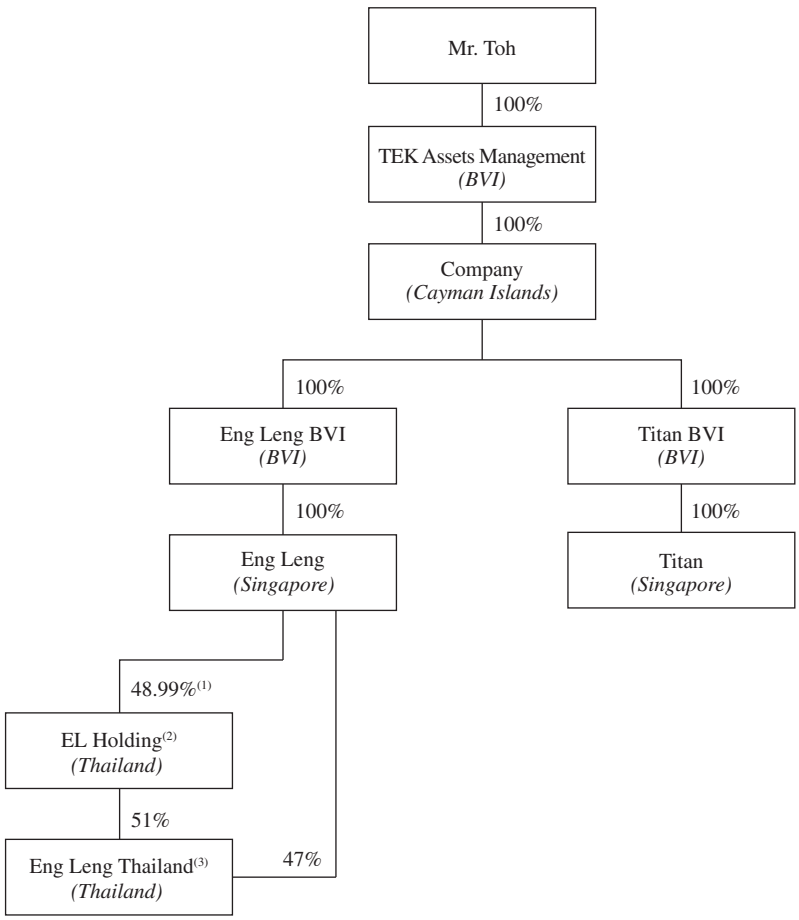
8. Share Swap Arrangement

On 10 June 2019, our Company entered into a share purchase agreement with Mr. Toh, pursuant to which our Company acquired the entire issued share capital of Eng Leng BVI and Titan BVI from Mr. Toh. In consideration, our Company agreed to procure the one nil-paid share held by Mr. Toh in TEK Assets Management be credited as fully-paid.

Upon completion of the said share swap arrangement, Eng Leng BVI and Titan BVI became directly wholly-owned by our Company and our Company therefore became the holding company of our Group. Thus, our Company became indirectly wholly-owned by Mr. Toh.

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION BUT BEFORE THE [REDACTED]

Upon completion of the Reorganisation set out above, our Company became the holding company of our Group. The following chart sets out the shareholding and corporate structure of our Group immediately after the Reorganisation but prior to the completion of the Capitalisation Issue and the **[REDACTED]**:



Notes:

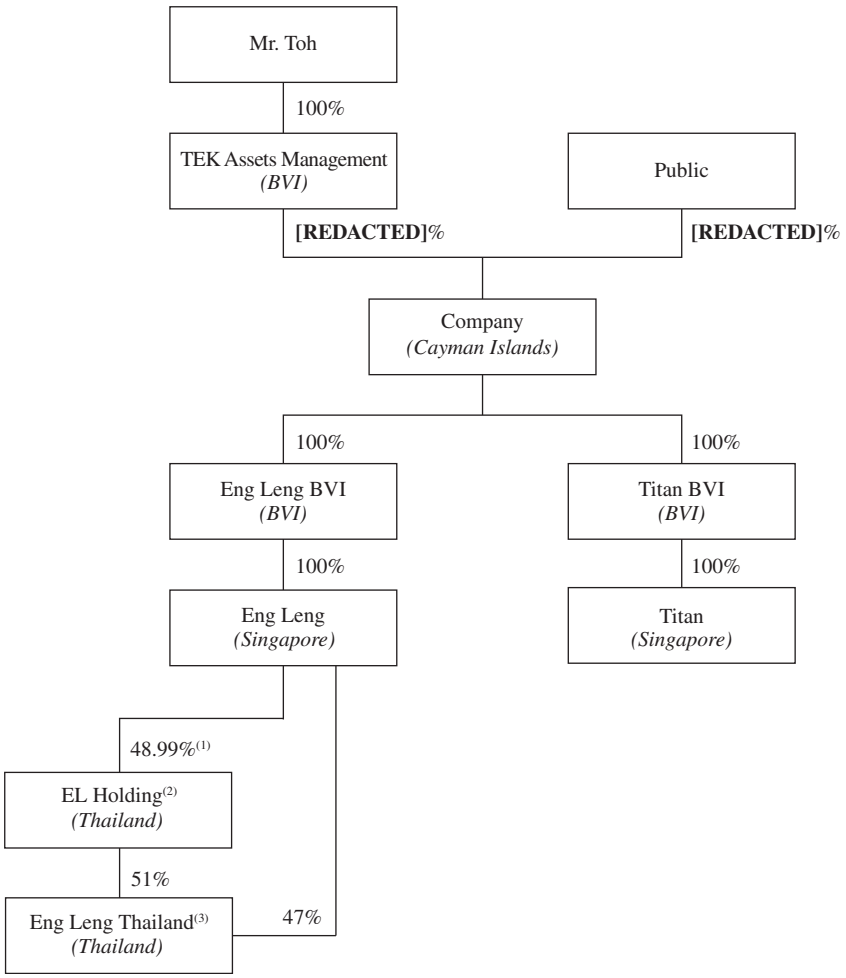
(1) Eng Leng holds 4,899 ordinary shares in EL Holding corresponding to 82.753% of the voting rights. For each ordinary share held in EL Holding, the shareholder is entitled to cast one vote at a general meeting.

(2) Mr. Palawut Phuawade, an employee of our Group, holds 5,100 preference shares in EL Holding corresponding to 17.230% of the voting rights in EL Holding and Mr. Hong Rui Sheng, an executive Director and chief executive officer of our Group, holds one ordinary share in EL Holding corresponding to 0.017% of the voting rights in EL Holding. For every five preference shares held in EL Holding, the shareholder is entitled to cast one vote at a general meeting.

(3) Eng Leng Thailand is owned as to 47% by Eng Leng, 51% by EL Holding, 0.5% by Mr. Hong Rui Sheng, 0.5% by Mr. Toh, our founder, chairman of our Board and executive Director, and 1% by Mr. Chia Kok Seng, an Independent Third Party.

CORPORATE STRUCTURE UPON THE [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately following the Capitalisation Issue and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and without taking into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme):



Notes:

(1) Eng Leng holds 4,899 ordinary shares in EL Holding corresponding to 82.753% of the voting rights. For each ordinary share held in EL Holding, the shareholder is entitled to cast one vote at a general meeting.

(2) Mr. Palawut Phuawade, an employee of our Group, holds 5,100 preference shares in EL Holding corresponding to 17.230% of the voting rights in EL Holding and Mr. Hong Rui Sheng, an executive Director and chief executive officer of our Group, holds one ordinary share in EL Holding corresponding to 0.017% of the voting rights in EL Holding. For every five preference shares held in EL Holding, the shareholder is entitled to cast one vote at a general meeting.

(3) Eng Leng Thailand is owned as to 47% by Eng Leng, 51% by EL Holding, 0.5% by Mr. Hong Rui Sheng, 0.5% by Mr. Toh, our founder, chairman of our Board and executive Director, and 1% by Mr. Chia Kok Seng, an Independent Third Party.

OVERVIEW

We are an established general cleaning service provider in the environmental services industry headquartered in Singapore with operations in both Singapore and Thailand. According to the Frost & Sullivan Report, the environmental services industry in Singapore comprises general cleaning services, landscaping services, waste management and others. As a testament to this, based on the Frost & Sullivan Report, we ranked second among the cleaning service providers in Singapore in terms of revenue and market share in 2019. As an established cleaning service provider, we primarily provide general cleaning works for a variety of public and private venues including a sports stadium, medical centres, shopping malls, commercial and industrial buildings, schools, hotels, private condominiums as well as public access areas in town councils in Singapore. Our operations are not limited to Singapore. We also provide general cleaning works for private customers at private residences, an office, a hotel and industrial buildings in Thailand.

We have more than 25 years of experience in the environmental services industry and we have the capability to tender for service contracts of an unlimited value under our L6-graded FM02 workhead for "Housekeeping, Cleansing, Desilting and Conservancy" services currently held by Eng Leng. As at the Latest Practicable Date, we employed over 2,500 employees and have 304 ongoing service contracts (excluding one-off contracts) which, given the labour-intensive nature of our industry, is a testament to our ability to handle multiple contracts spread across different districts and venues in Singapore concurrently.

Our top five customers during the Track Record Period include various private corporations, Singapore Government agencies, and town councils (including the management agents appointed by them). For each of the three years ended 31 December 2019, our total revenue for public and private sector contracts amounted to approximately S$15.8 million, S$24.5 million and S$29.8 million, and approximately S$40.6 million, S$47.9 million and S$46.5 million, respectively. Our Directors believe that our business model, which strives to be customer-oriented and is focused on establishing long-term business relationships with our customers through the provision of high-quality and consistent services has contributed to our track record and market position as an established cleaning service provider. This is evidenced by the fact that, during the Track Record Period, our business relationships with our top five customers was on average six years.

Our operating subsidiaries in Singapore, Eng Leng and Titan, were incorporated in 1991 and 2006, respectively, and with this legacy, we pride ourselves on our long-standing track record and as one of the established cleaning service providers in Singapore. To achieve and maintain our quality of services, we have implemented, amongst others, a quality management system accredited by our ISO 9001:2015 certification for the provision of cleaning and housekeeping services. Our operating subsidiaries in Singapore have been recognised through a Clean Mark Silver award from the NEA which recognises cleaning businesses that deliver high cleaning standards through the training of workers, use of equipment to improve work processes, and fair employment practices. Our track record is further evidenced by our L6-graded FM02 workhead for "Housekeeping,

Cleansing, Desilting and Conservancy" services held by Eng Leng, which allows us to tender for public sector contracts of an unlimited value in Singapore. As at the Latest Practicable Date, Eng Leng was one of the 27 registered contractors who has attained an L6 grade for the FM02 workhead among 401 other contractors registered with the FM02 workhead. During the Track Record Period, an aggregate of approximately S$205.1 million has been recognised by our Group as revenue.

According to the Frost & Sullivan Report, there is growth potential in the environmental services industry in Singapore due to, amongst others, (i) growing demand from commercial and residential buildings being developed; (ii) greater awareness of public hygiene, which has resulted in an increased demand for professional cleaning services in commercial and residential areas; (iii) the Singapore Government's focus on increasing productivity through the adoption of advanced technologies; (iv) rising supply of parks and open spaces, resulting in an increase in demand for landscaping services, especially in the public sector; (v) strong Singapore Government support for the development and growth of the waste management and landscaping industries through the promulgation and introduction of incentive schemes and policies; and (vi) the increase in the population and development of Singapore which is expected to lead to an increase in amount of waste generated in Singapore, and in turn, waste management and disposal services. Further, according to the Frost & Sullivan Report, cleaning service providers which are able to provide integrated cleaning services to customers including, general cleaning, landscaping services and waste management and disposal, are more competitive in the market. In view of the foregoing, we intend to capitalise on such growth opportunities and realise our vision of becoming an integrated service provider through the implementation of our business strategies, which includes expanding our service capacity and improving the quality and efficiency of our services in Singapore and broadening our service offerings. Please refer to the paragraph headed "Business strategies" in this section for more information. Our Directors believe that we can leverage on our market-leading position in the cleaning services industry and our operational resources to gain a competitive edge in Singapore by capturing such growing demand for environmental services.

COMPETITIVE STRENGTHS

We have a long and established track record for the provision of cleaning services in Singapore

We have been in the business of providing general cleaning services for over 25 years. As a testament to our established market position, we ranked second among the general cleaning service providers in Singapore in terms of revenue and market share in 2019 according to the Frost & Sullivan Report. Our portfolio of venues for which we have provided cleaning services comprises a sports stadium, medical centres, shopping malls, commercial and industrial buildings, schools, hotels, private condominiums and public access areas in town councils in Singapore. We believe that through our track record of servicing customers in both the public and private sectors in Singapore, we have established our market position as one of the leading cleaning service providers. According to the Frost & Sullivan Report, there is a projected increase in the number of public residential properties, private residential properties and executive condominiums in the

coming years, and the market size by revenue of the general cleaning services sector is expected to reach approximately S$2,103.9 million in 2024 at a CAGR of approximately 6.7% from 2020 to 2024. This, combined with a rising preference for outsourcing general cleaning works to professional cleaning service providers, has driven the demand for the cleaning industry in Singapore. We believe that we have established a strong market position in Singapore which helps us to retain existing customers and attract new customers thereby leveraging on the expectant growth of the cleaning industry in Singapore.

We are experienced, well-equipped and qualified to cater to a variety of customers and can undertake sizable service contracts

Our operating subsidiary, Eng Leng, was incorporated in 1991 and has throughout the years serviced a variety of customers and premises in both the public and private sectors (which include, amongst others, public access areas in town councils and public residential premises, a sports stadium, schools, hotels and private condominiums). Through the servicing of various customers over the years, we have accumulated experience to understand different requirements and can provide a variety of services for different customers. Eng Leng has obtained and currently maintains the FM02 workhead for "Housekeeping, Cleansing, Desilting and Conservancy" services with an L6 grade which enables us to tender for contracts of an unlimited contract value, which we believe has placed us in a good position to undertake sizable contracts, particularly in the public sector. Our Group has taken on several notable contracts, including the provision of cleaning services for a biennial sporting event held across multiple sport venues in Singapore involving participants from various Southeast Asian countries. Our Directors believe that our experience and qualification as evidenced by the FM02 workhead enhances our competitiveness in Singapore.

According to the Frost & Sullivan Report, the environmental services industry is labour intensive and requires a large amount of labour. The environmental services industry faces challenges such as the shortage of local labour, which will impact the number of foreign workers that can be hired and high labour turnover rates and also affect the quality of work provided. We have, with over 25 years of experience in the environmental services industry, built up sizeable human resources which places us in a good position to undertake multiple contracts concurrently and with considerable flexibility. As at the Latest Practicable Date, our Group has over 2,500 people in its employment. Aside from our sizeable workforce, our personnel are also well qualified and trained as a number of them possess certifications for different types of work, including work at height, and general environmental cleaning (which covers the cleaning of washroom, furniture and furnishings, vertical surfaces, glass and ceiling, waste collection and carpet cleaning). With our sizeable workforce, we are able to serve various customers across multiple districts in Singapore concurrently, without compromising on our service quality standards, which we strive to achieve by reducing the amount of work that is outsourced whilst maintaining our competitive pricing edge.

We have an experienced and stable management team

We have an experienced management team, led by Mr. Toh, our founder, chairman and executive Director, Mr. Hong Rui Sheng, our chief executive officer and executive Director, and Mr. Peh Poon Chew, our chief operating officer and executive Director. In particular, Mr. Toh and

Mr. Peh have over 20 years of experience in the cleaning industry in Singapore. A majority of our executive Directors and senior management team have been employed by us for more than 10 years. Further details on the qualification and experience of our Directors and senior management are set out in the section headed "Directors and Senior Management" in this document. We view their collective industry knowledge and extensive project management experience as valuable in establishing stable relationships with our customers as well as facilitating the submission of competitive tenders and believe that this has assisted us in securing numerous tenders over the years. We also believe that this has assisted us in our cost estimation for contracts during the tendering process which enables us to reduce situations of cost overrun.

We have established stable relationships with our customers

We have established stable business relationships with our customers, some of whom are repeat customers. During the Track Record Period, our business relationships with our top five customers averaged six years based on a period ranging between one and 13 years. We believe that our experienced management team, leading market position and quality management system are key factors in maintaining such long term business relationships with our customers. As a testament to the quality of our services, we have received complimentary testimony from some of our customers in respect of the services provided. Our Directors believe that we can leverage on our existing customer base to further develop new business opportunities, which includes the broadening of our services as detailed under the paragraph headed "Business strategies" in this section.

BUSINESS STRATEGIES

Our vision is to become an integrated service provider in the environmental services industry, and to provide consistent and quality cleaning services to our customers. Through the implementation of the following business strategies, we intend to further entrench and to increase our market presence in the environmental services industry with a view towards positioning ourselves as a regional integrated service provider. For more details on our planned use of the net **[REDACTED]** from the **[REDACTED]**, please refer to the section headed "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" in this document.

Expand our service capacity as well as improve quality and efficiency of our services

As one of the market leaders in the cleaning industry in Singapore, we currently offer cleaning services for a variety of public and private venues. Based on the Frost & Sullivan Report, customers often prefer service providers who have a decent brand reputation, so as to secure the service quality. In the cleaning industry in Singapore, the quality of labour directly affects the services delivery and customer experience and as a result, cleaning service providers are highly reliant on their employees and aim to employ more full-time and high-quality workers. As an attestation to our track record, we have in place a quality management system accredited by our ISO 9001:2015 certification for the provision of cleaning and housekeeping activities, and our operating subsidiaries in Singapore have also been recognised by the NEA through the Clean Mark Silver awards which recognises cleaning businesses that deliver high cleaning standards.

In order to capture future growth opportunities, we view that there is a need to expand our capacity to take on more service contracts. We also strive to improve the quality and efficiency of our services and to this end, we intend to utilise the net **[REDACTED]** from the **[REDACTED]** to:

(a) finance upfront costs incurred at the early stages of our service contracts. We consider this necessary as under a typical contract undertaken by us, we do not receive payments or deposits from our customers prior to the commencement of work, and there are costs (including salary payments, security deposits, levies, CPF contributions, and purchases of supplies and equipment) which are typically incurred by us at an early stage and throughout the execution of a service contract. As such, we experience time lags between the payment of such costs and the collection of sales receipts from our customers. We currently finance the cashflow mismatch through our bank borrowings, mainly in the form of trade receivables financing. For the three years ended 31 December 2019, our trade receivables financing amounted to approximately S$3.4 million, S$10.9 million and S$11.8 million, respectively and our net debt to equity ratio was approximately 19.3% and 8.0% as at 31 December 2018 and 31 December 2019, respectively. As at 31 December 2017, our net debt to equity ratios were not applicable as our cash and cash equivalents were more than sufficient to cover our total debt balance. For more information on our key financial ratios, please refer to the section headed "Financial Information — Key financial ratios" in this document. Our Directors consider that the size of our service capacity is restricted by our inability to take on more service contracts and increase our workforce size concurrently, as this would require an increase in our bank borrowings to finance the resultant mismatch, which would also increase our finance costs and have an adverse impact on our net debt to equity ratio. By utilising the net **[REDACTED]** from the **[REDACTED]** to finance upfront costs, we would be able to maintain our current net debt to equity ratio, which is a factor that may be taken into consideration by customers when determining our tenders;

(b) lease automated machinery and equipment such as autonomous floor-scrubbing robots, which can be remotely controlled to schedule cleaning for certain areas at specific times, and can also be programmed to self-dock at their designated recharge locations where clean water is refilled and waste water is discharged. This would streamline and enhance the efficiency of the cleaning process at the relevant work site. Our planned leasing of automated machinery and equipment is in line with the developing trends identified in the Frost & Sullivan Report, which has highlighted that the Singapore Government has implemented a series of incentive schemes and support policies to improve the cleaning industry structure and to promote the use of automation in the environmental services industry, with a view towards improving the productivity of the cleaning services industry. Our Directors also consider that the leasing of automated machinery and equipment would place our Group in a competitive position when tendering for service contracts as some of our tenders may request for the application of innovative technology in the cleaning process, which indicates that the use of automated machinery and equipment is a factor for consideration when customers review our tenders;

(c) hire and retain two additional safety officers with the requisite experience. In order to increase our market presence, we intend to tender for more and/or larger service contracts, and in doing so, we will also need to expand our workforce which will necessarily include the hiring of additional safety officers, who will be responsible for improving our overall workplace safety and health policies and practices through, amongst others, the conduct of regular safety audits at our contract sites. Our Directors consider that employing the additional safety officers will enhance our competitiveness when quoting or tendering for service contracts as it reflects on our commitment to providing quality services, which is a key factor for our customers when considering our tenders;

(d) hire and retain two additional sales and marketing personnel, who will be responsible for the preparation and maintenance of our Group's brochure and marketing materials in order to capitalise on our planned expansion of service capacity. Through the execution of their responsibilities in advertising, participation in exhibitions showcasing our capabilities and supporting green functions, we are of the view that, post-**[REDACTED]**, we will be able to leverage on our enhanced corporate image and brand name as one of the leading cleaning service providers in Singapore to capture more business opportunities, and that this would stead us well in the provision of general cleaning services to private individual customers; and

(e) invest in additional software and systems such as enterprise resource planning software ("**ERPS**") that integrates the key business functions of an organisation into one system to enable a more efficient management of our Group's entire business operation, and human resource management ("**HRM**") system, which is a software that combines a number of systems and processes to ensure the easy management of human resources, business processes and data. This will (i) streamline our entire business and administration process, from the quotation/tendering stage to the monthly invoicing, contract cost tracking, procurement with inventory management and payroll as well as accounting and financial reporting functions; and (ii) enable information sharing between different departments within our Group that has remote access, thereby reducing unnecessary administrative delays. By implementing the ERPS and the HRM system, we expect that we can increase our operational productivity in the long term.

We believe we can leverage on our industry experience and established customer base to implement the aforementioned in order to capture more business opportunities. For more information on our proposed use of **[REDACTED]**, please refer to the section headed "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" in this document.

Broaden our service offerings in Singapore

Our current scope of services offered comprises general cleaning works. Based on the Frost & Sullivan Report, the environmental services industry includes cleaning services as well as waste management and landscaping services. Cleaning and landscaping service providers have to serve customers from both private and public sectors, and customers from different sectors have specific

requirements on cleaning services. As such, cleaning service providers have to provide suitable services to customers according to their specific needs. Service providers who are able to provide integrated cleaning services such as general cleaning, landscaping and waste management and disposal services to customers are more competitive in the market. We aim to establish ourselves as an integrated service provider in the environmental services industry and to do so, we intend to enhance our in-house capability to provide waste management and landscaping services, which are part and parcel of the environmental services industry as they are all categorised as "Maintenance" workheads under the CRS. In order to implement this business strategy, we intend to utilise the net **[REDACTED]** from the **[REDACTED]** to (a) expand our in-house waste management services organically by recruiting and retaining workforce as well as purchasing machinery and equipment; and (b) undertake the acquisition of an existing landscaping company in Singapore post-**[REDACTED]**. For more information on our strategies to broaden our service offerings in Singapore, please refer to the section headed "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]** — Broadening of service offerings" in this document. We believe that the successful implementation of this business strategy will establish our market position as an integrated service provider for a wider range of services.

Expansion of in-house waste management services

According to the Frost & Sullivan Report, waste management services entail (a) collection and transportation of general, horticultural, chemical and toxic waste; (b) collection and sorting of recyclable materials; and (c) composite waste management. Currently, our Group already, as part of our existing business process, collects waste from different parts of a premise, delivers the waste to a specified collection point, at which point third party waste management services providers will collect the waste and deliver it to the relevant sorting and/or disposal sites. Our Group intends to take over the remaining waste management works, being the delivery of waste to the relevant disposal and/or sorting site as part of our plans to grow our suite of environmental services by establishing our in-house capability to provide a wider spectrum of waste management services. For the three years ended 31 December 2019, management charges attributable to our suppliers and subcontractors for the provision of waste management services were approximately S$0.5 million, S$0.8 million and S$0.8 million, representing approximately 9.5%, 13.4% and 16.4% of our subcontractor charges, respectively.

We intend to take over the existing subcontracts for such works and will also secure new waste management contracts for full spectrum waste management services and in doing so, we will need to (a) purchase additional equipment and vehicles such as open top containers, hooklift trucks, rear end loader refuse trucks with weighing scales and transfer bins; (b) hire additional staff, such as experienced management personnel and general workers, for whom we will provide the relevant training to carry out the waste management works; and (c) lease premises as a sorting yard in which waste collected will be sorted based on the type of waste. As at the Latest Practicable Date, we have hired one project manager who will be responsible for overseeing our waste management services and one office executive to perform administrative office matters. Our Directors believe that the expansion of our in-house waste management services will help our Group to (a) realise our vision of becoming an integrated service provider capable of providing a wider range of services

(including full service waste management works) to meet our customers' needs; (b) reduce our subcontracting charges by cutting out the subcontractors engaged to provide waste management delivery services; (c) perform the relevant works while maintaining our quality of service as we can exercise better control and management over the carrying out of our waste management and/or integrated services from end to end; and (d) have better cost savings and offer more competitive pricing to our customers when quoting for waste management and/or integrated service contracts due to reduced subcontracting charges.

Acquisition of landscaping company

The landscaping services we intend to carry out will cover horticultural maintenance, which comprises services such as weeding, fertilising, mowing and irrigation works. We intend to establish our landscaping business by acquiring an existing landscaping company in Singapore as, based on the Frost & Sullivan Report, companies in the cleaning services industry may find more opportunities to increase their market impact and market share through consolidation and large scale companies would prefer to acquire companies with, amongst others, landscaping services as the entry barriers are higher for such sectors due to, amongst others, licensing requirements, significant initial capital input and professional skills required. We intend to acquire an established, Singapore-based landscaping contractor registered under the CRS with at least an L2-graded FM03 "Landscaping" workhead ("**Proposed Acquisition**"). As at the Latest Practicable Date, our Group has not identified any targets or potential targets to be acquired, and we only intend to commence the Proposed Acquisition after the **[REDACTED]**. We will set up an internal approval system and stringent procedures covering preliminary due diligence, target selection, internal proposal and investment approval. Our Directors will consider and select potential targets for the Proposed Acquisition based on the following criteria:

Operational scale	• Main operations in Singapore • Maintains at least an L2-graded FM03 "Landscaping" workhead under the CRS • Track record of at least three years in providing landscaping services
Financial condition and profitability	• Overall profit-making for the past three financial years with an EBITDA of approximately S$0.5 million or above • Low gearing ratio • No material contingent liabilities • Upward trend of financial results in the preceding three years

Legal proceedings and/or non-compliance	• No material ongoing legal proceedings or non-compliances based on public search results • No current tax disputes with the Singapore tax authority
Management team	• Management and qualified personnel agree to continue with their employments for a period of at least two years following completion of the Proposed Acquisition

Companies engaged in the landscaping business in Singapore will need to register with the BCA under the FM03 workhead. A list of companies and the grading of FM03 workheads that such companies possess is listed on the BCA Directory on BCA's website. Accordingly, based on (i) our preliminary review of the foregoing list of companies; (ii) publicly available searches on the corporate information on companies, litigation searches and winding-up searches; and (iii) general public information, industry knowledge and word of mouth, our Directors are able to ascertain potential targets that are available for possible approach and acquisition. Their financials can be duly ascertained once negotiations commence and non-disclosure agreements are signed. But in any event, a rough idea of their financial status can be ascertained based on information such as public filings, the type and size of contracts they tender for and their reputation.

Our Directors are of the view that based on their preliminary analysis, there are potential acquisition targets available that may meet the foregoing criteria as at the Latest Practicable Date. However, a more in-depth due diligence exercise on potential acquisition targets will be carried out after the **[REDACTED]**.

Our Directors consider that the Proposed Acquisition will be beneficial to our Group in the following aspects:

(a) *Minimise time and uncertainty involved in sourcing for sufficient qualified personnel and building up our track record for landscaping works*

For contractors that intend to participate in open tenders for landscaping contracts in the public sector, the FM03 "Landscaping" workhead is a prerequisite registration. Applicants for the FM03 "Landscaping" workhead are required to fulfil certain financial, personnel, track record and certification requirements, further details of which are set out in the section headed "Regulatory Overview — A. Laws and regulations in Singapore in relation to the cleaning business — II. Contractors Registration System" in this document. Our Directors have considered the viability of developing our team for landscaping works internally through the recruitment of additional staff or the provision of relevant trainings to our existing staff. Taking into consideration (i) the time required and uncertainty involved in recruiting and/or

training up an established team of qualified personnel and skilled workers in landscaping works; and (ii) our lack of proven track record for landscaping contracts, our Directors consider that it is not commercially favourable for us to do so.

Further, even if a team was established internally for landscaping works, there is no guarantee that we can secure landscaping contracts with contract values of at least S$1.0 million in aggregate over a three year period to fulfil the track record requirement for the L2 grading under the FM03 "Landscaping" workhead. Our Directors confirm that it is common practice in the industry for main contractors and owners to invite landscaping contractors with a solid track record and/or long operating history to tender for sizeable landscaping contracts. Given that we have not undertaken any sizeable landscaping contract in the past, our Directors consider that it would be difficult for us to build up our track record within a relatively short period of time.

With regard to the foregoing, our Directors consider that it would be difficult for us to secure sizeable landscaping contracts from our customers and to capture the forecasted growth in the Singapore market by establishing our own team internally for landscaping works. In comparison, through the Proposed Acquisition, our Group can minimise the time and uncertainty involved in recruiting the relevant staff and soliciting business from potential customers.

(b) *Capture the increasing market demand for landscaping works in Singapore*

According to the Frost & Sullivan Report, the landscaping services industry in Singapore is driven by the national vision of "Garden City", which aims to transform Singapore into a city with abundant lush greenery and a clean environment. The implementation process has gone from tree planting to park creating, which generates substantial demand for landscaping and maintenance services. According to the Frost & Sullivan Report, the total area of parks, playgrounds and related public open spaces in Singapore reached approximately 2,811 hectares in 2018 and is expected to further grow in the foreseeable future, thereby substantially driving the demand for landscaping services. In addition, by the end of 2018, the "Community in Bloom" Initiatives (which is a Singapore Government scheme that aims to foster community spirit and bring together residents, both young and old, to make Singapore a "Garden City") had 1,400 gardens across Singapore with a coverage of approximately 20,000 residents and is expected to further expand the number of community gardens across Singapore to 2,000 by 2030. The rising supply of landscaping infrastructures such as parks, playgrounds, road side greenery as well as community gardens is expected to drive the market demand for landscaping services in Singapore.

According to Frost & Sullivan, the Singapore cleaning services and landscaping services market is still relatively fragmented and is in the growth stage of its lifecycle model. The business strategies normally employed by providers of such services during the growth stage include integrated service offerings, improvement in service quality, introducing price reductions, and expanding service and geographical coverage in the market. While the environmental services industry in Singapore was initially served by a different number of

suppliers, each specialising in individual services, there is an increasing trend for service providers in the cleaning services and landscaping market to offer a broader suite of services, acting as the sole counterparty responsible for provision of multiple services with the end customer. In light of this growing industry trend, our Directors consider it commercially justifiable for us to strengthen our presence in the landscaping industry by way of the Proposed Acquisition. This is so that our Group maximises our exposure to potential business opportunities associated with the forecasted industry growth and remain competitive against other industry players who are similarly expanding their service offerings to capture this growing demand.

It is our aim to be an integrated service provider in the environmental services industry, and we plan to achieve this through the expansion and integration of our service capacity and service offerings in Singapore. The synergies we expect to achieve through the integration of cleaning and landscaping services include, amongst others, (i) increased competitiveness of our Group through the provision of multiple complementary service lines thus offering a single platform which customers can to liaise with to obtain the services they seek; (ii) maintaining and cultivating good relationships with our existing and potential clients through the provision of a consistent quality of service across our service lines; and (iii) potential cost savings as we take advantage of possible economies of scale through the expansion of our service capacity. Furthermore, we believe that synergising of service offerings is recognised by our customers as a beneficial step towards providing quality service in our projects. According to the Frost & Sullivan Report, integrated services are becoming more popular in private sectors where customers tend to choose service providers who have the ability to provide integrated services, including cleaning, landscaping and waste management services, on site, which enables them to save on service fees and enjoy simplified management. Therefore, we believe that the inclusion of landscaping works as part of our core services and synergising our service offerings to include landscaping services will help us strengthen our competitiveness, maintain good customer relationships with our existing customers and attract new customers who seek integrated service options.

(c) *Participation in quotations and open tenders for public sector landscaping contracts*

According to the Frost & Sullivan Report, it is projected that there may be an increase in demand for landscaping services in both the public and private sectors in Singapore due to the establishment of more parks, playgrounds, roadside greenery and green open spaces managed by the Singapore Government, as well as community gardens as a result of the Singapore Government's initiatives to transform Singapore into a city with abundant lush greenery and a clean environment. Having regard to the fact that the FM03 "Landscaping" workhead is a prerequisite for eligibility to participate in open tenders for public sector landscaping contracts, our Directors consider that, based on their experience, certain private sector customers may also refer to a contractor's workhead registration and track record for contracts prior to their engagement for landscaping services. In light of the aforementioned increasing market demand for landscaping services in Singapore, our Directors consider that the Proposed Acquisition will allow us to meet the workhead and track record requirements needed to

participate in landscaping tenders and/or quotations, thereby capturing more business opportunities and furthering our goal of entrenching our Group as an integrated service provider.

(d) *Leveraging on the enlarged customer base to promote our services*

Our Directors consider that the Proposed Acquisition will enable our Group to leverage on the enlarged customer base of the acquired business for promoting our integrated services. With the addition of a new business line to our Group's portfolio, our Directors, senior management team and sales and marketing personnel will be able to approach new and existing customers of our Group so as to promote our corporate profile and track record in general cleaning services as well as to inform them about the enhancement in our service portfolio and the broadening of our service offerings to encompass landscaping works. Our Directors believe that the Proposed Acquisition will establish our reputation with our customers as an integrated service provider, which will give us a competitive edge in the environmental services industry.

(e) *Additional source of income to bolster our revenue stream*

The Proposed Acquisition will add a new revenue stream to our Group as landscaping works have not been undertaken by us before. Based on the Frost & Sullivan Report, the cleaning services industry is fragmented with a significant number of small players, and that in order to gain more market share, companies are expected to acquire other companies with waste management and disposal and landscaping services as the entry barriers for these two industries are higher. The Proposed Acquisition will allow our Group to gain a greater foothold in the environmental services industry as we will be able to offer landscaping services to our new and existing customers and position ourselves as an integrated service provider. Our Directors believe that, having regard to the foregoing, it is commercially justifiable for us to strengthen our practice in landscaping works through the Proposed Acquisition.

Explore business opportunities in the Southeast Asian region

We intend to establish ourselves as a regional player in the environmental services industry, and to this end, we intend to explore other investment opportunities in the Southeast Asian region and in particular, Thailand, where we have been providing cleaning services since April 2018. We believe that our corporate image, which could be enhanced upon attainment of the **[REDACTED]**, would attract other service providers in the regional environmental services industry to consider a partnership with us, through which we can leverage on our corporate image and their local knowledge to establish a greater foothold in Southeast Asia.

OUR BUSINESS MODEL

Scope of services

Our revenue was derived from cleaning services provided by us in Singapore and Thailand. During the Track Record Period, our revenue was derived from cleaning services rendered in Singapore. We started providing cleaning services in Thailand in April 2018 and our revenue derived from our Thailand operations only accounted for less than 2.0% of our revenue for the Track Record Period. The following table shows a breakdown of our revenue generated from the provision of cleaning services during the Track Record Period by customer:

	For the year ended 31 December					
	2017		2018		2019	
	S$'000	%	S$'000	%	S$'000	%
Public	15,752	28.0	24,528	33.9	29,824	39.1
Private	40,573	72.0	47,907	66.1	46,524	60.9
TOTAL	**56,325**	**100.0**	**72,435**	**100.0**	**76,348**	**100.0**

Notes:

(1) Public sector refers to service contracts entered into with the Singapore Government including statutory boards, ministries, educational institutions, companies receiving substantial funding from the Singapore Government and the management agent(s) appointed by them.

(2) Private sector refers to all service contracts outside public sector.

Please refer to the paragraph headed "Customers" in this section for more information on the various types of private and public sector customers.

Our general cleaning works are provided in a wide range of venues including retail and office premises, and private residential premises, while basic janitorial services are provided for premises including the public access areas in town councils, a sports stadium, medical centres, commercial buildings, schools and common areas of private and public residential premises.

Examples of general cleaning works include scrubbing, toilet cleaning, glass cleaning, carpet cleaning, and mopping which covers areas such as walkways, escalators, kitchens, toilets, corridors and carparks. For certain works, we have utilised cleaning equipment such as turbo blowers, scrubbing machines and high-pressure jet washers. As we employ a sizeable workforce, we are able to undertake general cleaning works for customers across multiple districts in Singapore concurrently.

OUR CONTRACTS AND PORTFOLIO

Service contracts

We typically enter into service contracts with our customers for the continuous provision of general cleaning services for a duration of between one and three years. The number of service contracts may fluctuate from year to year, depending on whether we are able to renew our expiring service contracts with existing customers or enter into new service contracts with new customers. In some instances, we may also be engaged by our customers to provide a one-off cleaning service that addresses a specific situation which generally involves a relatively limited scope of service, time commitment and contract sum as compared to our service contracts; for example, the provision of general cleaning works in respect of private residences or the provision of cleaning services for a particular premise prior to a tenancy handover or relocation. For the three years ended 31 December 2019, the number of service contracts (including those customers whose service contracts ended after the year-end but excluding one-off contracts) served was 407, 483 and 635, respectively and the number of one-off service contracts served was 128, 122 and 389, respectively.

The following table sets out the movement of our service contracts (excluding one-off contracts) during the Track Record Period and up to the Latest Practicable Date:

By number of our contracts

	Year ended 31 December			1 January 2020 up to the Latest Practicable Date
	2017	2018	2019	
Service contracts brought forward from previous year(s)/period	183	215	271	313
Number of service contracts entered into during the year/period[(1)]	224	268	364	144
Number of contracts terminated during the year/period[(2)]	(9)	(8)	(9)	(17)
Number of service contracts completed during the year/period	(183)	(204)	(313)	(136)
Service contracts carried forward to next year/period	215	271	313	304

By value of our contracts

	Year ended 31 December			1 January 2020 up to the Latest Practicable Date
	2017	2018	2019	
	S$'000	S$'000	S$'000	S$'000
Opening value of service contracts as at the beginning of the year/period	72,533	83,670	90,135	72,362
Value of new contracts entered into during the year/period[(1)]	66,809	77,036	58,831	19,882
Value of contracts terminated during the year/period[(2)]	(899)	(593)	(2,856)	(560)
Revenue of contracts recognised during the year/period[(3)]	(54,773)	(69,978)	(73,748)	(28,515)
Remaining value of service contracts at the end of the year/period	83,670	90,135	72,362	63,169

Notes:

(1) The service contracts entered into during each year/period include (i) new service contracts tendered/quoted for and awarded to our Group and (ii) service contracts that had expired and were subsequently renewed with the relevant customers during the year/period.

(2) The value of contracts terminated during each year/period accounts for contracts that were terminated, either by our Group or the customers, in accordance with the terms of the service contracts but before the end of the applicable period under the service contracts.

(3) The total revenue of contracts recognised during each year/period also includes variable revenue recognised during each year/period. Variable revenue recognised represents recurring revenue from the provision of cleaning services during the relevant year/period, based on service contracts which include a variable revenue component. It is calculated on a per unit basis and dependent on demand for our services in any particular month. During the Track Record Period and up to the Latest Practicable Date, our Group recognised approximately S$4.8 million, S$6.3 million, S$10.9 million and S$3.4 million of variable revenue respectively, representing approximately 8.7%, 9.1%, 14.8% and 12.1% of the total revenue of contracts recognised during each year/period.

During the Track Record Period, the value of service contracts entered into was approximately S$66.8 million, S$77.0 million and S$58.8 million, respectively, representing the monthly average of approximately S$5.6 million, S$6.4 million and S$4.9 million for each respective year. The decrease in value of service contracts for the year ended 31 December 2019 from the previous years was mainly due to the shorter average duration of the service contracts awarded to us in the year ended 31 December 2019. During the Track Record Period, the average duration of service contracts (based on the top 75% service contracts in terms of contract value) entered into for each period was approximately 21.0 months, 24.8 months and 16.0 months, respectively. The increase in the average duration of service contracts during the Track Record Period corresponds with the increase in value of service contracts entered into during the same year. Given that the average contract duration for the year ended 31 December 2019 was notably lower than the average contract

duration recorded for the two years ended 31 December 2018, this resulted in the comparatively lower contract value of new service contracts for the year ended 31 December 2019 of approximately S$58.8 million.

Additionally, for the two years ended 31 December 2018 where the value of service contracts entered into were approximately S$66.8 million and S$77.0 million, respectively, our Group had experienced comparatively higher values of service contracts entered into due to our entry into a number of significant contracts with contract values exceeding S$1.0 million during these years.

Since 1 February 2020 and up to the Latest Practicable Date, 17 of our service contracts have been or have been agreed to be mutually terminated with the respective customers due to decline in demand for our cleaning services at the relevant contract sites. Assuming these terminated contracts would not have been renewed, these terminations represent a decrease of approximately S$0.6 million in the outstanding value of service contracts on hand after 31 January 2020.

The following table sets forth the details of our service contracts performed during the Track Record Period (excluding one-off contracts):

	Year ended at 31 December		
	2017	**2018**	**2019**
Number of contracts[(1)]			
• Public sector	31	35	49
• Private sector	376	448	586
	407	483	635
Range of contract period (months)			
• Public sector	3 to 48	6 to 60	1 to 24
• Private sector	1 to 36	1 to 48	1 to 48
Approximate average monthly service fee *(S$'000)*			
• Public sector	103	124	116
• Private sector	14	13	16

Note:

(1) The number of contracts during the year includes both service contracts brought forward from previous year/period and new contracts entered into during the year/period with customers for services performed during the year/period but terminated before the end of the relevant year/period.

As at the Latest Practicable Date, we have 304 ongoing service contracts, excluding one-off contracts, with an aggregate contract size of approximately S$91.7 million, of which approximately S$63.2 million has not been recognised as revenue.

	Number of ongoing service contracts	Range of remaining contract period (months)	Approximate average monthly service fee per contract (S$'000)
Public sector	16	1 to 24	143
Private sector	288	1 to 48	12
TOTAL	304	—	—

Portfolio

Our portfolio comprises various building types. Some of our notable projects include:

- Eng Leng was awarded a cleaning services contract in 2014 for a five-year period for the provision of cleaning services at an integrated sports, entertainment and lifestyle destination located in the Kallang district of Singapore for a contract sum of S$6.0 million. Our services covered daily operations and one-time events held at the premises, which we believe showcased our ability to plan resources and manpower ahead of time.

- Eng Leng was awarded a number of cleaning service contracts in 2015 for the provision of one-time cleaning services for a biennial sporting event held across multiple sporting venues in Singapore involving participants from various Southeast Asian countries. Our services were spread across various venues, which we believed showcased our flexibility in catering to our customers' needs.

Loss-making service contracts

During the Track Record Period, three of our service contracts with aggregate contract value of S$69.2 million over four years were recorded as loss making during the two years ended 31 December 2018. In 2017, we tendered for, and were subsequently awarded, three separate contracts by Customer B for the provision of general cleaning works at three different school zones covering Zone South West 2, Zone East 2 and Zone North 1 in Singapore. These contracts commenced in 2017 and contributed revenue of approximately S$3.4 million and S$14.3 million and gross losses of approximately S$87,000 and S$40,000 for the two years ended 31 December 2018, respectively.

The aforementioned contracts were undertaken as Customer B was one of our top five customers, and we wanted to ensure a continuity in our relationship with this customer. We also wanted to take on more sizeable service contracts so as to contribute to our established track record. At the tender stage, we had expected a slightly lower profit margin for the aforementioned contracts. The resultant recorded loss of the aforementioned contracts was mainly due to (a) increased labour costs due to the higher salary payments required to be paid in order to meet the

minimum salary requirements for local employees as per the PWM; and (b) the imposition of liquidated damages on us by the customer's management agent on the basis that the standards set by the customer were not met by us at all the contract work sites. The customer had required our Group to pass a quality assessment on the standard of cleanliness for each site assessed with a minimum rating of 70% for each site. The site areas assessed on the standard of cleanliness include the entrance and lobby of the building, corridor staircase, landing, steps, common areas, toilets, lift cars and external areas. Upon inspection of the site by our customer's representative together with a representative of our Group, the customer's representative will allocate a rating for each site area assessed. The representatives from the customer and/or our Group who conduct these assessments are independent from our Group, and our Group has no influence on the outcome of the assessment results.

If the rating of any area assessed falls below 70%, our customer may impose liquidated damages on our Group. In the months of April, May and June 2018, our quality assessment rating as assessed by the representative for Customer B fell below 70% for certain areas. For example, on two separate occasions in April 2018, our quality assessment by the representative for Customer B for the corridor staircase, landing, steps and common areas for one of the locations was 64.4%, and for the toilets was 69.1%. As a result, Customer B imposed liquidated damages on our Group for the incidents where our Group's quality assessment fell below 70% in April, May and June 2018. In August 2018, we submitted a formal written appeal to Customer B to contest the imposition of the liquidated damages for the months of April, May and June 2018 on the basis that the liquidated damages imposed on us by the management agent were unjustified. Our reasons for contesting the imposition of liquidated damages are that, for the months of April, May and June 2018, (i) the quality assessments conducted that fell below 70% were all conducted by one assessor (save for one assessment, which was conducted by another assessor); (ii) there were no instances where the assessor rated any other assessments above 70%; and (iii) various other independent assessors, during the same period, consistently gave our Group quality assessments of at least 70% in relation to our contracts with Customer B. We have not yet received a response from Customer B on the status of our appeal as at the Latest Practicable Date.

Since the commencement of the aforementioned contracts in 2017 and up to 31 December 2019, the aggregated amount of liquidated damages imposed on us by such customer for the aforementioned service contracts amounted to approximately S$0.3 million. Our Directors are of the view that such liquidated damages imposed on us by Customer B has not impacted our relationship with the customer, having considered that (i) based on the Frost & Sullivan Report, the imposition of liquidated damages by customers on cleaning service providers is a common practice in the cleaning industry in Singapore; and (ii) as at the Latest Practicable Date, three service contracts entered into between Customer B and our Group are subsisting and no notice of termination of three service contracts was received, despite the liquidated damages imposed as described above.

Our Group has also been able to tender for or secure new contracts in the public or private sector. The number of new service contracts entered into by our Group for the three years ended 31 December 2019 was 224, 268 and 364, respectively. Notwithstanding that we have taken steps to avoid a similar scenario in the future, including the redeployment of staff in order to reduce staff

costs for the relevant service contracts, there is no guarantee that our customers will not impose liquidated damages in the future as a majority of our contracts contain liquidated damages clauses that can be invoked for reasons particular to the specific customer. For the year ended 31 December 2019, our Group recorded revenue and gross profit of approximately S$76.4 million and S$14.0 million, respectively, for the aforementioned service contracts.

MAIN LICENCES AND REGISTRATIONS

Our Group holds a number of licences and registrations, which is specifically required to enable us to carry out our business activities, which are set out in the table below:

Relevant authority/ organisation	Recipient	Relevant list/category/ Supply head	Qualification/ Licence/Grading	Date of expiry
BCA	Eng Leng	FM02 — Housekeeping, Cleansing, Desilting and Conservancy	L6	1 May 2023
BCA	Titan	FM02 — Housekeeping, Cleansing, Desilting and Conservancy	L5	1 April 2021
NEA	Eng Leng	Cleaning Business Licence	N.A.	10 December 2020
NEA	Titan	Cleaning Business Licence	N.A.	5 November 2020
NEA	Titan	General Waste Collector's Licence	Class A	31 May 2020[(1)]
NEA	Eng Leng	General Waste Collector's Licence	Class A, B	30 April 2021
GRS/GeBiz	Titan	EPU/SER/46 — Service (Cleaning)	S9	21 October 2020
GRS/GeBiz	Eng Leng	EPU/SER/46 — Service (Cleaning)	S10	3 November 2020

Note:

(1) As at the Latest Practicable Date, Titan has already obtained in-principle approval for the renewal from the NEA and is pending the formal re-issuance of its renewed Class A general waste collection licence.

For further details on our main licences and registrations and their corresponding scope or requirements, please refer to the section headed "Regulatory Overview" in this document.

Our Directors confirm that, to the best of their knowledge and belief, our existing licences and registrations are adequate for our current business needs, and having made all reasonable enquiries, our Directors confirm that there is no impediment that may affect the renewal of our Group's requisite licences and registrations.

Requirements for maintaining our licences and registrations

There are certain financial, track record, personnel and certification requirements that we have to comply with in order to maintain our licences and registrations, which are set forth in detail in the section headed "Regulatory Overview" in this document. Our ability to maintain our licences and registrations is crucial to our operations. Please refer to the section headed "Risk Factors — Risks relating to our business — Failure to renew, or any suspension or cancellation of, our licences and registrations in Singapore could materially and adversely affect our operations and financial performance" in this document for further information.

Financial and track record requirements

In order to maintain its FM03 workhead under the CRS as described in the table above, Eng Leng must maintain a minimum paid up capital and minimum net worth of S$1.5 million in line with the requirements laid down by the BCA. In order to renew its FM03 workhead, Eng Leng is also required to satisfactorily complete S$30.0 million worth of contracts within the last three years (including ongoing contracts), with a minimum of S$7.5 million worth of contracts being executed in Singapore, a minimum of S$3.0 million worth of contracts comprising main contractor contracts (nominated sub-contracts may be included) and a minimum of S$3.0 million worth of contracts coming from a single main contractor contract or sub-contract.

In order to maintain its FM02 workhead under the CRS as described in the table above, Titan must maintain a minimum paid up capital and minimum net worth of S$0.5 million in line with the requirements laid down by the BCA. In order to renew its FM02 workhead, Titan is also required to satisfactorily complete S$10.0 million worth of contracts within the last three years (including ongoing contracts), with a minimum of S$1.0 million worth of contracts coming from a single main contractor contract or sub-contract.

Personnel requirements

Under the CRS requirements relating to the employment of management and technical personnel, our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group was compliant with all such personnel requirements and has in its employment one additional technician who meets the CRS personnel requirements and may replace any of the registered personnel when necessary.

Certification requirements

In addition, we are required to obtain and maintain certain certifications with respect to quality control, workplace safety and health as well as environmental management. Set out below are the certifications obtained during the Track Record Period and up to the Latest Practicable Date:

Relevant authority/ organisation	Recipient	Relevant list/category	Certification	Date of expiry
NEA	Eng Leng	Clean Mark Accreditation Scheme	Silver	10 December 2020[(1)]
Workplace Safety and Health Council	Eng Leng	bizSAFE	Level Star	25 April 2022
EQAIMS	Eng Leng	Quality management system for the provision of cleaning and housekeeping activities	ISO 9001:2015	25 April 2022
EQAIMS	Eng Leng	Environmental management system for the provision of cleaning and housekeeping activities	ISO 14001:2015	25 April 2022
EQAIMS	Eng Leng	Occupational health and safety management system for the provision of cleaning and housekeeping activities	ISO 45001:2018	25 April 2022
NEA	Titan	Clean Mark Accreditation Scheme	Silver	5 November 2020
Workplace Safety and Health Council	Titan	bizSAFE	Level Star	25 April 2022
EQAIMS	Titan	Quality management system for the provision of cleaning and housekeeping activities	ISO 9001:2015	25 April 2022
EQAIMS	Titan	Environmental management system for the provision of cleaning and housekeeping activities	ISO 14001:2015	25 April 2022
EQAIMS	Titan	Occupational health and safety management system for the provision of cleaning and housekeeping activities	ISO 45001:2018	25 April 2022

Note: Eng Leng successfully renewed its Clean Mark Silver Award accreditation which will expire on 10 December 2020. It should be noted that when applying for or renewing such accreditation, an applicant must not have any conviction in the past twelve months preceding the certification and throughout the accreditation award for offences under legislation administered by, *inter alia*, the MOM. Therefore, although Eng Leng does not have any convictions in respect of the late reporting instances as at the Latest Practicable Date as described in

the section headed "Environmental, Health and Workplace Safety — Workplace safety and health non-compliance" of this document, the legal advisers to our Company as to Singapore law are of the opinion that in the event that the relevant regulatory bodies and/or the prosecution in Singapore decide to take action against Eng Leng in respect of the non-compounded late reporting instances, a conviction could potentially result in Eng Leng's existing Clean Mark Silver Award accreditation being revoked and in Eng Leng being precluded from applying for a new Clean Mark Silver Award accreditation for the next twelve months. As the Singapore Government only engages accredited businesses, the lack of its Clean Mark Silver Award accreditation would result in Eng Leng no longer being eligible to tender for government projects. Whether any action will be taken against Eng Leng in respect of the non-compounded late reporting instances is solely at the discretion of the relevant regulatory bodies and/or the prosecution in Singapore. As at the Latest Practicable Date, nothing has come to the attention of the legal advisers to our Company as to Singapore law that there are any proceedings, pending or threatened, against the Group in respect of the non-compounded late reporting instances. In addition, applicants must also have an average of at least 65 points determined using customer assessment forms which assess an applicant's performance in areas of management, manpower and equipment in order to successfully apply for or renew its Clean Mark Silver Award accreditation. Therefore, the legal advisers to our Company as to Singapore law are of the opinion that if our Group failing to meet the standards set by the customer resulting in liquidated damages being imposed also results in Eng Leng falling below the average of 65 points, Eng Leng's eligibility to renew its Clean Mark Silver Award accreditation upon expiry of its current accreditation will be affected. Our Directors note that there is currently nothing which has come to their attention to suggest that Eng Leng is at risk of not meeting the eligibility criteria for the maintenance or a renewal of its Clean Mark Silver Award accreditation.

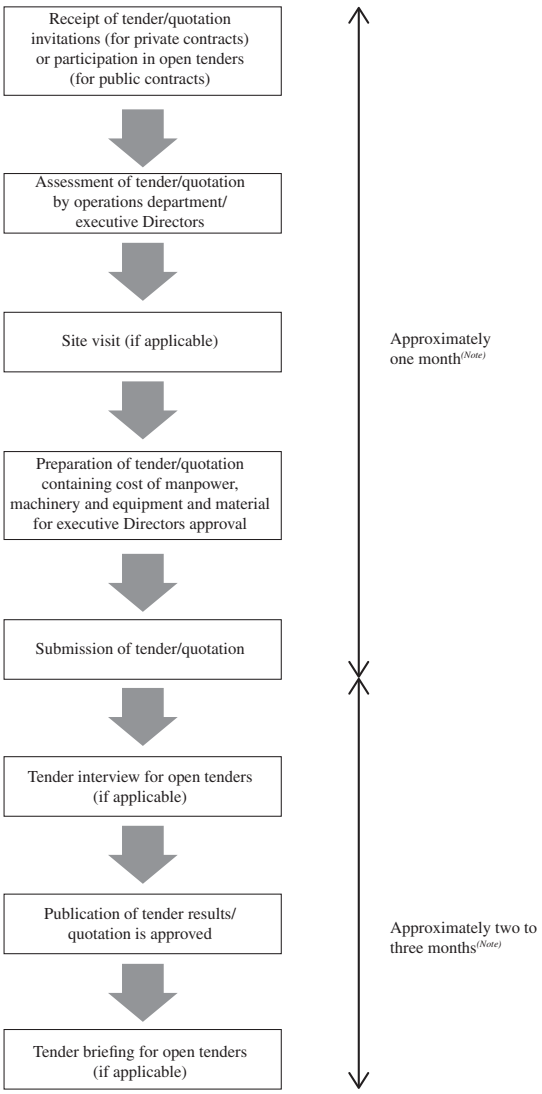
The Singapore Government only engages accredited businesses. Therefore, during the period in which Eng Leng did not have its Clean Mark Silver Award accreditation (i.e. from 11 June 2019 to 11 July 2019), Eng Leng was not permitted to tender for new government projects. Our Directors are not aware of any provisions in Eng Leng's ongoing contracts which expressly require Eng Leng to maintain its Clean Mark Silver Award accreditation throughout the duration of the project which had been breached and resulted in termination of such contracts. As such, our Directors are of the view that the temporary absence of such certification would not cast a material impact on our Group's operation or financial performance. Furthermore, the legal advisers to our Company as to Singapore law are of the view that the participation in the Clean Mark Accreditation Scheme is on a voluntary basis and not a statutory requirement under the laws and regulations in Singapore governing the conduct of cleaning businesses, and therefore Eng Leng's operation of its cleaning business without a valid Clean Mark Silver Award accreditation during the period from 11 June 2019 to 11 July 2019 would not in itself constitute a breach of the laws and regulations in Singapore governing the conduct of cleaning businesses.

Our Directors confirm that as at the Latest Practicable Date, the requirements for maintaining our licences and registrations have been fulfilled, and that our licences and registrations are valid and in effect.

OPERATIONS

The general workflow of our tender submission and quotation invitation process is as follows:

Invitation to quote or participation in tender



Note: The time frame set out above is for illustrative purposes only and the actual time required for the aforementioned processes may vary.

For our public sector contracts, we participate in open tenders via GeBiz. For our private sector contracts, we may be invited to submit a tender or provide a quotation for a particular contract. Some of our existing service contracts may allow us to extend our engagement under the service contract or renew automatically until terminated by either us or our customer. Otherwise, before the expiry of the existing service contract, we may be asked to provide a new quote or to extend our engagement period. Before the expiry of the existing service contract, we may be asked to participate in the open tender process in order to continue supplying the same services to that customer.

After receiving the tender or quotation details, we first make a preliminary assessment of the requirements of the tender or quotation. In our assessment, we consider, among other things, basic details such as the customer, location, services to be provided, fees chargable, timing and payment terms. We may conduct a site visit in order to gather more information on the tender or quotation details. Based on this assessment, we consider whether to submit a tender bid or whether to accept the request for a quotation.

While preparing the terms of our offer, we take into account a number of factors including (i) our relationship with that customer; (ii) our business strategy; (iii) the prevailing market rates and market trends; (iv) our available resources (such as available staff, equipment and vehicles); (v) the need for procurement of additional resources (such as equipment or supplies); (vi) the need for engaging third party service providers; (vii) our budget; (viii) our cost and potential increase in cost during the contract term; and (ix) the requirements of the tender or quotation including any specific legal requirements. In preparing of quotations or open tenders to previous or existing customers, we also make reference to previous contracts with such customers. Our preparations of the tender or quotation at this stage consist of preliminary allocation of resources required and ensuring we have sufficient resources for current and future works. To ensure quality of our services, we have a stringent procedure for selecting suppliers and subcontractors as set out in the paragraph headed "Suppliers and subcontractors" in this section. In relation to open tenders, we will also inspect the site for any other information material to consider the initial offer. Details of our initial offer are reviewed and endorsed by our executive Directors before being submitted to the customer for consideration.

Tender success rate

Tenders or quotations are in relation to a particular premise, zone or area and each tender or quotation that we submit relates to that premise, zone or area.

The following table sets forth our tender success rates during the Track Record Period:

	Year ended at 31 December		
	2017	2018	2019
Number of tenders submitted	173	194	346
Number of successful tenders	19	20	34
Success rate[(1)(2)]	11.0%	10.3%	9.8%

Notes:

(1) The tender success rate for any particular year is calculated based on the number of contracts awarded (whether awarded in the same year or subsequently) which was tendered during the year divided by the total number of tenders submitted during the year.

(2) In calculating the tender success rate, we did not include projects awarded by quotations as there is no tender process and therefore no tender submission documents were prepared.

For the three years ended 31 December 2019, our tender success rates were approximately 11.0%, 10.3% and 9.8%, respectively. Over the Track Record Period, our tender success rates have decreased slightly due to the overall increase in the number of tenders submitted by us, with 173, 194 and 346 tenders submitted in the three years ended 31 December 2019, respectively. Our Group had submitted more tenders over the Track Record Period in order to remain active and competitive in the market and remain informed of the latest market developments and pricing trends. Notwithstanding the decrease in tender success rates, for the three years ended 31 December 2019, our number of successful tenders has increased from 19 in the year ended 31 December 2017 to 34 in the year ended 31 December 2019.

We also submit tenders for contracts from our existing customers, on the basis that we have worked with them before and are familiar with their requirements. Our Directors believe that such strategies may increase our chances of being selected for the contract. Further, our strategy is to balance the number of tenders we submit with consideration for our historical tender success rates, so as to minimise the risk of being awarded more contracts than we can undertake with our capital and cash available at the prevailing time to finance such contracts while not compromising our existing financial position. During the Track Record Period, there was no instance of us being awarded contracts beyond our available resources which resulted in us incurring cost overruns due to the use of external resources.

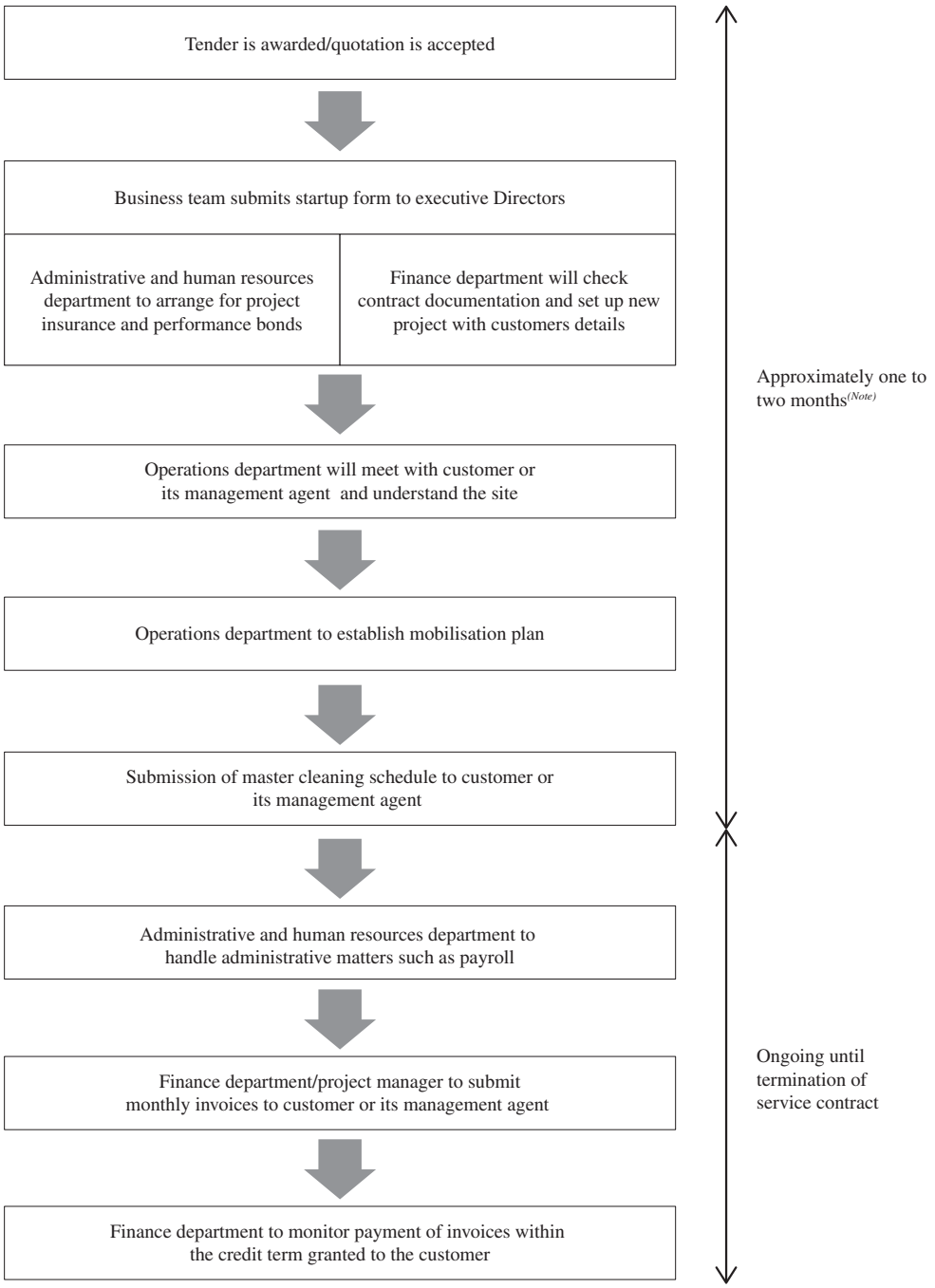
Pre-contract negotiations

As the fees charged by us are generally fixed upon contract, we may bear the risk of cost fluctuations. To mitigate cost fluctuation risks, we carefully consider during the pre-contract negotiations stage, the terms of the tender or quotation including but not limited to the service fees chargeable in light of our pricing policy, circumstances for service fee adjustment and the payment terms offered to customers as detailed in the paragraph headed "Customers — Key contract terms with customers" in this section. In certain cases involving open tenders, our customers may require a performance bond in favour of the customer for due performance of the contract as detailed in the paragraph headed "Customers — Key contract terms with customers" in this section. After the general terms are negotiated and agreed, we generally enter into a formal contract with the customer. The general terms of our contracts with our customers are set out in the paragraph headed "Customers — Key contract terms with customers" in this section. Prior to signing, our business development department and operations department will cross check the terms of the initial offer with that of the contract for material variation.

Assessment by customer and release of tender result

Our customers may invite us to attend tender interviews where issues or terms of our tender or quotation can be clarified immediately. For open tenders, results will be released publicly via GeBiz in Singapore. For private tenders, our customers will notify us if we are successful. Once we are awarded the tender or an agreement is reached on the terms of the quotation submitted, we will proceed to the contract performance stage.

Contract performance



Note: The time frame set out above is for illustrative purposes only and the actual time required for the aforementioned processes may vary.

After a tender is awarded or quotation is accepted, our business team will submit a startup form to our executive Directors. Our administrative and human resources department will arrange for contract insurance and performance bonds (if any) to be prepared prior to the commencement of the service contract, and our finance department will check the service contract documentation and set up a new file with our customers details. If necessary, our operations department will meet with our customer in order to clarify outstanding queries or issues relating to the site or venue, and thereafter will submit a mobilisation plan to our executive Directors for their approval.

Upon finalisation of the foregoing, we will submit a master cleaning schedule to our customer for their reference. During the contract performance stage, our operations department will provide high-level supervision of the ongoing performance of the contracted works, including coordinating with the site supervisors, foremen and if applicable, third party service providers for performance of the contract. We will also conduct a hazard and environmental risk analysis noting potential risks of injuries in the specific tender from causes such as falling from heights, exposure to harmful substances, chemicals and waste handling.

Our administrative and human resources department is responsible for handling the day-to-day and logistical issues for our service contracts. The type or number of ground staff required for contract performance depends on the scope of services and our available resources. Generally, it consists of a team of site workers and cleaners led by a site supervisor or foreman team leader. The site supervisor or team leader is responsible for ground-level supervision of quality of contracted works, adherence to our operational guidelines, coordination with ground staff, ensuring sufficient resources are available, ensuring the performance is on schedule and reporting to the operation department. Follow-up actions may be required if potential problems are discovered by our staff during our on-going quality and safety inspection process, or in response to customer feedback from their customer satisfaction survey. During the Track Record Period, we may be required to pay liquidated damages to our customer pursuant to the terms of the contract if our employees are, amongst others, late for work or do not attend work. Please refer to the paragraph headed "Customers — Key contract terms with customers" in this section for more information on the general terms of our contracts with our customers, including terms on liquidated damages in our contracts. Based on the Frost & Sullivan Report, the imposition of liquidated damages by customers on cleaning service providers is common practice in the cleaning industry in Singapore. During the Track Record Period, save for the imposition of liquidated damages as disclosed under the paragraph headed "Business — Customers — Key contract terms with customers — Liquidated Damages" in this document, we did not receive any material claims from our customers in respect of the quality of our services.

Our finance department will submit invoices to our customers on a monthly basis. For some customers, we will need to submit monthly progress claims to them on the last day of the month for their review. The review process may take 21 days or more, depending on the customer. Once our progress claim is finalised and approved by the customers, we can then issue an invoice. We generally offer credit terms of up to 90 days for our private customers, and up to 30 days for our public customers, payable by cheque or GIRO. For our suppliers and subcontractors, they will submit their invoices to us and we will generally make payment within a term of up to 30 days.

Post contract phase

If the service contract is not renewed, we will commence the handover of the worksite to the incoming service provider before the expiry of our service contract. The handover typically involves the handing over of inventory owned by the customer. Some of our contracts with customers may have the option to renew for additional periods.

QUALITY MANAGEMENT

To maintain consistent quality services for our customers, we have established a quality management system which is certified to be in compliance with the requirements of ISO 9001: 2015, ISO 14001:2015 and ISO 45001:2018 certifications, respectively.

Our operations department manages, amongst others, the implementation of our ISO 9001: 2015, ISO 14001:2015 and ISO 45001:2018 standards as well as carries out ad-hoc relevant training, inspection and incident investigation.

As part of our staff training as managed by our administrative and human resources department, our employees are required to undergo various training with regards to service quality and workplace safety within three months from the date of employment. For more information on staff training, please refer to the paragraph headed "Employees — Employee training" in this section.

Our site supervisors and foremen are also responsible for checking that our employees have complied with our procedures and guidelines regarding workplace safety and quality control during the course of the work on site. In the event that there are complaints from our customers, our site supervisors and foremen will typically rectify any such issues on site immediately. Given that our services involve a large workforce and that a substantial part of our services are provided in connection with public areas, our Directors believe that complaints from customers or members of the public are not uncommon in our industry. In the event that a written complaint is received, we will record the complaint and detail any remedial/corrective steps taken and forward the same to the operations manager responsible. Having regard to the nature of the complaint i.e. whether it is regarding quality of services or other environmental, health or safety issues, the operations manager shall decide on the appropriate responses or follow-up measures to take, oversee its implementation and follow-up with the customer accordingly.

CUSTOMERS

We are engaged by various customers in the public and private sectors of Singapore, comprising:

- **Public sector:** Singapore Government agencies, statutory boards and town councils (including the management agents appointed by them).
- **Private sector:** private corporations which include real estate management boards, MCSTs for private shopping malls, hospitals and medical facilities, hotels and educational institutions.

Top five customers

For the three years ended 31 December 2019, our top five customers accounted for approximately S$21.2 million, S$30.1 million and S$29.3 million, representing approximately 37.6%, 41.5% and 38.4% of our total revenue, respectively. Revenue from our largest customer accounted for approximately S$9.3 million, S$14.3 million and S$15.2 million, representing approximately 16.4%, 19.8% and 19.9% of our total revenue, respectively for the corresponding period.

The following tables set forth our top five customers for the periods indicated below:

Year ended 31 December 2017

Ranking	Customer	Services provided by our Group	Year of commencement of business relationship with our Group	Typical credit terms and payment methods	Revenue contribution	
					Aggregate amount	Percentage of revenue of our Group
					S$'000	%
1.	Customer A[(1)]	General cleaning of commercial building and Singapore Government agency	2013	30 days by way of GIRO	9,257	16.4
2.	Customer B[(2)]	General cleaning of schools	2017	30 days by way of GIRO	3,397	6.0
3.	Customer C[(3)]	General cleaning of public access areas in town council	2012	30 days by way of GIRO	3,397	6.0
4.	Customer D[(4)]	General cleaning of commercial buildings	2006	30 days by way of GIRO	2,797	5.0
5.	Customer E[(5)]	General cleaning of commercial buildings	2010	30 days by way of cheque	2,322	4.1
				Total	21,171	37.6

Year ended 31 December 2018

Ranking	Customer	Services provided by our Group	Year of commencement of business relationship with our Group	Typical credit terms and payment methods	Revenue contribution	
					Aggregate amount	Percentage of revenue of our Group
					S$'000	%
1.	Customer B[(2)]	General cleaning of schools	2017	30 days by way of GIRO	14,309	19.8
2.	Customer A[(1)]	General cleaning of commercial building and Singapore Government agency	2013	30 days by way of GIRO	8,456	11.7
3.	Customer D[(4)]	General cleaning of commercial buildings	2006	30 days by way of GIRO	2,691	3.7
4.	Customer F[(6)]	General cleaning of public access areas in town council	2012	30 days by way of cheque	2,449	3.4
5.	Customer C[(3)]	General cleaning of public access areas in town council	2012	30 days by way of GIRO	2,176	3.0
				Total	30,081	41.5

Year ended 31 December 2019

Ranking	Customer	Services provided by our Group	Year of commencement of business relationship with our Group	Typical credit terms and payment methods	Revenue contribution	
					Aggregate amount	Percentage of revenue of our Group
					S$'000	%
1.	Customer B[(2)]	General cleaning of schools	2017	30 days by way of GIRO	15,186	19.9
2.	Customer A[(1)]	General cleaning of commercial building	2013	30 days by way of GIRO	6,322	8.3
3.	Customer G[(7)]	Cleanroom and general cleaning	2016	30 days by way of GIRO	2,759	3.6
4.	Customer F[(6)]	General cleaning of public access areas in town councils	2012	30 days by way of cheque	2,654	3.5
5.	Customer H[(8)]	Digester cleaning	2018	30 days by way of GIRO	2,411	3.2
				Total	29,332	38.4

Notes:

(1) Customer A is a private company with limited liability incorporated in Singapore in 1998 whose principal activities include facilities and property management services.

(2) Customer B is a ministry under the Singapore Government that directs the formulation and implementation of policies relating to education in Singapore.

(3) Customer C is a town council established in 2002 whose principal activities include the management of HDB estates for a particular district/area in Singapore.

(4) Customer D is an indirect wholly-owned subsidiary of a company listed on the Singapore Exchange Securities Trading Limited and its principal activities include motion picture projection activities (including cinemas).

(5) Customer E is an indirect wholly-owned subsidiary of a company listed on the Hong Kong Stock Exchange Securities Limited and its principal activities include the provision of trustee, fiduciary and custody services (including nominee companies, trustees and real estate investment trust trustees).

(6) Customer F is a town council formed in 2015 whose principal activities include the management of HDB estates for a particular district/area in Singapore.

(7) Customer G is an indirect wholly-owned subsidiary of a company listed on the SIX Swiss Exchange and its principal activities include the manufacture of optical instruments and photographic equipment.

(8) Customer H is a statutory board established under the Singapore Ministry of Environment and Water Resources that is responsible for Singapore's water supply, catchment and used water.

Due to our Group's confidentiality obligations to each of our top five customers under the respective service contracts, the identity of our top five customers cannot be disclosed.

To the best knowledge of our Directors, all of our top five customers during the Track Record Period are Independent Third Parties. To the best of our Directors' knowledge, none of our Directors or their respective close associates or any person who owns more than 5% of our issued share capital or of any of subsidiaries, had any interest in any of our top five customers during the Track Record Period. During the Track Record Period, none of our top five customers were our suppliers or subcontractors.

Key contract terms with customers

Generally, the contracts entered into with our customers contain terms relating to, among others, duration, the schedule of price, the payment terms and credit period, security deposit, insurance, foreign workers, liquidated damages, indemnity and termination.

Duration

The duration will typically be stated in the contract and is usually between one and three years, depending on our customers' requirements. Some of our contracts may allow us to extend our engagement under the service contract or renew automatically until terminated by either us or our customer.

Schedule of prices

The schedule of prices in the contracts may contain (a) the chargeable unit rate of work in Singapore dollars per hour/day/month per unit of manpower, and (b) a list of different chargeable rates applicable for different types of work. The schedule of prices is typically agreed upon between us and our customer at the outset and works falling within the schedule of prices will be included in the same monthly invoice submitted to our customers.

Payment terms and credit period

For some customers, we will need to submit monthly progress claims to them on the last day of the month our services are performed for their review. The review process may take 21 days or more, depending on the customer. Once our progress claim has been finalised and approved by the customer, we can then issue an invoice, payable by cheque or GIRO. We generally offer credit terms of up to 30 days for public sector customers, and up to 90 days for private sector customers.

Security deposit

For our customers, a security deposit is typically required either within 14 days of the letter of acceptance or such other period as may be prescribed by our customer. The security deposit may typically be either in the form of cash or, in lieu of cash, a guarantee in prescribed form issued by a bank or insurance company registered with the Monetary Authority of Singapore. Our customer may draw on the security deposit or in lieu of that, the banker's guarantee or performance bonds, to satisfy any liquidated or other damages as may become due to our customer, provided that our customer has, prior to drawing on the security deposit, notified us in writing of the default or breach and given us specified period of time to rectify or remedy the default or breach. Our Directors confirm that we did not experience any claim on any cash security deposit, banker's guarantees or performance bonds during the Track Record Period. As at 31 December 2019, our Group has not provided any cash as security deposit and had procured banker's guarantee and/or performance bonds covering an aggregate of approximately S$5.6 million for our customers.

The breakdown of security deposits required by our customers as at the dates indicated is set out in the table below.

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Bank guarantees	705	783	976
Performance bonds	4,873	5,114	4,601
Total	5,578	5,897	5,577

Insurance

We are normally required to procure public liability insurance and worker's compensation insurance for the benefit of our customers, our Group and any subcontractors engaged specifically for the contract. During the Track Record Period and up to the Latest Practicable Date, we have obtained and maintained all the insurance policies required to be obtained and maintained under our contracts, further details of which can be found in the paragraph headed "Insurance" in this section.

Foreign workers

We are responsible for ensuring that all foreign workers employed at the relevant work site possess valid work permits. We may be required to indemnify our customers against any losses or liabilities arising from our hiring of illegal workers for the relevant contract. During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that we did not hire any illegal foreign workers and no action or notifications were taken against us or issued to us in connection with the hiring of illegal foreign workers.

Liquidated damages

Our contracts typically include a liquidated damages clause, where our customer is entitled to impose on us, and we are liable to pay, liquidated damages for any failure or shortcomings in the performance of our works. During the Track Record Period, our Group incurred an aggregate of approximately S$0.5 million, S$0.6 million and S$0.3 million in liquidated damages, arising from 68, 80 and 90 of our contracts, respectively. The liquidated damages were attributable to, amongst others, our Group's inability to meet the quality imposed upon by our customers, manpower shortage and/or other operational irregularities (such as delay in the cleaning schedule or deviating from the customer's instructions). Based on the Frost & Sullivan Report, the imposition of liquidated damages by customers on cleaning service providers is common practice in the cleaning industry in Singapore. Our Directors consider that, based on their experience, the liquidated damages clauses imposed on us by our customers are not unusual. There were no material liquidated damages paid by our Group during the Track Record Period.

Indemnity

Some of our contracts may also include indemnity provisions, where we are liable for and shall indemnify our customers against any loss, expense, proceeding, damages, liability or claim in respect of (a) personal injury to or death of any person; and (b) injury or damage of any kind to any property real or personal (including any property of our customer not forming part of the contracted works, arising out of or in the course of or by reason of the carrying out of the contracted works).

Termination

Our contracts can typically be terminated by our customer if, amongst others, we have failed to execute the contracted works, or failed to perform or comply with other obligations or duties under and in accordance with the contract; become bankrupt or insolvent, or made a composition with creditors, or any winding up order of any kind made; or assigned to another person our principal functions without written consent from our customers. During the Track Record Period, none of our contracts were terminated by our customers for any of the aforementioned reasons pursuant to the termination clause. In addition, some of our customers may also terminate our contracts at any time by giving prior notice.

Renewal

Upon expiry of the service contracts entered into by our Group, we may be invited to quote or participate in the tender process again for the respective service contract. Our Group does not have a right of first refusal for the renewal of service contracts during the Track Record Period and up to the Latest Practicable Date. Our service contract renewal rate for each of the three years ended 31 December 2019 were approximately 60.7%, 54.5% and 55.8%, respectively, calculated based on the number of renewed contracts over total number of contracts entered into during the respective years/periods. The number of renewed contracts and service contract renewal rate during the Track Record Period is set out in the table below.

	Number of renewed contracts	Service contract renewal rate
	S$'000	%
Year ended 31 December 2017	136	60.7
Year ended 31 December 2018	146	54.5
Year ended 31 December 2019	203	55.8

MARKETING, PRICING AND CREDIT POLICY

During the Track Record Period, we did not engage in any material marketing activities other than through our liaising with our private sector customers. We also monitor the GeBIZ, the Singapore Government's one-stop e-procurement portal, for suitable tenders put up by the respective Singapore Government agencies, and newspaper advertisements for both public and private tenders. In addition, we also receive invitations to quote for private sector contracts from time to time. Our Directors consider that our track record, expertise and reputation accumulated from handling multiple contracts across different districts in Singapore concurrently, and market-leading position in the cleaning services industry in Singapore are important factors in being invited to quote for private sector contracts.

In determining our budgeted gross profit margin to be earned from the contract and the pricing policy to be adopted for a particular contract, we will consider various factors, including our available capacity and resources, our past experience in tendering for similar contracts, the nature

of the contract, the potential to optimise or share resources for concurrent contracts located in proximity to each other, our familiarity with the customer, the manpower required, schedule of rates for labour and materials (including toiletries and other amenities), machinery and equipment, prevailing market price, and competitive environment. Our pricing is generally prepared on a cost-plus basis.

For some customers, we will need to submit monthly progress claims to them within 14 days of the end of the month for their review. The review process can take 14 days or more, depending on the customer. Once our progress claim is finalised and approved by the customer, we can then issue an invoice. We generally offer credit terms of up to 30 days for public sector customers, and up to 90 days for private sector customers which has been derived at based on market practice and/or as stipulated by the customers.

SEASONALITY

We believe that the industry in which we operate does not exhibit any significant seasonality. Based on the experience of our executive Directors, we are not subject to any material seasonal fluctuations as cleaning services are usually required year-round.

SUPPLIERS AND SUBCONTRACTORS

Our purchases are mainly from suppliers in Singapore and includes suppliers of consumables and equipment as well as third party service providers. Our main purchases include cleaning supplies, and tissue and washroom supplies. We make our purchases based on the needs of individual contracts. We do not have any long-term agreements with our suppliers and we make our purchases by way of purchase orders. We maintain an approved suppliers list of suppliers who have passed our assessment criteria. We will review the supplier based on, where applicable, their (i) price competitiveness; (ii) quality of product or services; (iii) ability to deliver; and (iv) market reputation. This assessment is performed by our business development department and submitted to our executive Directors for approval and if successful, they will be admitted to our approved suppliers list. If there are any complaints received subsequently in respect of the quality of materials provided, we will ask our suppliers to replace the materials. If the problem persists, we will remove them from our approved suppliers list. As at the Latest Practicable Date, there were 98 suppliers on our approved suppliers list.

Our Group engaged subcontractors who are connected persons for certain general cleaning services during the Track Record Period. Our Group has entered into an agreement with 2K Services Pte. Ltd., a connected person of our Company, to subcontract certain cleaning services awarded under tenders or quotations to our Group to 2K. Please refer to the section headed "Continuing Connected Transactions" in this document for more details. In some cases, we may choose to delegate some parts of our works such as external facade cleaning, waste management and disposal and hygiene services to our subcontractors and in doing so, we take into consideration various factors including, amongst others, our own manpower and resources and geographical location of the contracts.

Our subcontractors are generally responsible for supplying or procuring the necessary materials for their works. We maintain an approved subcontractors list for subcontractors who have passed our assessment criteria. We will review the subcontractor and select them based on certain factors including, amongst others, (i) quality of product or services; (ii) ability to deliver; (iii) market reputation; (iv) licences; (v) track record; (vi) financial capabilities; and (vii) safety standards. This assessment is performed by our business development department and submitted to our executive Directors for approval and if successful, they will be admitted to our approved subcontractors list. If there are any complaints received in respect of the services rendered, we will ask our subcontractors to rectify the issues arising due to the subcontracted works and if the problem persists, we will remove them from our approved subcontractors list. As at the Latest Practicable Date, there were 34 subcontractors on our approved subcontractors list.

We maintain good relationships with our suppliers and subcontractors and have not experienced any significant quality or fulfilment issues with our suppliers and subcontractors.

Top five suppliers and subcontractors

For the three years ended 31 December 2019, our purchases (which includes purchases of supplies and subcontractor charges) attributable to our top five suppliers and subcontractors amounted to approximately S$4.4 million, S$4.4 million and S$3.2 million, representing approximately 49.9%, 48.4% and 42.1%, respectively, of our total purchases respectively. Purchases attributable to our largest supplier/subcontractor accounted for approximately S$1.8 million, S$1.5 million and S$0.9 million, representing approximately 20.2%, 15.9% and 12.4%, respectively, of our total purchases for the corresponding period.

The following tables set out information of our top five suppliers and subcontractors for the periods indicated below:

Year ended 31 December 2017

Ranking	Supplier/Subcontractor	Main types of goods/ services/works supplied to our Group	Year of commencement of business relationship with our Group	Typical credit terms/ payment method	Approximate amount of costs incurred for purchases	Approximate percentage to our Group's total purchases[8]
					S$'000	%
1.	GS Facilities Management Pte Ltd[1]	General cleaning services	2016	Collection upon delivery	1,783	20.2
2.	2K Services Pte Ltd[2]	General cleaning services	2015	30 days by way of GIRO	1,051	11.9
3.	Rental Hygiene Services Pte Ltd[3]	Hygiene products supplies	2003	30 days by way of GIRO	597	6.8
4.	Eng Leng Cleaning Pte. Ltd.[4]	General cleaning services	2016	Collection upon delivery	578	6.6
5.	BNL Waste Management Pte Ltd[5]	Waste management services	2014	30 days by way of GIRO	390	4.4
				Total	4,398	49.9

Year ended 31 December 2018

Ranking	Supplier/Subcontractor	Main types of goods/ services/works supplied to our Group	Year of commencement of business relationship with our Group	Typical credit terms/ payment method	Approximate amount of costs incurred for purchases	Approximate percentage to our Group's total purchases[8]
					S$'000	%
1.	GS Facilities Management Pte Ltd[1]	General cleaning services	2016	Collection upon delivery	1,450	15.9
2.	2K Services Pte Ltd[2]	General cleaning services	2015	30 days by way of GIRO	1,051	11.5
3.	Rental Hygiene Services Pte Ltd[3]	Hygiene products supplies	2003	30 days by way of GIRO	1,004	11.0
4.	Eng Leng Cleaning Pte. Ltd.[4]	General cleaning services	2016	Collection upon delivery	494	5.4
5.	BNL Waste Management Pte. Ltd[5]	Waste management services	2014	30 days by way of GIRO	423	4.6
				Total	4,421	48.4

Year ended 31 December 2019

Ranking	Supplier/Subcontractor	Main types of goods/ services/works supplied to our Group	Year of commencement of business relationship with our Group	Typical credit terms/ payment method	Approximate amount of costs incurred for purchases	Approximate percentage to our Group's total purchases[8]
					S$'000	%
1.	Rental Hygiene Services Pte Ltd[3]	Hygiene products supplies	2003	30 days by way of GIRO	932	12.4
2.	2K Services Pte Ltd[2]	General cleaning services	2015	30 days by way of GIRO	680	9.1
3.	GS Facilities Management Pte Ltd[1]	General cleaning services	2016	Collection upon delivery	619	8.3
4.	Jireh Tissue Pte Ltd[6]	Washroom supplies	2006	30 days by way of GIRO	477	6.4
5.	SuperSteam Asia Pacific Pte Ltd[7]	Cleaning equipment and services	2014	30 days by way of GIRO	446	6.0
				Total	3,153	42.1

Notes:

(1) GS Facilities Management Pte. Ltd. ("**GS Facilities Management**") is a private company with limited liability incorporated in Singapore on 6 April 2015 whose principal activity is the provision of general cleaning services (including cleaning of public areas, offices and factories) except household cleaning, and collection of waste. GS Facilities Management is wholly-owned by the son of a former director of our operating subsidiary, namely Eng Leng, and as such is a connected person of our Company. In order to expand our service capacity, our Group hired the owner and the director of GS Facilities Management as a senior project manager in Eng Leng and his team of cleaners from 1 April 2019 and they have continued to provide similar general cleaning services to Eng Leng in the capacity as employees since then. Therefore, our Group ceased all transactions with GS Facilities Management since 1 April 2019. As at Latest Practicable Date, GS Facilities Management is a live company.

During the Track Record Period, our Group entered into 15 subcontracting contracts with GS Facilities Management. Our Directors believe that such subcontracting arrangements would decrease the amount of time and resources required to ensure the quality of cleaning services.

(2) 2K Services Pte Ltd ("**2K**") is wholly-owned by Mr. Recoyl Koh Wei Lun, the brother of Ms. Leann Koh Bee Khee, a director of Eng Leng and as such 2K is a connected person of our Company. For more details, please refer to the section headed "Continuing Connected Transactions" of this document.

(3) Rental Hygiene Services Pte. Ltd. is a private company with limited liability incorporated in Singapore on 3 April 2002 whose principal activity is the wholesale trade of a variety of goods such as hygiene products and services.

(4) Eng Leng Cleaning Pte. Ltd. ("**Eng Leng Cleaning**") is a private company with limited liability incorporated in Singapore on 20 November 2015 whose principal activity is the provision of general cleaning services and professional cleaning for buildings except household cleaning. Mr. Hong Rui Sheng, our executive Director, is the sole director and sole shareholder of Eng Leng Cleaning. Based on the unaudited management accounts, Eng Leng Cleaning recorded revenue of approximately S$0.6 million, S$0.5 million and nil for the years ended 31 December 2017, 2018 and 2019, respectively, all of which was attributable to our Group. Our Group entered into five subcontracting contracts with Eng Leng Cleaning during the Track Record Period for the provision of cleaning services to the same customer of Eng Leng, and such contracts subsisted in 2016, 2017 and 2018. Mr. Hong joined Eng Leng in April 2013 as a contract manager, and was responsible for tendering for government projects. In November 2015, Mr. Hong established RSH Cleaning Private Limited (the former name of Eng Leng Cleaning) with its initial scope of business to provide cleaning services for small scale projects. Mr. Hong had ventured into the cleaning services industry as he considered it as a business with significant potential in Singapore and wanted to start his own small-scale business on a part-time basis by leveraging on his experience in the cleaning services industry. RSH Cleaning Private Limited subsequently changed its name to Eng Leng Cleaning with a similar name as Eng Leng to lean on its reputation with the consent of Mr. Toh, the founding director of Eng Leng. The registered paid-up capital of Eng Leng Cleaning was S$1.00. The setting up of Eng Leng Cleaning did not require substantial funding as Eng Leng Cleaning was able to utilise the deposits and/or advance payments from its customer to finance its operating costs. Eng Leng Cleaning was struck off on 7 October 2019.

(5) BNL Waste Management Pte Ltd is a private company with limited liability incorporated in Singapore on 3 December 2009 whose principal activity is waste disposal services, waste management services and general wholesale trade (including general importers and exporters).

(6) Jireh Tissue Pte Ltd is a private company with limited liability incorporated in Singapore on 27 July 2005 whose principal activity is the wholesale trade of a variety of goods such as paper and washroom supplies.

(7) SuperSteam Asia Pacific Pte. Ltd. is a private company with limited liability incorporated in Singapore on 21 November 2002 whose principal activity is the provision of cleaning equipment and services.

(8) Includes purchases of supplies and subcontractor charges.

We are not reliant on any single supplier or subcontractor and have also not experienced any shortage or delay in supply of materials and/or works or services during the Track Record Period. To the best knowledge of our Directors, save as disclosed above, our top five suppliers and subcontractors during the Track Record Period are Independent Third Parties. To the best of our Directors' knowledge, save as disclosed above, none of our Directors or their respective close associates or any person who own more than 5% of our issued share capital or of any of our subsidiaries, had any interest in any of our top five suppliers or subcontractors during the Track Record Period.

Key contract terms with suppliers

Generally, we submit purchase orders to our suppliers on an as-needed basis, which contain terms relating to the unit price, types and specifications of the materials, payment terms and delivery. In contracts where we subcontract out part of the works to our subcontractors, our subcontractors will be responsible for obtaining the necessary materials for their works.

Unit price, types and specifications of the materials

The types and specifications of the materials together with its corresponding unit price will be stated in the purchase order. Further, there may also be transportation charges payable by us in relation to the materials.

Terms of payment

Terms of payment will typically be stated in the purchase order and where cheque on delivery is not requested, we will usually be offered credit terms of 30 days from the date of the delivery, payable by GIRO or cheque.

Delivery

Generally, we have materials delivered directly to the site, and delivery terms such as size requirements, extra charges for delivery below a minimum amount may be stated in the purchase order.

Key contract terms with subcontractors

Generally, contracts entered into with our subcontractors contain terms relating to the subcontract price, subcontract period, the contracted scope of works, payment terms, obligations of the subcontractor, liquidated damages, indemnity from subcontractors, insurance and termination.

The pricing and key terms of the subcontracting agreements entered into between our Group and our major subcontractors, namely GS Facilities Management Pte. Ltd., 2K Services Pte. Ltd. and Eng Leng Cleaning Pte. Ltd. are comparable to those entered into with Independent Third Parties who provide similar services. When negotiating the pricing and key terms with all our subcontractors, our Group considers various factors on an objective basis, amongst others, including but not limited to (i) relevant experience of the subcontractors in the cleaning industry; (ii) source of labour (the use of either our Group or the subcontractors' own labour); (iii) whether machineries and equipment would be provided by our Group; (iv) locations of the projects; (v) contract value of the projects and (vi) capacity of our cleaning workforce and other resources of which our Group is required to devote to the subcontracting arrangements. Please refer to the section headed "Continuing Connected Transactions" for further details regarding the continuing connected transactions between our Group and connected persons who are our subcontractors.

Subcontract period

The subcontract period varies depending on the nature of the subcontract works and will be based on the main contract period relative to the scope of works provided by our subcontractor.

Liquidated damages

Under some of our subcontracts, we may be entitled to impose liquidated damages for delay in completion of the subcontracted works on our subcontractor, pursuant to which we may deduct from monies due or to become due to the subcontractor.

Indemnity from subcontractors

Under some of our subcontracts, the subcontractor is required to indemnify us from and against, amongst others, any liability incurred by us to indemnify our client under the main contract ("**Main Contract**") insofar as such liability may arise by reason of the carrying out of the subcontract works and is not due to any negligence or wilful act or omission or breach of the subcontract by us, or breach by the subcontractor of the subcontract including, amongst others, all demands, actions, proceedings, expenses, losses, claims, suits, causes of actions and damages which may be made against us by any person or which may be incurred or become payable by us arising out, relating to or in respect of the execution of the subcontract services and works under the subcontract or the Main Contract.

Termination

We may issue a notice of termination to our subcontractor if, amongst others, our subcontractor (a) has breached any term of the subcontractor agreement; (b) is incompetent, guilty of misconduct and/or negligence in the provision of the contracted works; (c) has failed or refused to carry out the duties assigned to the subcontractor; (d) has wound up its business or otherwise ceases to carry on its business; or (e) is not suitable to carry out the subcontracted services and works.

MACHINERY AND EQUIPMENT

Our machinery, equipment and motor vehicles for our services mainly consisted of motor vehicles, cleaning equipment and office equipment, with a carrying value of approximately S$0.8 million, S$1.2 million and S$0.2 million as at 31 December 2019. The useful life of our cleaning equipment, motor vehicles and office equipment, furniture and fittings as at 31 December 2019 is, on average, between approximately three and six years, respectively. The servicing of our machinery and equipment (if necessary) is conducted by external vendor, on an as-needed basis.

We also rent machinery and equipment, such as motor vehicles and cleaning equipment from third parties. For the three years ended 31 December 2019, we incurred rental expenses for such machinery and equipment amounting to an aggregate of approximately S$46,000, S$66,000 and S$26,000, respectively. Our Group also intends to purchase additional machinery and equipment in order to expand our service capacity, further details of which are set out in the section headed "Future Plans and Use of **[REDACTED]**" in this document.

ENVIRONMENTAL, HEALTH AND WORKPLACE SAFETY

We have in place an integrated management system manual as part of our environmental, health and workplace safety ("**EHS**") policy that covers, amongst others, compliance of our activities with all applicable environmental laws and regulations so as to manage our environmental impact occupational safety measures and safety awareness education in order to reduce occupational hazards and prevent work-related injuries in the workplace. Our EHS policy has been devised in accordance with international standards and certified to be in compliance with our ISO 9001:2015, ISO 14001:2004, and ISO 45001:2018 for occupational health and safety management. Our current quality control manual covers, amongst others, the responsibilities of the relevant parties for compliance with the EHS policy of our Group currently in place, minimum operations standards and review procedures applicable to each service contract, procedures for processing of customer reviews and/or feedback, staff feedback, the establishment of a complaint process and procedures for incident investigation and reporting.

Our EHS policy secures our ISO 45001:2018, and ISO 14001:2015 certifications, as it is a requirement under the bizSAFE Level Star and our CRS registrations. Some customers may take note of our certified quality management system and occupational health and safety management system and/or bizSAFE Level Star when inviting contractors to tender, and accordingly, such certifications enable us to undertake a broader range of contracts.

Despite the establishment of our EHS policy, execution of the EHS procedures is largely dependent on individual adherence and there is a risk that individuals may fail to comply with our EHS policies and measures all the time and therefore fail to prevent non-compliance incidents. Please refer to the section headed "Risk Factors — Risks relating to our business" of this document for further information.

Environmental impact

Our Group's environmental impacts are managed by our operations department which administers our ISO 14001:2015 certified environmental management system and ensures that our Group is compliant with all applicable environmental laws and regulations. We employ the following measures to ensure compliance and mitigate the environmental impact across our business services:

- **Air quality and noise control:** Regular maintenance is carried out on all our Group's machinery and equipment, such as motor vehicles and floor-scrubbers, to ensure safe emission levels and limited noise production.

- **Waste management:** We typically ensure recyclable waste is separated from the waste to be disposed.

- **Wastewater management:** At our contract sites, we minimise the use of water for cleaning and reuse water whenever possible. Wastewater is disposed of as soon as practicable after collection to avoid the collection of stagnant water for breeding of vectors.

- **Use of ecolabel products:** We strive to use products endorsed under the Singapore Green Labelling Scheme, such as tissue paper, as these products have been certified to have less undesirable effects on our environment.

During the Track Record Period, our Group was not aware of any violation of applicable environmental laws and regulations and was not subject to any significant fines or non-monetary sanctions due to non-compliance.

Workplace accidents during the Track Record Period

During the Track Record Period, 105 workplace accidents involving our employees were reported to the MOM:

	Year ended 31 December		
	2017	2018	2019
Number of workplace accident(s) involving our employees[(1)(2)]	19	38	47
Accident frequency rate[(3)(5)]	2.16	4.28	5.04[(5)]
Accident severity rate[(4)(5)]	86.92	183.47	92.95[(5)]

Notes:

(1) Number of workplace accident(s) relates to accidents involving employees of our Group reported during the financial year. We have not recorded accidents of our subcontractors' employees as the duty of reporting such accidents to the relevant authorities vests in the relevant employer of the injured worker, which would be our subcontractors. During the Track Record Period, we did not receive any claims from our subcontractors' employees under our work injury compensation policies.

(2) Our Directors confirm that none of the workplace accidents involving our employees during the Track Record Period involved criminal proceedings. As at the Latest Practicable Date, nothing has come to the attention of the legal advisers to our Company as to Singapore law that any workplace accidents involving our employees during the Track Record Period involved criminal proceedings.

(3) Accident frequency rate represents the number of workplace accidents per one million man-hours worked. It is calculated as the number of workplace accidents reported during the financial year divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hours worked for a financial year is estimated based on the number of our relevant workers directly involved in the provision of our services as at the end of the financial year multiplied by 3,360 hours per year per worker for the three years ended 31 December 2019. For comparison purposes, the accident frequency rate for cleaning and landscape maintenance activities in Singapore was 0.9 in 2017 and 1.2 in 2018 as stated in the "Workplace Safety and Health Report 2017" and "Workplace Safety and Health Report 2018" published by the Workplace Safety and Health Institute, Singapore. Our relatively higher than national average accident frequency rates for cleaning and landscape maintenance services was attributable to the fact that our industry is labour intensive. It should also be noted that the national accident frequency rates computed in the Workplace Safety and

Health Report relate to both the cleaning and landscape maintenance services industry, while our current business operations involve only cleaning services and not landscape maintenance. The Workplace Safety and Health Reports does not segregate the accident frequency rate for cleaning and landscape maintenance services industries, or provide information on the average workforce sizes of such industries. As such, the rates computed based on the cleaning and landscape maintenance services industry, which is comprised of two industries and is broader than what our Group provides, may not be entirely reflective of the actual services that our Group provides and in turn, the accident frequency rate for the cleaning services industry. The types of workplace and work-related traffic injuries and occupational diseases covered in the reported statistics under the "Workplace Safety and Health Report 2017" and the "Workplace Safety and Health Report 2018" includes workplace and work-related traffic injuries sustained by employees and resulting in more than three days of medical leave, regardless of whether these were consecutive days; workplace and work-related traffic injuries sustained by employees and resulting in at least 24 hours of hospitalisation; workplace and work-related traffic incidents resulting in the death of employees and self-employed persons; workplace and work-related traffic incidents resulting in the injury of self-employed persons who have to be taken to the hospital for treatment; and occupational diseases listed in the Second Schedule of the WSHA and the WICA.

Despite our Group's accident frequency rate being higher than that of the national industry average, our Directors strive to improve our accident frequency rate, with the hiring of two additional safety officers to improve our workplace safety and health policies and practices. In this regard, it is noteworthy that our accident severity rate has dropped from 183.47 for the year ended 31 December 2018 to 92.95 for the year ended 31 December 2019. Our Group will continue to maintain and improve our safety management system where appropriate in order to reduce the occurrence of accidents.

Further, as at 3 April 2020, our Group was not placed in the Business Under Surveillance ("BUS") programme of the MOM. The BUS programme, which is implemented by the MOM, is for poor-performing companies to improve their workplace safety and health performance by requiring them to develop and implement a robust safety and health management system.

(4) Accident severity rate represents the number of time lost from work of one day or more per one million manhours worked. It is calculated as the number of man days lost to workplace accidents during the financial year/relevant period divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hours worked for a financial year is estimated based on the number of our relevant workers directly involved in the provision of our services as at the end of the financial year, multiplied by 3,360 hours per year per worker for the three years ended 31 December 2019. For comparison purposes, the accident severity rate for cleaning and landscape maintenance activities industry in Singapore was 112 in 2017 and 62 in 2018, as stated in the "Workplace Safety and Health Report 2017" and "Workplace Safety and Health Report 2018" published by the Workplace Safety and Health Institute, Singapore. Our accident severity rate was higher than the national rate in 2018 due to an increase in the number of accidents that occurred and the resultant increase in time lost from work.

(5) Comparable figures for the national rates of accident frequency and accident severity for the cleaning and landscape maintenance activities industry for 2019 are not available. As stated in the "Workplace Safety and Health Report 2019" published by the Workplace Safety and Health Institute, Singapore, information on accident frequency rate and accident severity rate will no longer be published. Accordingly, the accident frequency rate and accident severity rate of our Group for the year ended 31 December 2019 should be compared against the national accident frequency rate and national severity rate for the cleaning and landscape maintenance activities industry in Singapore for 2018, which are the latest available figures.

Health and workplace safety

In view of the recent outbreak of COVID-19 in Singapore, our Group has adopted several control measures to prevent and manage the spread of COVID-19 at our workplaces and to protect our employees from any potential outbreak of COVID-19. These control measures are in line with the advisories issued by the MOM on best practices to be adopted by workplaces in Singapore. The control measures that we have implemented at our office premises include:

- temperature checks to be done by our staff and workers at least twice daily;
- increased frequency of cleaning areas with high human contact, such as common spaces, meeting rooms, toilets, lift buttons and door handles;
- providing additional guidance to our staff, workers and visitors, such as encouraging staff, workers and visitors who are unwell or showing flu-like symptoms to seek immediate medical attention, and encouraging all employees and visitors to observe good personal hygiene;
- imposing work team segregation for our office staff;
- suspension of non-essential travel to mainland China and other relevant countries as advised by the Singapore Ministry of Health;
- travel declarations to be completed by all staff, workers and visitors; and
- enforcing Stay-Home Notices implemented by the MOM on all staff and workers returning from the relevant countries, which requires all returnees to remain in their place of residence at all times for a 14-day period.

At our contract sites, we have imposed the same control measures (where applicable) as those at our office premises, and we have also implemented the following additional measures:

- issue of personal protective equipment, such as face masks and gloves, to be worn by our on-site cleaning staff;
- increased frequency of disinfection of cleaning equipment; and
- providing additional guidance to on-site cleaning staff on providing and maintaining environmental hygiene and cleanliness at our contract sites.

Our project managers shall also manage, implement and review workplace health and safety measures, policies and procedures to maintain high service standards at all our contract sites and ensure that all hazards associated with the work environment are identified, risks assessed and appropriate controls are implemented, in the interests of our staff, workers, subcontractors,

customers and members of the public. Beyond any additional cleaning measures that may be requested by our customers, our project managers shall decide on any additional measures applicable to the project, which may include but not limited to:

- increased frequency of cleaning areas with high human contact such as common spaces, meeting rooms, toilets and handrails at our project sites;
- provision of mist disinfecting system in areas with high human contract, such as toilets, conference rooms and multipurpose halls; and
- provision of hand sanitisers at public spaces with high foot traffic.

Accordingly, we liaise closely with our employees and customers to ensure that our control measures are effectively implemented as all employees are required to familiarise themselves with the control measures above and ensure that all workers under their supervision fully comply with the applicable requirements.

Employees' compensation claims

We are required to procure public liability insurance and work injury compensation insurance for the benefit of our customers, our Group and our subcontractors specifically for each contract. During the Track Record Period, there were 105 accidents involving our employees that resulted in employees' compensation claims. The following table sets out the nature of such accidents involving our own employees during the Track Record Period:

Nature of accident	Number of accidents
Slips, falls or trips	39
Struck by objects	20
Cuts	14
Giddiness or fainting	14
Falls from height	6
Allergic reaction	3
Chest pains	2
Heart attack	1
Stroke	1
Overexertion	1
Swelling	1
Eye injury	1
Other — traffic accident	1
Other — e-scooter accident	1

Our Group is required under the WICA to take out and has accordingly taken out a compulsory insurance policy in Singapore to provide for liability under the aforementioned claims, which relate to accidents arising out of and in the course of employment. Upon the occurrence of

any accidents of our workplace, our Group will first incur the medical leave wages and medical expenses on behalf of our employees. Thereafter, we will submit these employee compensation claims to our respective insurers for reimbursement under our insurance policy.

Out of the 105 employees' compensation claims submitted during the Track Record Period, up to the Latest Practicable Date, 34 of which have been settled and our Group has paid for wages and medical expenses for an aggregate of no more than approximately S$210,000, and of which (i) approximately S$136,000 had been reimbursed by our insurers as at the Latest Practicable Date; (ii) approximately S$24,000 is pending reimbursement by our insurers in respect of claims which are fully covered by our insurance policy and are in the midst of being processed and/or awaiting final assessment; and (iii) no more than approximately S$50,000 may not be reimbursable by our insurers.

While we submit the full amount of wages and medical expenses incurred by us to our insurers, we may not be reimbursed for expenses which fall out side the scope of our insurance policy. These expenses primarily include: (i) goodwill contributions made by us to our employees, where we assess such contributions on a case-by-case basis based on our usual practice to compensate employees injured in the course of their employment with us; (ii) treatments sought by our employee may fall outside of medical institutions recognised or accepted by our insurers; (iii) claims which, upon assessment, are found to be personal injury cases (and not workplace injury cases); and (iv) differences in wages expense calculations whereby the wages expense paid by us to injured employees may be based on an employees' latest monthly wages, whereas insurers may take into account the average monthly wages paid to said employee over a yearly period.

Out of the 105 accidents that resulted in employees' compensation claims during the Track Record Period, for the 71 employees' compensation claims against our Group that remain pending as at the Latest Practicable Date, we have paid an aggregate of no more than approximately S$140,000 in medical leave wages and medical expenses to our injured employees, and of which (i) approximately S$83,000 had been reimbursed by our insurance policies as at the Latest Practicable Date; (ii) approximately S$23,000 is pending reimbursement by our insurers; and (iii) no more than approximately S$34,000 may not be reimbursable by our insurers for the same reasons as provided above.

Based on the experience of our Directors, the expected duration for the assessment and reimbursement of workplace injury compensation claims by our insurers is approximately two weeks to 10 months, and depends on, amongst others, the insurance company in question, the insurance agent handling the particular matter and other circumstances outside of our control.

Based on the foregoing, our Group expects to obtain in due course approximately S$47,000 in relation to wages and medical expenses incurred by us for the 105 employees' compensation claims during the Track Record Period. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group did not encounter any material difficulties in making claims from our insurers or any material disputes on liability from our insurers arising from any work injury claims.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group paid the amount of compensation required under the WICA for the pending 71 employees' compensation claims by our internal fund and no provision has been made in respect of such compensation claims. As at the Latest Practicable Date, 48 out of the 71 pending employee compensation claims have lapsed the one year period allowed under the WICA for making any further claims. The maximum amount of claim required under the WICA estimated to be payable or reimbursed under our insurance policies as at the Latest Practicable Date is approximately S$0.9 million, assuming each of the remaining 23 out of the 71 pending employee compensation claims are reimbursed to their fullest extent possible. This maximum amount of S$0.9 million does not exceed our insurance policies' coverage. During the Track Record Period and up to the Latest Practicable Date, no employee has sought to claim for damages from our Group under common law instead of claiming under the WICA. Our Directors confirm that our operating subsidiaries have taken out and maintained all requisite insurance in connection with the conduct of our business as required by applicable law in Singapore. Our Directors consider that our liability under the outstanding employees' compensation claim would not result in any material impact on the financial position or results and operations of our Group.

Workplace safety and health non-compliance

During the Track Record Period and up to the Latest Practicable Date, our operating subsidiaries had an aggregate of 52 instances of late reporting of work injuries, largely due to manpower shortage, administrative oversight and factors beyond our control, such as the injured worker failing to report the work injury to us in a timely manner or the injured worker being uncontactable after the incident. In respect of the 52 work injuries which were reported late, the majority of these were related to slips, falls or trips suffered by employees. As at the Latest Practicable Date, our Directors are not aware of any proceedings, pending or threatened, in connection with any breach of safety regulations by our Group resulting in the aforementioned work injuries. Under the WSHIR, an employer is required to submit an incident report to the MOM within 10 days of an accident where the employee is hospitalised for at least 24 hours or within 10 days from the third day of medical leave. Based on the incident reports submitted to the MOM, the period of delay in making such work injury reports ranged from one to 96 days. Pursuant to Regulations 6(1) and 10(1)(a) of the WSHIR, any employer who fails to do so shall be liable on conviction: (i) for a first offence, to a fine not exceeding S$5,000; and (ii) for a second or subsequent offence, to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 6 months or to both.

As part of our internal control measures, our supervisor in charge will typically submit an incident report to the human resources manager, who will then submit the incident report to the MOM. Our Directors are not ordinarily involved in the filing work injury incidents with the MOM, which is a task that has been delegated to the human resources manager.

During the Track Record Period and up to the Latest Practicable Date, our Group has been subjected to, and has paid composition fines in respect of three of the aforementioned late reporting instances amounting to an aggregate of S$1,500. Our Directors believe that the discretionary

decision by the Commissioner for Workplace Safety and Health to offer composition in respect of three of the late reporting instances of our Group and not the other remaining late reporting instances as at the Latest Practicable Date was made pursuant to Section 56 of the WSHA which grants the Commissioner for Workplace Safety and Health discretionary powers to compound any offence under the WSHA which is prescribed as a compoundable offence. In relation to the late reporting instance in respect of which the composition fines in aggregate of S$1,500 were duly paid within the prescribed period, pursuant to Section 56(2) of the WSHA, no further proceedings will be taken against our Group in respect of such offence. Our Directors confirm that as at the Latest Practicable Date, no enforcement actions have been taken by the MOM against our operating subsidiaries save for the aforementioned composition fines. In the unlikely event that our operating subsidiaries are fined by the MOM for all late reporting of work injuries during the Track Record Period, the potential maximum penalty is S$485,000. Given that (i) our Directors are of the view that the risk of further actions to be taken by the MOM to impose penalty on us is low considering the nature and the reasons of such non-compliance incidents; and (ii) our Controlling Shareholders have undertaken to indemnify us against any loss or penalty as a result of our late reporting incidents, no provisions were made for the aforementioned late reporting incidents in the financial statements of our Group.

We engaged Baker Tilly Consultancy (Singapore) Pte. Ltd. ("**Baker Tilly**" or the "**Internal Control Consultant**") to review our key procedures, systems and controls and to assist the Sole Sponsor in assessing the adequacy of internal controls of our Group for, among others, compliance with relevant legal and regulatory requirements. Baker Tilly is in the business of, amongst others, providing risk management, internal control and corporate governance advisory services to listed companies and listing candidates in Hong Kong. In respect of the foregoing non-compliances, the Internal Control Consultant provided recommendations in relation to strengthening our internal controls to our management for consideration. We have taken the recommendations and have implemented all of the relevant internal control measures. The Internal Control Consultant performed a follow-up review on our rectified controls in June 2019. The Internal Control Consultant noted that all major recommendations provided by the Internal Control Consultant have been followed and corrective actions were taken accordingly to address our internal control deficiencies and weaknesses.

We are mindful of the importance of the safety and well-being of our workers. To prevent the recurrence of the foregoing non-compliance incidents, our Group has implemented the following additional internal control measures:

1. we have updated our internal policy regarding incident investigation and reporting procedures to require all staff to perform corrective actions (if needed) immediately following the occurrence of an incident involving our employee;

2. as part of our enhanced procedures, the site supervisors shall, as soon as reasonably practicable, notify our safety officer(s) of any accident occurred at a workplace, and shall within three working days after such accident submit an incident report to our administrative and human resources department;

3. we have identified key personnel, namely our human resource executives, to be responsible for ensuring that any notification or report required to be made to the MOM shall be made (a) within 48 hours from the receipt of any incident report from the site supervisor; and (b) in the form and manner prescribed by the MOM, and our administrative and human resources director, Ms. Toh Lek Siew, is responsible for overseeing the submission of incident reports on a timely basis to the MOM and directly reporting to Mr. Hong Rui Sheng, our executive director and chief executive officer. Where our administrative and human resources Director is absent, Mr. Hong Rui Sheng will oversee the submission of incident reports on a timely basis;

4. our human resource executives shall prepare and maintain weekly summaries of incident reports, and submit the same to Mr. Hong Rui Sheng, our executive Director and chief executive officer, and the safety officer(s) on a monthly basis for review;

5. a procedure has been established to ensure that a reminder will be issued from time to time (and at least once a month) to all staff to reiterate the importance of strict adherence to the established incident investigation and reporting procedures; and

6. a procedure has been established to ensure that a yearly review of the workplace safety awareness of our staff will be conducted by our administrative and human resources department and the head of our operations department.

Independent Internal Control Consultant's views

The Internal Control Consultant reviewed our workplace safety procedures, systems and controls in place and conducted an inspection on the implementation of our Group's workplace safety policy. After its review, our Internal Control Consultant is of the view that our Group's existing procedures, systems and controls are adequate and effective for ensuring compliance with the relevant rules and regulations in Singapore, including the reporting requirements under the WSHIR, and our Group has enhanced internal control measures to prevent the recurrence of such non-compliances which are sufficient and effective.

Our Directors' views

Pursuant to Section 48(1) of the WSHA, where an offence under the WSHA has been committed by a body corporate, an officer of the body corporate shall be guilty of the offence and shall be liable to be proceeded against and punished accordingly unless the offence was committed without his consent or connivance and he had exercised all such diligence to prevent the commission of the offence as he ought to have exercised having regard to the nature of his functions in that capacity and to all the circumstances. Therefore, having considered that: (i) our Directors are unable to locate any reported cases where an officer of an employer has been convicted for failing to report a work injury incident within the prescribed period; (ii) based on limited samples of convictions pursuant to other types of breaches under the WSHA, it appears that a prison sentence is more likely to be imposed where the breach under the WSHA is a safety breach which results in a serious injury or death of a worker, and where an act of such officer was in itself

a breach of the WSHA; (iii) the MOM recently published in March 2019 a written answer by the MOM to a parliamentary question on enforcement actions against employers for non-reporting where the MOM cited a case where a site manager was convicted in 2016 and jailed six months for attempting to cover up a workplace accident by abandoning the injured worker along an alley and noted that there had been no other case of non-reporting which resulted in imprisonment; (iv) the MOM had recently made a statement in April 2019 that it will press for custodial sentences against those who put their workers at risk; (v) our Directors are not ordinarily involved in filing work injury incidents with the MOM, which is a task that has been delegated to the human resources manager, and that therefore, the late reporting instances were not a direct result of any negligence, act or omission by them; and (vi) the late reporting instances were solely due to failure in the administrative process and/or inadvertent oversight and were not deliberate or willful breaches of the law, nor did the late reporting instances involve any element of fraud or deceit, our Directors are of the view that it would not be unreasonable to conclude that while the prosecution may take other factors into consideration in determining an appropriate sentence (e.g., the particular facts of the case and whether the offending employer and/or its officers had similar antecedents), an officer being subject to imprisonment as a result of the late reporting instances is unlikely.

Having considered that (i) the facts and circumstances leading to the majority of such non-compliances were due to failures in the administrative process; (ii) no reported case was found where an officer or member of an employer has been convicted under the WSHA for failing to report a work injury incident in time; (iii) the reported convictions pursuant to breaches under the WSHA do not directly relate to late reporting of work injury incidents and a prison sentence is more likely to be imposed where the breach under the WSHA is a safety breach which results in a serious injury or death of a worker, and where an act of such officer was in itself a breach of the WSHA; (iv) no enforcement actions have been taken by the MOM against our operating subsidiaries as at the Latest Practicable Date; and (v) our Controlling Shareholders have undertaken to indemnify us against any loss or penalty which we may suffer as a result of our late reporting incidents of work injury, our Directors are of the view that the rectification measures being taken are adequate and sufficient to prevent their recurrence and that such historical incidents do not and will not have any material financial or operational impact on us.

Sole Sponsor's views

Having considered that (i) our Directors are not ordinarily involved in filing work injury incidents with the MOM, which is a task that has been delegated to the human resources manager, and that therefore, the relevant breaches under the WSHA were not a result of any act or omission by them; (ii) the incidents were solely due to failures in the administrative process and were not deliberate or wilful breaches of the law, nor did the incidents involve any element of fraud or deceit; (iii) the Internal Control Consultant is of the view that the existing procedures, systems and controls are adequate and sufficient to prevent their recurrence; (iv) there were no published cases of convictions for failing to report a work injury incident in time; and (v) no enforcement actions have been taken by the MOM against our operating subsidiaries as at the Latest Practicable Date, the Sole Sponsor concurs with our Director's views that such historical incidents do not and will

not have any material financial or operational impact on our Group and is of the view that the past non-compliances will not affect the suitability of our Directors to act as directors of a listed issuer nor the suitability for **[REDACTED]** of our Company under Listing Rules.

INSURANCE

As at the Latest Practicable Date, we have purchased insurance that covers, amongst others, our public liability, work injury compensation claims and medical policy for foreign workers. Our Directors consider our insurance coverage to be customary for businesses of our size and type and is in line with the industry practice. For the three years ended 31 December 2019, our insurance premiums were approximately S$0.2 million, S$0.3 million and S$0.3 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we had not made any material claims on our public liability insurance.

PROPERTIES

Owned properties

As at the Latest Practicable Date, we owned the following properties:

	Location	Approximate GFA (sqm)	Current usage by our Group	Freehold/leasehold and duration
1.	6 Tagore Drive, #B1-02	195	General office use	Estate in Perpetuity
2.	6 Tagore Drive, #B1-03	230	General office use	Estate in Perpetuity

As at 31 December 2019, no single property interest forming part of our Group's non-property activities had a carrying amount of 15% or more of our total assets. Accordingly, this document is exempted from compliance with the requirements of rules 5.01A and 5.01B of the Listing Rules and the requirements of Section 342(1) and paragraph 34(2) of the Third Schedule of the Companies (Winding Up and Miscellaneous Provisions) Ordinance with respect to the requirements of the inclusion of a property valuation report in this document.

Leased properties

As at the Latest Practicable Date, we rented, from Independent Third Parties, (a) 86 units of private residential properties for tenures ranging from 6 to 24 months and for an average monthly rent of approximately S$1,700 per unit; (b) 6 units of foreign workers dormitories for tenures of 12 months and for an average monthly rent of approximately S$1,400 per unit; and (c) a unit of storage space for tenure of 6 months and for a monthly rent of S$1,800.

INTELLECTUAL PROPERTY RIGHTS

Our Group's intellectual property rights are important to our business and as at the Latest Practicable Date, our Group had registered (i) one trademark in Hong Kong; and (ii) two trademarks in Singapore and applied for the registration of one trademark in Thailand. Further details of our intellectual property portfolio, including trademark under application, are provided in the section headed "Appendix IV — Statutory and General Information" in this document.

As at the Latest Practicable Date, we were not involved in any proceedings with regards to, and we have not received notice of any claims of infringement of, any intellectual property rights that may be threatened or pending, in which we may be involved either as a claimant or respondent.

RESEARCH AND DEVELOPMENT

During the Track Record Period and up to the Latest Practicable Date, we did not engage in any research and development activity.

EMPLOYEES

As at the Latest Practicable Date, we had a total of 2,508 employees in both Singapore and Thailand, of which 721 were foreign workers. Set forth below is a breakdown of the number of our employees by functions as at the Latest Practicable Date:

	Number of employees
Management	7
Finance, administration and human resources	20
Business development	5
Operations	
— Project manager	26
— Workers	2,450
TOTAL	2,508

Recruitment policies and foreign workers

Our administration and human resources department will assess our available human resources on a continual basis and, together with our executive Directors, determine whether additional employees are required in accordance with our business needs. Our administration and human resources department also reviews the policies and procedures relating to the hiring of staff and training. During the Track Record Period, our Directors were not aware of any violation of relevant laws and regulations that have a significant impact on our Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare. We recognise the importance of addressing the

needs and concerns of our employees. Our Directors confirm that our Group's recruitment policies and employment procedures are conducted with impartiality regardless of our employee's race, gender, colour, marital and family status, or disabilities.

Our foreign workers are sourced and recruited through Independent Third Party agencies and are primarily from Malaysia, the PRC, and NAS countries or regions. The supply of foreign workers in Singapore is subject to various regulations and policies. In particular, the availability of foreign workers for the cleaning industry is regulated by the MOM through certain policy instruments, including dependency ceilings that are based on the ratio of local and foreign workers. Please refer to the section headed "Regulatory Overview — A. Laws and regulations in Singapore in relation to the cleaning business" in this document for more information on the relevant regulations and policies relating to the employment of foreign manpower to which our Group is subject.

Dependency ceilings

The dependency ceiling refers to the maximum number of foreign workers a company is permitted to hire in relation to the total workforce of that company in a particular sector. Please refer to the section headed "Regulatory Overview — A. Laws and regulations in Singapore in relation to the cleaning business" in this document for more information on the dependency ceiling applicable to our industry. As at the Latest Practicable Date, our Group had a total of 2,508 employees, of which 721 were foreign workers. Based on the prevailing dependency ceiling regulations, we can hire 109 additional foreign workers in Singapore holding S passes or work permits as at the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, our Group complied with the dependency ceiling as evidence by (i) our ability to apply or renew work permits for our foreign workers (should the dependency ceiling be reached, we would not have been able to apply or renew work permits as applications are performed online through a system administered by the MOM which would not allow such application or renewal as the system also tracks dependency ceiling); and (ii) the fact that we can hire 109 additional foreign workers in Singapore as at the Latest Practicable Date.

Employees' remuneration and benefits

Our employees (including our foreign workers) are remunerated according to their work skills, job scope, responsibilities and performance. Our employees are also entitled to a discretionary bonus depending on their respective performances, among other factors. The duration for which our foreign workers are typically employed depends on the period specified in their work permits, and their employment with us is subject to renewal based on their performance. Our Group also provides housing and medical insurance coverage for our foreign workers as required by the MOM. Pursuant to the terms and conditions of our cleaning business licence, our Group has in place a progressive wage plan for employees who are Singapore citizens and permanent residents of Singapore that specifies the basic wage payable to each class of cleaners that conforms to the wage levels specified by the Commissioner for Labour. Please refer to the section headed "Regulatory Overview — A. Laws and regulations in Singapore in relation to the cleaning business" in this document for more information on the progressive wage model requirements. Our Group also

participates in the mandatory provident fund for our local and permanent resident employees in accordance with the Central Provident Fund Act, and has paid the relevant contributions accordingly.

Employee training

Our employees will receive training depending on the scope of works required. Generally, they are required to attend trainings, from time to time, relating to our quality, environmental, health and safety policies, and courses required by the NEA, the BCA (where applicable) and the MOM. Please refer to the section headed "Regulatory Overview — A. Laws and regulations in Singapore in relation to the cleaning business" in this document for more information on the mandatory training provided to our employees. We also arrange for our employees to attend external courses conducted by organisations such as the BCA, which include workplace safety courses, quality assurance courses and risk management courses.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key risks relating to our business are set out in the section headed "Risk Factors" in this document. The following sets out the key measures adopted by our Group under our risk management and internal control systems for managing the more particular operational and financial risks relating to our business operation.

Continuity of contracts secured

We recognise that securing new contracts is critical for our financial performance and business sustainability and we strive to maintain good working relationships with our customers in both the public and private sectors. We monitor GeBIZ to explore new open tender opportunities, and we are often given referrals by existing customers with whom we have a good working relationship with to quote for private sector contracts. Our executive Directors' contacts with our private sector customers also allow us to be invited for new private tender opportunities.

Contract risk management

We have established procedures for assessing and monitoring contract risk. For details, please refer to the paragraph headed "Operations — Contract performance" above in this section.

Risk of loss of personnel

Our executive Directors and senior management team will ensure that suitable and sufficient numbers of staff are properly appointed and assigned to each contract. This will ensure that the operations team has sufficient experience and that the unforeseen loss of any member of staff will have a limited impact on continuity of the contract.

Credit management

During the tender phase, we will consider the credit worthiness of the customer and the key terms of the tender, including the payment terms offered. We will also take into consideration the past payment history of the customer. For some customers, we will need to submit monthly progress claims to them on the last day of the month for their review. The review process may take 21 days or more, depending on the customer. Once our progress claim is finalised and approved by the customer, we can then issue an invoice. We generally offer credit terms of up to 30 days for public sector customers and up to 90 days for our private sector customers, upon issuance of our invoice.

The credit terms granted by our suppliers and subcontractors to us is usually 30 days from the date of delivery and payment to them is typically by GIRO or cheque. Our finance department reviews the aging of payments on a monthly basis and will follow up with our customers as and when required.

Liquidity risk management

Under a typical contract undertaken by us, we do not receive any upfront payments or deposits from our customers prior to the commencement of work. However, there are costs (including salary payments, security deposits, levies, CPF contributions and purchases of supplies and equipment) which are typically incurred at an early stage and throughout the execution of a service contract before we receive payment from our customers, and such costs are required to be paid from our available financial resources. Further, contracts undertaken by us may require the provision of security deposits or performance bonds or banker's guarantees, which may also affect our liquidity position.

We monitor our working capital to ensure that our financial obligations can be met when due, by (i) ensuring we have a healthy bank balance and sufficient cash for payment of our short-term working capital needs; (ii) monitoring our trade receivables and its monthly aging, and following up closely to ensure prompt receipt of amounts due from our customers; (iii) monitoring our trade payables and its monthly aging to ensure that payments to our suppliers and subcontractors are made on a timely basis; and (iv) monitoring our bank and finance lease payments, amongst others. We monitor our liquidity position for signs that our cash outflows are expected to be higher than our cash inflows for the following month, pay attention to whether the ongoing contracts will result in potentially higher cash outflows than inflows for the following month, and if so, whether our bank balances and cash are adequate.

Our finance department will oversee the financial reporting functions of our Group, including but not limited to, the aforementioned monitoring of our cash flow, financial obligations and working capital needs, the monthly aging analysis, and monthly closing and reconciliation duties.

Regulatory risk management

Our Group keeps abreast of any changes in government policies, regulations, licensing requirements, and permits and safety requirements, and we are aware that any non-compliance of the above may have an adverse impact on our operations and business. We will ensure that changes in government policies, regulations, licensing requirement and safety requirements are closely monitored and communicated to our senior management team and the relevant management personnel for proper implementation and compliance.

Corporate governance measures

Our Company will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. For details, please refer to the section headed "Directors and Senior Management — Corporate Governance" in this document. 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. For details, please refer to the section headed "Directors and Senior management — Board committees" in this document. In particular, one of the primary duties of our Audit Committee is to review the effectiveness of our Company's internal audit activities, internal controls and risk management systems. Our Audit Committee consists of all three of our independent non-executive Directors, whose backgrounds and profiles are set out in the section headed "Directors and Senior Management" in this document. In addition, to avoid potential conflicts of interest, we will implement corporate governance measures as set out in the section headed "Relationship with Controlling Shareholders — Corporate governance" in this document.

Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code each year and ensure that our Directors are in compliance with the "comply or explain" principle in our corporate governance reports to be included in our annual reports after the **[REDACTED]**.

LEGAL MATTERS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance matters which resulted or may result in a material impact on our business operation, financial condition or reputation.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, (i) we had complied with applicable laws and regulations in Singapore and Thailand in all material aspects; and (ii) our Group was not engaged in any actual or threatened litigation, arbitration or claim of material importance that would have a material adverse effect as results of operations or financial condition.

CONTROLLING SHAREHOLDERS

Upon completion of the **[REDACTED]** and assuming none of the **[REDACTED]** and option to be granted under the Share Option Scheme is exercised, TEK Assets Management will be interested as to 75% of our total issued share capital, and TEK Assets Management is in turn wholly-owned by Mr. Toh. Accordingly, upon the **[REDACTED]**, TEK Assets Management and Mr. Toh will be regarded as our Controlling Shareholders.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors believe that our Group is capable of carrying on our businesses independently of, and does not place undue reliance on, our Controlling Shareholders and their respective close associates (other than members of our Group) taking into account the following factors:

Management Independence

Our management and operational decisions are made by our Board and our senior management personnel. Our Board has six Directors comprising three executive Directors, one of whom is a Controlling Shareholder, and three independent non-executive Directors. Saved as disclosed above, no other Controlling Shareholder holds any directorship in our Company. Each of our Directors is aware of his fiduciary duties as a director of our Company which requires, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders following the completion of the **[REDACTED]**.

Operational Independence

We believe that we are capable of carrying on our business independently of our Controlling Shareholders and their associates upon **[REDACTED]** as (i) we have established a set of internal control procedures independent from our Controlling Shareholders to facilitate the effective operation of our business; (ii) our organisational structure is made up of a number of operational teams and functional departments, each with specific areas of duties and responsibilities under the leadership of the management team of our Group; and (iii) our major customers, suppliers and subcontractors are all independent from our Controlling Shareholders.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs.

During the Track Record Period, our Group obtained certain banking facilities where one of our Controlling Shareholders provided personal guarantees. All such personal guarantees will be released and replaced by corporate guarantees from our Company upon **[REDACTED]**.

COMPETITION UNDER RULE 8.10 OF THE LISTING RULES

Each of our Controlling Shareholders has confirmed that he/it and his/its respective close associates (other than members of our Group) does not have any interest in a business apart from our business which competes or is likely to compete, either directly or indirectly, with our business. Furthermore, each of our Directors has confirmed that he is not interested in any business apart from our business (where relevant), which competes or is likely to compete, either directly or indirectly, with our business.

CORPORATE GOVERNANCE

Our Company will adopt the following measures to avoid any conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

(i) as part of our preparation for the **[REDACTED]**, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his close associates has a material interest nor shall such Director be counted in the quorum present at the meeting;

(ii) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself from the board meetings on matters in which such Director or any of his close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(iii) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial and external opinion to protect the interests of our public Shareholders. For details of our independent

non-executive Directors, please refer to the section headed "Directors and Senior Management — Board of Directors — Independent non-executive Directors" in this document;

(iv) in the event that our independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on one hand and our Controlling Shareholders and/or our Directors on the other, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information and our Company shall disclose the decisions of our independent non-executive Directors either through its annual report or by way of announcements; and

(v) we have appointed Fortune Financial Capital Limited as our compliance advisor, which will, upon our consultation, provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various Listing Rules requirements relating to directors' duties and corporate governance.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and their respective associates and our Group, and to protect the interests of our Shareholders.

CONNECTED PERSONS

The following persons, who have entered into the following transactions with our Group, will become connected persons upon **[REDACTED]**:

1. Ms. Peh Cheng Kim ("Ms. Peh")

Pursuant to Rule 14A.07(1) of the Listing Rules, Mr. Peh Poon Chew ("**Mr. Peh**"), our executive Director, is a connected person of our Company. Ms. Peh is the sister of Mr. Peh and is thus an associate of Mr. Peh under Rule 14A.12(2)(a) of the Listing Rules. Ms. Peh is therefore a connected person of our Company.

2. 2K Services Pte Ltd ("2K")

Pursuant to Rule 14A.07(1) of the Listing Rules, Leann Koh Bee Khee ("**Ms. Koh**"), a director of Eng Leng, is a connected person of our Company. 2K is a majority-controlled company (as defined in Rule 14A.06(23) of the Listing Rules) wholly-owned by Recoyl Koh Wei Lun ("**Mr. Koh**"), the brother of Ms. Koh, and is thus an associate of Ms. Koh under Rule 14A.12(2)(b) of the Listing Rules. 2K is therefore a connected person of our Company.

2K was incorporated in 2014 by Mr. Koh and engages in the cleaning services and other building maintenance services. The services offered by 2K encompass commercial and residential cleaning, air conditioning and mechanical ventilation maintenance, electrical works and renovation services. As at the Latest Practicable Date, 2K had a total of 55 employees. Historically, 2K has been employed by multinational clients such as those engaged in the petroleum products and lubricants industry, logistics and automotive manufacturing. In particular, 2K has five years of experience servicing companies located in Jurong East, Jurong West, Pioneer and Tuas areas of Singapore.

CONTINUING CONNECTED TRANSACTIONS

We set out details below of the continuing connected transactions between our Group and our connected persons.

Continuing connected transaction exempt from the reporting, annual review, announcement and independent shareholders' approval requirements

On 15 May 2018, Ms. Peh as landlord, and Eng Leng as tenant, entered into a rental agreement to lease one room in Singapore (the "**Premise**") as accommodation for two of Eng Leng's foreign workers assigned to a project servicing the Ministry of Education in the East Zone, which was in close proximity to the Premise at a monthly rental price of S$500 commenced on 15 May 2018 and terminated on 14 September 2018 when the two foreign workers resigned from Eng Leng. On 2 May 2019, Ms. Peh and Eng Leng entered into a rental agreement in relation to the Premise (the "**Former Rental Agreement**") as two different workers of Eng Leng had been assigned to a project servicing a client located in Changi Airport, Singapore, which is also in close proximity to the Premise. Pursuant to the Former Rental Agreement, Ms. Peh leased the Premise to Eng Leng for a term which commenced on 2 May 2019 and expired on 1 May 2020 at a monthly

rental price of S$500. On 2 May 2020, Ms. Peh and Eng Leng entered into a new lease agreement in relation to the Premises for a term which commenced on 2 May 2020 and will expire on 1 May 2021 at a monthly rental price of S$500 (the "**Rental Agreement**").

The rental for the Premise was determined after arm's length negotiations between the parties and given that (i) the location and area of the Premise are appropriate and suitable for us to use as accommodation for the relevant foreign workers of Eng Leng and the entering into of the Rental Agreement can ensure the continuous availability of the Premise to satisfy our needs; and (ii) the rental offered to us is slightly better than the prevailing market rates of comparable properties in the same area, our Directors (including the independent non-executive Directors), are of the view that the Rental Agreement is (i) negotiated on an arm's length basis and on normal commercial terms or better; and (ii) fair and reasonable and in the best interests of our Company and our Shareholders as a whole.

For the three financial years ended 31 December 2019, the total amounts paid by Eng Leng to Ms. Peh in relation to the lease of the Premise were approximately nil, S$2,000 and S$4,000, respectively.

The proposed annual cap for the maximum amount receivable for the year ending 31 December 2020 is S$6,000. The annual cap is based on the current monthly rental price as agreed in the Rental Agreement with reference to the monthly rental price paid by Eng Leng to Ms. Peh during the Track Record Period.

Based on the annual cap that has been proposed, we expect that the highest relevant percentage ratio in respect of the Rental Agreement with Ms. Peh, on an annual basis, will be less than 0.1% and thus the transaction as contemplated under the Rental Agreement constitutes a *de minimis* transaction under Chapter 14A of the Listing Rules. As a result, such transaction will be fully-exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76(1)(a) of the Listing Rules.

Continuing connected transaction subject to reporting, announcement and annual review but exempt from the independent shareholders' approval requirements

On 11 June 2020, Eng Leng and 2K entered into a framework agreement (the "**Framework Agreement**") pursuant to which Eng Leng has subcontracted certain cleaning services awarded under tenders and quotations to our Group to 2K for a period commencing on the **[REDACTED]** and expiring on 31 December 2022.

For the three financial years ended 31 December 2019, the total amounts paid to 2K in relation to the subcontracting works that will be continuing and governed under the Framework Agreement were approximately S$358,000, S$358,000 and S$332,000, respectively.

The salient terms of the Framework Agreement are set out below:

Term	**[REDACTED]** to 31 December 2022.
Subcontracting and main contracts	2K shall discharge in full all the duties imposed on Eng Leng as the main contractor under the contracts entered into with the end customers (the "**Main Contract(s)**"). Eng Leng and 2K may mutually agree to include additional one-off contracts or work requests from any existing customers that 2K is providing cleaning services to under a subcontract from Eng Leng.
Subcontracting fees	The subcontracting fees are determined with reference to the fees agreed between Eng Leng and the relevant end customer under the Main Contracts. The subcontracting fees generally reflect a fixed percentage (as determined by Eng Leng from time to time) of the fees under the Main Contract due to the efforts contributed and expenditure incurred by Eng Leng in tendering or quoting and subsequently obtaining the Main Contract.
Total number of subcontracts	Four, including any additional one-off contracts or work requests from any existing customers that 2K is providing cleaning services to under a subcontract from Eng Leng.
Undertakings	2K undertakes to, including but not limited to, provide services to the relevant end customers in accordance with the terms and conditions of the relevant Main Contract and obtain and maintain an insurance policy in respect of third party risks with a minimum sum of S$500,000 or such other insurance policies required under the Main Contracts.
Indemnities	2K fully indemnifies Eng Leng from any losses, claims, demands, costs and expenses suffered should there be any form of breach by 2K.

The annual amount of subcontracts under the Framework Agreement for the three years ending 31 December 2020, 31 December 2021 and 31 December 2022 is expected not to exceed S$434,000, S$385,000 and S$385,000, respectively (the "**Annual Cap**"). Such amount is determined on an arm's length basis between Eng Leng and 2K by reference to the following considerations:

(a) The total value of subcontracts made between these parties for each year during the Track Record Period, from which Eng Leng maintains a gross margin at 12% of the revenue generated from each contract awarded to Eng Leng and which Eng Leng subcontracts to 2K;

(b) During the Track Record Period, subcontracting arrangements with other cleaning services providers were not entered into frequently as it is not our Group's primary business. Thus, Eng Leng had only entered into two similar arrangements with Independent Third Parties comparable to 2K where the subcontractor provided all the resources, including employees, supplies and project management staff, necessary to fulfill the requirements of the subcontract without additional assistance from Eng Leng during the Track Record Period (the "**Similar Subcontracting Arrangements**"). The fees paid by Eng Leng to 2K in respect of the cleaning services provided by 2K under the Framework Agreement ranges from S$176 to S$24,640 per month and the fees paid by Eng Leng to the Independent Third Parties in respect of the Similar Subcontracting Arrangements are likewise within this range, being the range between S$13,600 and S$22,414 per month;

(c) The total revenue generated from the subcontracting arrangement with 2K and the Similar Subcontracting Arrangements with Independent Third Parties were S$1,644,083, S$1,454,082 and S$1,046,069 for the three financial years ended 31 December 2019, representing approximately 2.9%, 2.0% and 1.4% of our Group's total revenue, respectively. The corresponding gross profit recorded were S$204,022, S$166,769 and S$117,979 for the three financial years ended 31 December 2019, representing approximately 2.0%, 1.3% and 0.8% of our Group's total gross profit, respectively. As such subcontracting arrangements did not significantly contribute to our Group's financial results and do not form a standalone business of our Group, the gross profit margin of such subcontracting arrangements were not isolated and directly compared with our gross profit margin. Furthermore, the cost structure and risk profile for projects in which our Group provides cleaning services by themselves, versus projects in which it is the subcontractors who provide cleaning services, are different. In terms of costs, Eng Leng does not need to spend the same amount of management time to supervise those projects that it had subcontracted and is not responsible for supplying workers. In return for greater certainty of profit and in consideration of the decreased amount of time and resources required to maintain such projects, we believe that it is therefore commercially reasonable to expect a generally lower gross profit margin from such subcontracting arrangements; and

(d) The gross profit margin of the Similar Subcontracting Arrangements ranged between approximately 12% and 13.9% during the Track Record Period. In comparison, the gross profit margin of Eng Leng's subcontracts to 2K that are continuing under the Framework Agreement was 12% during the Track Record Period. Therefore, the gross profit margin of 2K is not significantly different from those of the Similar Subcontracting Arrangements entered into by Eng Leng with Independent Third Parties. The slightly lower gross profit margin of 2K's subcontracts compared to the Similar Subcontracting Arrangements may be attributed to the fact that the number of subcontracts under which 2K provides cleaning services is larger and so is the absolute value of such subcontracting works. In turn, the revenue generated for Eng Leng by 2K is also larger. We believe it is commercially acceptable, given the greater volume and the greater mix of projects, that the gross profit margin maintained by Eng Leng in the Framework Agreement with 2K to be slightly lower than the gross profit margin in the Similar Subcontracting Arrangements;

(e) Out of the four continuing subcontracts with 2K as provided for under the Framework Agreement, all of them will have a gross profit margin of 12%, which is within the gross profit margin range of 12% to 13.9% of the Similar Subcontracting Arrangements; and

(f) For the year ending 31 December 2020, there are certain additional ad hoc cleaning services being provided to an existing customer to a Main Contract under the Framework Agreement to increase the frequency of cleaning services of existing premises that we currently serve and to undertake cleaning services at new premises that we have not attended to before due to the recent outbreak of COVID-19 in Singapore. While it is challenging to estimate how the outbreak of COVID-19 will progress in Singapore and as such how long this existing customer will require ad hoc cleaning services, the annual cap has been calculated on the basis they will continue until 31 December 2020 and will be reassessed on an ongoing basis. The amount of such ad hoc cleaning services is expected to be approximately S$5,300 per month commencing from February 2020 and its total value between February 2020 to December 2020 is expected to be approximately S$58,500. Given the existence of these ad hoc transactions for the year ending 31 December 2020, we have not applied the additional 2.0% of the historical sum of one-off

contracts and work requests during the Track Record Period mentioned in the following paragraph in calculating the Annual Cap for the year ending 31 December 2020.

The Annual Cap reflects (i) the current subcontract fees as between Eng Leng and 2K; (ii) the estimated fees of subcontracts that are expiring during the term of the Framework Agreement and are expected to be renewed; (iii) a CAGR of 6.4% reflecting the expected growth of the general cleaning services market in Singapore from revenues from approximately S$2,064.8 million in 2019 to an estimated S$2,489.4 million in 2022, as referred to in the Frost & Sullivan Report; and (iv) the application of an estimated additional 2.0% of the historical total sum of one-off contracts and work requests during the Track Record Period as a percentage of the total subcontracting fees paid by Eng Leng to 2K over the same period, specifically for those subcontracts from Eng Leng to 2K that will continue after the **[REDACTED]**.

Our Directors (including our independent non-executive Directors) are of the view that the entering into of the Framework Agreement is in the ordinary and usual course of business of our Group, the Framework Agreement including the Annual Cap is on normal commercial terms, and the terms of the Framework Agreement including the Annual Cap are fair and reasonable and in the interests of our Company and Shareholders as a whole. In addition, our Directors believe that entering into the Framework Agreement would benefit our Group for the following reasons:

(a) 2K is a cleaning services company with operations in Jurong East, Jurong West, Pioneer and Tuas areas of Singapore, areas in which Eng Leng does not generally devote its management's attention and human resources in serving its customers. Subcontracting cleaning services to 2K provides broader geographical capabilities in order for Eng Leng to participate in and win tenders that would not otherwise be sufficiently profitable for Eng Leng to undertake;

(b) the Framework Agreement provides that 2K undertakes to (i) discharge in full all the duties and agreed services imposed on Eng Leng as the main contractor, including the provision of all workers, personnel and supplies; and (ii) fully indemnify Eng Leng from any losses, claims, demands, costs and expenses suffered should there be any form of breach by 2K. Thus, Eng Leng is not required to bear any significant risk and is not required to engage any of its workers in fulfilling such subcontracts, while profiting from a 12% margin on the subcontracts;

(c) 2K is familiar with our Group's specifications, standards and requirements and our Group has confidence in the quality of the cleaning services provided by 2K based on our previous dealings with them; and

(d) our Directors consider that it is important for our Group to maintain the stability in quality and availability of the cleaning services provided by 2K (instead of any other third parties) for a portion of our existing and future subcontracting needs in Jurong East, Jurong West, Pioneer and Tuas areas of Singapore.

WAIVER SOUGHT FOR CONTINUING CONNECTED TRANSACTION

Given the annual amount payable by Eng Leng under the Framework Agreement, the Framework Agreement constitutes a continuing connected transaction which is subject to the requirements of reporting, annual review and announcement but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As such continuing connected transactions have been entered into prior to **[REDACTED]** and have been fully disclosed in this document and they are expected to continue on a recurring and continuing basis, our Directors consider that compliance with the above announcement requirement would be impractical, our Company would incur unnecessary administrative costs and would be unduly burdensome to our Company.

Accordingly, our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver to our Company under Rule 14A.105 of the Listing Rules from compliance with the announcement requirement in respect of such continuing connected transactions. In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this document, our Company will take immediate steps to ensure compliance with such new requirements within reasonable time.

RELATED PARTY TRANSACTIONS

The above continuing connected transaction is also disclosed in Note 25 to the Accountants' Report in Appendix I to this document.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) consider that it is in the interests of our Company to continue with these continuing connected transactions after **[REDACTED]**. They also consider that all the continuing connected transactions as set out above are in the interests of our Company and our Shareholders as a whole and are in the ordinary and usual course of our business. Our Directors are also of the view that all of the continuing connected transactions above were entered into on normal commercial terms and the annual caps are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

Save as disclosed in this section, our Directors currently do not expect that immediately following the **[REDACTED]**, there will be any transaction which will constitute a continuing connected transaction of our Company under the Listing Rules.

CONFIRMATION FROM THE SOLE SPONSOR

After review of the relevant documentation and historical figures provided by us, the Sole Sponsor is of the opinion that (i) the terms of the continuing connected transactions referred to above were entered into in the ordinary and usual course of business of our Company and on normal commercial terms which are fair and reasonable and in the interests of our Company and the Shareholders as a whole; (ii) the proposed annual caps (where applicable) of such continuing connected transactions mentioned above are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

OUR DIRECTORS AND SENIOR MANAGEMENT

Our Board currently consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The following table sets forth information regarding our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Director(s) and the senior management
Mr. Toh Eng Kui (卓榮貴先生)	59	Executive Director and Chairman	June 1991	28 February 2019	Overseeing, identifying, developing and directing the implementation of business strategies of our Group to achieve our Group's visions and business objectives	Brother of Ms. Toh Lek Siew, our senior management member
Mr. Hong Rui Sheng (唐瑞聲先生)	34	Executive Director and Chief Executive Officer	April 2013	28 February 2019	Overseeing all aspects of the business operations of our Group including strategic planning, sales and marketing as well as business development while working directly with the department heads and managers to delegate responsibilities and ensure that all aspects of the business are operating efficiently	Not applicable
Mr. Peh Poon Chew	67	Executive Director and Chief Operating Officer	June 2002	28 February 2019	Leading the operations department and providing guidance and management experience in operations management, including contracts start-up and run in and liaising with customers and suppliers	Not applicable
Mr. Koh How Thim (高厚琛先生)	61	Independent non-executive Director and Chairman of our remuneration committee	December 2019	18 December 2019	Providing independent opinion and judgment to our Board	Not applicable
Mr. Tan Wu Hao (陳武豪先生)	33	Independent non-executive Director and Chairman of our nomination committee	December 2019	18 December 2019	Providing independent opinion and judgment to our Board	Not applicable

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Director(s) and the senior management
Mr. Wong Yuk (王旭先生)	48	Independent non-executive Director and Chairman of our audit committee	December 2019	18 December 2019	Providing independent opinion and judgment to our Board	Not applicable

Other than our Directors, our senior management team consists of three members, who, together with our executive Directors, are responsible for the day-to-day management and operation of our Group. The following table sets forth information regarding our senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as senior management	Roles and responsibilities	Relationship with other Director(s) and the senior management
Ms. Leann Koh Bee Khee (高美琪女士)	36	Business Development Director	July 2004	October 2016	Overseeing the business development operations, sales reports and market feedback, pricing strategies for tenders and delegating the teams for tender invitations as well as ensuring adherence to our Group's standard operating procedures for tenders	Not applicable
Mr. Lin Jiayang (林家揚先生)	32	Financial Controller	April 2019	April 2019	Leading the finance team and overseeing accounting operations and reporting, financial planning and internal control systems of our Group	Not applicable
Ms. Toh Lek Siew (卓麗秋女士)	53	Administrative and Human Resources Director	June 1991	February 2008	Ensuring the business meets all its statutory and compliance obligations including statutory accounting and tax issues and maintaining administrative services by organising office operations and procedures and approving supply procurement	Sister of Mr. Toh Eng Kui, our executive Director

BOARD OF DIRECTORS

Executive Directors

Mr. Toh Eng Kui (卓榮貴先生) ("Mr. Toh"), aged 59, founded our Group in June 1991 and was appointed a director of Eng Leng at its founding. He was appointed as a Director on 28 February 2019 and re-designated as an executive Director and Chairman of our Board on 31 May 2019. Mr. Toh has close to four decades of entrepreneurial experience in the cleaning and construction industry. In October 1981, after completing his two years of national service in the Singapore Civil Defence Force, Mr. Toh founded Eng Leng Sub-Contractor as a sole proprietorship engaged in construction-related industry. A decade later, Mr. Toh incorporated Eng Leng, marking the founding of our Group. Mr. Toh is responsible for overseeing, identifying, developing and directing the implementation of business strategies of our Group to achieve our Group's vision and business objectives. He works with customers, suppliers, officials of government departments and regulatory bodies as well as creates and maintains links with other trade and professional associations. Under his leadership, Mr. Toh grew our Group from start-up almost three decades ago to become one of the leading service providers of cleaning solutions in Singapore today that employs over 2,500 employees.

Mr. Toh completed his secondary school education in December 1976 at Serangoon Secondary School in Singapore. Save as being the brother of Ms. Toh, our senior management, Mr. Toh does not have any relationship with other Directors and senior management.

Mr. Toh was previously a director of the following company and sole proprietor and partner of business entities which were struck off or terminated:

Name of company or business entity	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution
Sunrich Tech Pte Ltd	Singapore	Retail sale of health supplements	9 March 2017	Struck off
Eng Leng Sub-Contractor *(Sole proprietorship)*	Singapore	Construction of other civil engineering projects (e.g. playground systems) and building construction	31 August 1991	Terminated
Eng Leng Trading Enterprise *(Partnership)*	Singapore	Wholesale of general hardware (e.g. locks and hinges) and building construction	30 September 1990	Terminated
E&L Contractors *(Sole proprietorship)*	Singapore	Construction of other civil engineering projects (e.g. playground systems) and building construction	31 May 1996	Terminated

Mr. Toh confirms that the (i) striking off of the above company was voluntary due to cessation of business; (ii) the sole proprietorship and partnerships listed above were solvent at the time they were terminated due to cessation of business; and (iii) there is no fraudulent act, misfeasance or wrongful act on his part leading to the dissolution of such company and/or business entities and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of such company and/or business entities.

Mr. Toh has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

Mr. Hong Rui Sheng(唐瑞聲先生)**("Mr. Hong")**, aged 34, joined our Group in April 2013 and was appointed as a director of Eng Leng in October 2016 and promoted to the chief executive officer of Eng Leng on 1 September 2018. He was appointed as a Director on 28 February 2019 and re-designated as an executive Director and chief executive officer of our Group on 31 May 2019. Mr. Hong currently oversees all aspects of the business operations of our Group including strategic planning, sales and marketing as well as business development. He works directly with the department heads and managers to delegate responsibilities and ensure that all aspects of the business are operating efficiently. Mr. Hong develops and implements strategic sales & marketing plans as well as company policies. He also negotiates with customers, vendors and other relevant organisations for the implementation of all projects. Between June 2007 and June 2009, Mr. Hong served his national service in the Singapore Armed Forces. Mr. Hong started his career in November 2009 at Street Directory Pte Ltd, a Singapore maps and car tracking services company, as an account executive where he was responsible for business development and client management. Between October 2010 and April 2013, he worked at Apple South Asia Pte Ltd, a Singapore subsidiary of an American multinational technology company as an order process support where he handled the day-to-day escalations from customer service agents for the Australia and New Zealand region.

Mr. Hong obtained a diploma in Civil and Structural Engineering from the Singapore Polytechnic in March 2007. He also obtained a Certificate in Building Construction Supervisor Safety Course in July 2006 from the Singapore Polytechnic.

Mr. Hong was previously a sole proprietor of the following business entity which was cancelled:

Name of company or business entity	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution
The Cleaning Services Group *(Sole proprietorship)*	Singapore	General cleaning services (including cleaning of public areas, offices and factories) except household cleaning	16 February 2017	Cancelled

Mr. Hong was previously a director of Eng Leng Cleaning Pte. Ltd., a company incorporated in Singapore, which was struck off on 7 October 2019.

Mr. Hong confirms that (i) the sole proprietorship listed above was cancelled due to the non-renewal of its business registration and was solvent at the time of dissolution (ii) the company referred to above was struck off voluntarily due to cessation of business and was solvent at the time when the company submitted its application to be struck off; and (iii) there is no fraudulent act, misfeasance or wrongful act on his part leading to the dissolution of such sole proprietorship and company and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of such company and sole proprietorship.

Mr. Hong has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

Mr. Peh Poon Chew ("Mr. Peh"), aged 67, was appointed as a director of Eng Leng in August 2002 and a director of Titan in September 2010. He was appointed as a Director on 28 February 2019 and re-designated as an executive Director and chief operating officer of our Group on 31 May 2019. He joined our Group in June 2002 as operations director and is responsible for leading the operations department and providing guidance and management experience in operations management, including contracts start-up and run in and liaising with customers and suppliers. He is also responsible for interviewing and deploying cleaners, attending to complaints/feedback as well as conducting audit checks and controlling area operations. Mr. Peh has close to four decades of experience in the cleaning industry. Between October 1978 and prior to joining Eng Leng in January 2001, Mr. Peh established and/or acted as a director in several cleaning business engaged in a variety of cleaning services including general cleaning, sewage treatment, laundry and dry cleaning. Between July 1980 and May 2002, Mr. Peh worked for A&P Maintenance Service P/L as an operations director. He was responsible for, among others, to handle start-up of contracts, recruitment of cleaners, attend to complaints or meetings, conduct audit checks and reporting monthly to the managing director.

Mr. Peh completed his secondary school education in December 1969 at Macpherson Secondary School in Singapore.

Mr. Peh was previously a director of the following company and sole proprietor and partner of business entities which were struck off or terminated:

Name of company or business entity	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution
Maxiclean Services Pte. Ltd.	Singapore	Laundry and dry cleaning services except self-operated laundries and real estate developers	3 April 1992	Struck off
Well-Done Maintenance Services *(Sole proprietorship)*	Singapore	Operation of sewer systems (including sewer treatment facilities) and land reclamation works	25 March 1986	Cancelled
Maxiclean Services *(Sole proprietorship)*	Singapore	Laundry and dry cleaning services except self-operated laundries and land reclamation works	7 April 1984	Terminated
Hann Anderson Furnishing Centre *(Partnership)*	Singapore	Renovation contractors and installation of industrial machinery and equipment, mechanical engineering works	20 September 1986	Cancelled
Hoben Services *(Sole proprietorship)*	Singapore	Other personal service activities and wholesale trade of a variety of goods without a dominant product	23 May 1988	Cancelled
7 4 7 Catering Services *(Partnership)*	Singapore	Food caterers	15 June 2000	Cancelled
Lift Sun Health Chair Centre *(Sole proprietorship)*	Singapore	Other business support service activities (E.g. junkets, administration of loyalty programmes) and other personal service activities	20 September 2004	Terminated

Mr. Peh confirms that the (i) striking off of the above company was voluntary due to cessation of business of the company; (ii) the sole proprietorship and partnerships listed above were solvent at the time they were terminated due to termination of business or were cancelled due to the non-renewal of its business registration; and (iii) there is no fraudulent act, misfeasance or wrongful act on his part leading to the dissolution of such company and/or business entities and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of such company and/or business entities.

Mr. Peh has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

Independent non-executive Directors

Mr. Koh How Thim (高厚琛先生) ("Mr. Koh"), aged 61, was appointed as an independent non-executive Director on 18 December 2019 and is the chairman of our remuneration committee. From August 2018 to March 2020, Mr. Koh was an independent director of Jasper Investments Limited, a company listed on the Singapore Stock Exchange (stock code: FQ7) ("**Jasper**"). Jasper is engaged in the provision of transportation services in the North Asian region, specifically catering to the infrastructure industry. Between September 2015 and December 2017, Mr. Koh was a Vice-Principal of Fairfield Methodist School (Secondary), a government autonomous secondary school in Singapore where he was responsible for the operations of the school which include finance, school facilities management, management of vendors/suppliers, procurement, parents school relationship, students' discipline, safety and security of the school.

From November 2009 to January 2015, Mr. Koh was the executive director (finance) of JEP Holdings Limited ("**JEP**"), a company listed on the Singapore Stock Exchange (stock code: 1J4). JEP is a leading solution provider of precision machining and engineering services with over 30 years of operating history and a primary focus on the aerospace industry. Mr. Koh was responsible for the management of the finance and accounting operations, risk and control management, and corporate affairs of JEP.

Over the course of his professional career, Mr. Koh has accumulated experience in business functions such as financial management, compliance, treasury services, foreign exchange trading and has extensive business exposure across various industry sectors such as transportation, precision machining and engineering, oil and gas, aerospace, electronics, analytical laboratory instrument manufacturing, and banking. Before to joining JEP, Mr. Koh worked with a number of multinational financial institutions including acting as the head of compliance for Falcon Private Bank Ltd (formerly known as AIG Private Bank Ltd.) from October 2008 to November 2009 and the office manager of Union Bancaire Privee, a Swiss boutique bank.

Mr. Koh obtained the following academic qualifications: (a) Master of Business Administration degree from University of Leicester, U.K. in July 1993; (b) Bachelor of Arts (Accounting/Finance) Degree from Northumbria University, U.K. in April 2007; (c) Post Graduate Diploma in Human Resource Management, University of Luton, U.K. in October 1997; (d) Advanced Diploma in Business Administration, Association of Business Executives, U.K. in June 1990; and (e) Diploma in Business Administration, Association of Business Executives, U.K. in June 1990. He was admitted as a member of the Singapore Institute of Directors since July 2007.

Mr. Koh was previously a sole proprietor of the following sole proprietorships which were terminated:

Name of company or business entity	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution
Business Communique	Singapore	Management consultancy services and wholesale trade of a variety of goods without a dominant product	28 February 1994	Terminated
HIS Management	Singapore	Market research and public opinion polling and management consultancy services	16 December 1997	Terminated
Raffles Corporate Management	Singapore	Management consultancy services and wholesale of textiles and leather	30 January 2004	Terminated

Mr. Koh confirms that (i) the sole proprietorships listed above were solvent at the time they were terminated due to cessation of business; and (ii) there is no fraudulent act, misfeasance or wrongful act on his part leading to the dissolution of such sole proprietorships and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of such sole proprietorships.

Save as disclosed above, Mr. Koh has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

Mr. Tan Wu Hao (陳武豪先生) ("Mr. Tan"), aged 33, was appointed as an independent non-executive Director on 18 December 2019 and is the chairman of our nomination committee. He has over eight years of experience managing businesses in the interior fit-out and addition & alteration industries. Since 2011, Mr. Tan has joined his family business, Sunray Woodcraft Construction Pte Ltd ("**Sunray**"), after graduation and is currently the second generation driving the family business. His involvement in the company began at a very young age during his school holidays, started off in the business from the factory grounds and slowly progressed into projects involvement and elevated to management. Some of the iconic projects that he worked on are Marina Bay Sands, Resort World Sentosa, Pan Pacific Hotel, Shangri-La Hotel, Equarius Hotel, Chijmes building, SGX Office and Raffles Hotel. Among his achievements, Mr. Tan spearheaded the company's expansion into new markets like Myanmar, China, Macau, Indonesia and Malaysia, with a long term vision and successfully grown Sunray's brand abroad. Mr. Tan is instrumental in overseeing several key projects that were recognised with industry awards such as the BCA Green Mark Award and Architectural Heritage Award. With his entrepreneurial spirit, Mr. Tan also established a technology start up to develop a software application which provides technology, mixed-reality, artificial intelligence solutions to streamline work processes and increase efficiency and productivity for the stakeholders in the built environment sector.

Mr. Tan obtained a Bachelor's degree in Food Technology and Nutrition from the Royal Melbourne Institute of Technology in November 2010.

Mr. Tan was previously a director of the following company which was struck off:

Name of company or business entity	Place of incorporation	Nature of business	Date of dissolution	Means of dissolution
Sunray Middle East Pte. Ltd.	Singapore	Holding company	5 December 2016	Struck off

Mr. Tan confirms that the (i) above company was solvent at the time of its dissolution due to inactivity of the company; and (ii) there is no fraudulent act, misfeasance or wrongful act on his part leading to the dissolution of such company and he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of such company.

Mr. Tan has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

Mr. Wong Yuk (王旭先生) ("Mr. Wong"), aged 48, was appointed as an independent non-executive Director on 18 December 2019 and is the chairman of our audit committee. For over two decades, he has been involved in auditing and accounting and financial management with listed enterprises adopting international and PRC accounting standards, taxation, group reporting, internal control, credit control, risk management, company restructuring and company secretarial functions. Mr. Wong has extensive business exposure across industry sectors in automobile, construction, electronic gaming equipment, investment and financial consultation, IT solution, manufacturing, oil and gas, public utilities and professional audit. He also has extensive experience in the initial public offering ("**IPO**") process and investors' relationship management. Since March 2019, Mr. Wong has been the company secretary of XXF Group Holdings Limited, an established automobile rental service provider.

Between May 2017 and February 2019, Mr. Wong was the senior consultant of Huanian Xinxing Chanye Jituan Co. Limited ("**Huanian**"), involved in project management and financial consultation services including equity fund-raising through IPOs. As the senior consultant of Huanian, Mr. Wong was responsible for exploring IPO projects, leading the work team and directly reporting to the management of Huanian to advise on financial and other matters in relation to proposed IPOs in Hong Kong. Between January 2013 and April 2015, Mr. Wong was the chief financial officer of Treasure Express Holdings Limited. From May 2015 to January 2017, Mr. Wong was the group chief corporate affairs officer and company secretary of Success Dragon International Holdings Limited, a company listed on the Main Board (stock code: 1182), involved in the management of electronic gaming equipment for casino operators and IT solution provider in gaming industry. He also handled the company secretary duties and dealt with corporate governance issues.

Between December 2010 and June 2012, Mr. Wong was the chief financial officer and company secretary of Yuanda China Holdings Limited, a company listed on the Main Board (stock code: 2789), one of the world's largest curtain wall manufacturer. From November 2006 to November 2010, Mr. Wong was the chief financial officer and company secretary of China Oilfield Technology Services Group Limited, a company listed on the mainboard of the Singapore Stock Exchange (stock code: COFT), involved in the business of enhanced oil recovery (EOR) technology and sales of oil extraction equipment.

In September 2003, Mr. Wong joined Towngas International Company Limited, a subsidiary of Hong Kong and China Gas Company Limited, a company listed on the Main Board (stock code: 0003) ("**Towngas**"), as a finance executive. He was subsequently promoted as finance manager of a joint venture of Towngas in the Jiangsu Province of the PRC before leaving Towngas in October 2005. From October 2001 to April 2003, Mr. Wong worked with Taikoo Enterprises Limited, a subsidiary of Hong Kong Swire Group, a company listed on the Main Board (stock code: 0019) and his last position was as an accounting manager. Between November 1999 and July 2001, Mr. Wong worked with the Shanghai finance department of Lung Kee Metal Limited Group, involved in the manufacturing and trading of steel mould base in the PRC and overseas, and his last position was an assistant manager. From September 1996 to April 1999, Mr. Wong worked with KPMG in Hong Kong where he accumulated his auditing experience and his last position was a senior accountant.

Mr. Wong obtained a bachelor of arts degree in Accountancy from the Hong Kong Polytechnic University in November 1996. He is a member of the Hong Kong Institute of Certified Public Accountants since January 2004 and a Fellow Member of the Association of Chartered Certified Accountants since August 2005.

Mr. Wong has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

SENIOR MANAGEMENT

Ms. Leann Koh Bee Khee (高美琪女士) ("Ms. Koh"), aged 36, is the business development director of our Group. She has over 14 years of experience in business development in the building cleaning industry. Ms. Koh joined our Group in July 2004 as a business development executive and rose through the ranks over the next 12 years to become business development director in October 2016. She is primarily responsible for the business development operations; overseeing the team's sales reports and market feedbacks; pricing strategies for tenders; delegating the teams for tender invitations; as well as ensuring the team adhere to our Group's standard operating procedures for tenders. She also establishes and cultivates strong rapport with suppliers and customers and keeps management updated on the latest technologies and equipment development. Prior to joining our Group, Ms. Koh worked for Empire City Consultants Pte Ltd as property officer between June 2003 and July 2004.

Ms. Koh obtained a Diploma in Building & Real Estate Management from Ngee Ann Polytechnic in Singapore in June 2003 and a Bachelor Degree of Science in Facilities Management from Heriot-Watt University in July 2008 (through long distance learning).

Ms. Koh has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

Mr. Lin Jiayang (林家揚先生) ("Mr. Lin"), aged 32, joined our Group in April 2019 as financial controller. He leads the finance team and is responsible for accounting operations and reporting, financial planning as well as internal control systems of our Group. Mr. Lin has over six years of experience in accounting and auditing with PricewaterhouseCoopers LLP and Deloitte & Touche LLP. Prior to joining our Group, Mr. Lin worked at PricewaterhouseCoopers LLP from October 2014 to March 2019 where he led various teams in providing audit and assurance services to local listed companies, educational institutions and multinational corporations. His last position was an assurance manager. He was also part of a team of reporting accountants for an initial public offering project on the Hong Kong Stock Exchange of a business based in Singapore. Between October 2012 to October 2014, he worked at Deloitte & Touche LLP and his last position held was an audit senior.

Mr. Lin obtained a Bachelor of Accountancy Degree with Honours from the Nanyang Technological University, Singapore, in June 2012. Mr. Lin has been admitted as an Associate (ISCA) of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) since January 2013 and qualified as a Chartered Accountant of Singapore in February 2016.

Mr. Lin has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

Ms. Toh Lek Siew (卓麗秋女士) ("Ms. Toh"), aged 53, is the administrative and human resources director of our Group. She has over 25 years of experience in the administrative aspects of the cleaning industry. Ms. Toh started her career when she joined Eng Leng since its founding in June 1991 as a general clerk, in February 2008 as finance and administration director of Eng Leng and was responsible for all finance and administration matters of our Group, overseeing the financial management and reporting activities of our Group, monitoring the day-to-day financial operations within the Group, analysing market trend for business opportunities as well as ways to improve profitability. She also ensures the business meets all its statutory and compliance obligations including statutory accounting and tax issues and maintains office services by organising office operations and procedures and approving supply procurement. On 1 April 2019, she was re-designated as the administrative and human resources director of our Group.

Ms. Toh completed the GCE "O" Level Certificate in Singapore in December 1985. She is the sister of Mr. Toh.

Ms. Toh has not been a director of any listed company in the three years immediately preceding the Latest Practicable Date.

COMPANY SECRETARY

Mr. Lau Chung Wai (劉仲緯) ("**Mr. Lau**"), aged 38, was appointed as the secretary of our Company on 22 December 2019.

Mr. Lau has over 15 years of experience in accounting and finance. He worked at Ernst & Young Group Limited (currently known as Ernst & Young) from September 2004 to September 2011, with his last position as a manager in the Assurance Department. From September 2011 to April 2013, he was a finance manager in a media company, Starcom Worldwide, which is a subsidiary of Publicis Groupe SA, a company listed on the Euronext Paris (stock code: PUB). From May 2013 to July 2015, he was a group financial controller of an enterprise engaging in the manufacturing of furniture and home decoration products in the PRC. From August 2015 to March 2019, he was the chief financial officer and company secretary of Da Sen Holdings Group Limited, a company listed on the Main Board (stock code: 1580), and was responsible for overseeing the investment, legal and financial affairs. Since March 2019, he has been the chief financial officer and company secretary of Kwung's Holdings Limited, a company listed on the Main Board (stock code: 1925) and primarily engaged in original design manufacturer and supplier of home decoration products, and is responsible for overseeing the investment, compliance and financial affairs.

Mr. Lau has been serving as a company secretary of IAG Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8513), since August 2017, primarily responsible for the company secretarial matters of the group. He has also been serving as an independent non-executive director of Metropolis Capital Holdings Limited, a company listed on GEM of the Stock Exchange (stock code: 8621) and Fufeng Group Limited (formerly known as China Fufeng Fermentation Technology Group Company Limited and China Fufeng Fermentation Technology Group Holdings Company Limited), a company listed on the Main Board (stock code: 0546), since November 2018 and June 2019 respectively.

Mr. Lau graduated from the Hong Kong University of Science and Technology with a degree of bachelor of business administration in accounting in November 2004. He was admitted as a certified public accountant of HKICPA in January 2008 and a fellow member of HKICPA in May 2015.

BOARD COMMITTEES

Audit Committee

We have established an audit committee on 18 December 2019 with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system of our Group, oversee the audit process, risk management process and external audit functions. The audit committee consists of three members, namely Mr. Koh, Mr. Tan and Mr. Wong. The chairman of the audit committee is Mr. Wong.

Nomination Committee

We have established a nomination committee on 18 December 2019 with written terms of reference in compliance with the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board on the appointment of members of our Board. The nomination committee consists of three members, namely Mr. Koh, Mr. Tan and Mr. Wong. The chairman of the nomination committee is Mr. Tan.

Remuneration Committee

We have established a remuneration committee on 18 December 2019 with written terms of reference in compliance with the Listing Rules. The primary duties of the remuneration committee are to make recommendations to our Board on our Company's policy and structure concerning the remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy, review and approve performance based remuneration by reference to corporate goals and objectives, to determine the terms of the specific remuneration package of each executive Director, non-executive Director and senior management and to ensure none of our Directors and senior management determine their own remuneration. The remuneration committee consists of three members, namely Mr. Koh, Mr. Tan and Mr. Wong. The chairman of the remuneration committee is Mr. Koh.

REMUNERATION POLICY

The emolument of the Directors are recommended by the remuneration committee, having regard to our Company's operating results, individual performance, experience, responsibility, workload and time devoted to our Company and comparable market statistics.

Each of the executive and independent non-executive Directors and senior management is entitled to a basic salary which is reviewed annually. In addition, each of the executive and independent non-executive Directors may receive a discretionary bonus as our Board may recommend. Such amount has to be approved by the remuneration committee. The remuneration package further includes other allowances, benefits in kind and defined contribution.

In order to incentivise our Directors, senior management and other employees for their contribution to our Group and to retain suitable personnel in our Group, we adopted the Share Option Scheme on 8 June 2020. For further details, see the paragraph headed "Statutory and General Information — F. Share Option Scheme" in Appendix IV to this document.

For the three years ended 31 December 2019, the aggregate of the remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was approximately S$498,000, S$612,000 and S$539,000, respectively.

For the three years ended 31 December 2019, the aggregate of the remuneration paid and benefits in kind granted to the five highest paid individuals of our Group was approximately S$961,000, S$1,053,000 and S$1,259,000, respectively.

During the Track Record Period, no emoluments were paid by our Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office. None of our Directors waived any remuneration during the Track Record Period.

Save as disclosed in the section headed "Continuing Connected Transactions" in this document, no other payments had been made, or are payable, by any member of our Group to our Directors during the Track Record Period.

BOARD DIVERSITY POLICY

Our Company has adopted a board diversity policy (the "**Board Diversity Policy**"), the purpose of which is to enhance the effectiveness of our Board and to maintain the highest standards of corporate governance and to recognise and embrace the benefits of diversity in our Board. The Board Diversity Policy provides that our Company should endeavour to ensure that our Board has the right balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies. Pursuant to the Board Diversity Policy, we seek to achieve board diversity through the consideration of a range of diversity perspectives, including but not limited to gender, age, length of service, cultural and education background, or professional experience. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board. Our Board believes that such merit-based appointments will best enable our Company to service the Shareholders and other stakeholders going forward.

Our Board comprises six members, including three executive Directors and three independent non-executive Directors. The three independent non-executive Directors have different industry backgrounds and represent more than one-third of our Board members. Our Directors have a balanced mix of knowledge and experiences, including business management, human resources, education, finance and accounting, risk and control management, corporate finance, project management and administration, in addition to knowledge of the cleaning services industry. They obtained degrees in various areas including business administration, accounting and finance and human resources. Furthermore, our Board has diversity in age, ranging from 33 years old to 66 years old. We also have a good mix of new and experienced Directors, in that two of our executive Directors have been part of our Group for more than 17 years, who have valuable knowledge and insight on our Group's business over the years, while our other Directors are expected to bring fresh ideas and new perspectives to our Group. The existing members of the Board were appointed after taking into account the aforesaid factors. We have also taken, and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at the Board and senior management levels, to enhance the effectiveness of our corporate governance as a whole. Taking into account our existing business model and the background and experience of our Directors, the composition of our Board satisfies our Board Diversity Policy.

Nevertheless, in recognising the particular importance of gender diversity and that gender diversity at the Board level can be improved given its current composition of six male Directors, our Company confirms that our nomination committee will, within two years from the Listing Date,

identify and recommend one female candidate to our Board for its consideration on her appointment as a Director and continue to apply the principle of appointments based on merit with reference to our Board Diversity Policy as a whole. We will ensure there is gender diversity when recruiting staff at a mid to senior level so that we will have a pipeline of female senior management and potential successors to our Board in a few years' time and engage more resources in training female staff who have long and relevant experience in our business, with the aim of promoting them to the senior management or directorship of our Group, noting that we currently already have two female senior management members. As female representation in senior roles throughout the economy and the pool of qualified females keeps growing, we expect to have more female members who would be qualified to sit on our Board from time to time.

The effective implementation of the Board Diversity Policy requires that our Shareholders are able to judge for themselves whether the Board as constituted is a reflection of diversity, or a gradual move to increased diversity, on a scale and at a speed which they support. To this end, our Shareholders will be provided with detailed information of each candidate for appointment or re-election to our Board through announcements and circulars published prior to general meetings of our Company.

Our nomination committee has been delegated with the overall responsibility for the implementation, monitoring and periodic review of the Board Diversity Policy to ensure its effectiveness and application. A summary of the Board Diversity Policy and the measurable objectives which our Board has set for implementing the same, and the progress in achieving those objectives, will be disclosed in the corporate governance reports of our Company annually in accordance with the requirements of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

COMPLIANCE ADVISER

Our Company has appointed Fortune Financial Capital Limited as the compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise our Company on the following matters:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(iii) where we propose to use the **[REDACTED]** of the initial public offering in a manner different from that detailed in this document or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment of Fortune Financial Capital Limited will commence from (and including) the **[REDACTED]** and end on (and including) the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the **[REDACTED]**.

SHARE CAPITAL OF OUR COMPANY

The authorised and issued share capital of our Company is as follows:

Authorised Share Capital

As at the date of this document:

		(HK$)
10,000,000,000	Shares	100,000,000

Issued Share Capital

Assuming the **[REDACTED]** is not exercised at all, and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, the issued share capital of our Company immediately following the completion of the Capitalisation Issue and the **[REDACTED]** will be as follows:

		HK$	Percentage of issued share capital (%)
1	Share in issue as at the date of this document	0.01	0.00
[REDACTED]	Shares to be issued under the Capitalisation Issue	**[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares in total	**[REDACTED]**	100.00

Assuming the **[REDACTED]** is exercised in full and without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme, the issued share capital of our Company immediately following the completion of the Capitalisation Issue and the **[REDACTED]** will be as follows:

		HK$	Approximate percentage of issued share capital (%)
1	Share in issue as at the date of this document	0.01	0.00
[REDACTED]	Shares to be issued under the Capitalisation Issue	**[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be issued under the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares in total	**[REDACTED]**	100.00

RANKING

The **[REDACTED]** are ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all other Shares in issue as at the date of this document, and in particular, will rank in full for all dividends and other distributions declared, paid or made on the Shares after the date of this document.

THE SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme on 8 June 2020. The principal terms of the Share Option Scheme are summarised in the paragraph headed "Statutory and General Information — F. Share option scheme" in Appendix IV to this document.

GENERAL MANDATE TO ISSUE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with our Shares with an aggregate nominal value of not more than the sum of:

(a) 20% of the total number of Shares in issue immediately following the completion of the **[REDACTED]** (excluding any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]** and any options which may be granted under the Share Option Scheme); and

(b) the total number of Shares repurchased by us (if any) under the general mandate to repurchase Shares as described below.

This general mandate to allot, issue and deal with our Shares will expire at the earliest of:

(a) the conclusion of our Company's next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

(b) upon the expiration of the period within which our Company is required by the Memorandum and Articles of Association, the Cayman Islands Companies Law or any applicable laws to hold its next annual general meeting; or

(c) the revocation, variation or renewal of this general mandate by an ordinary resolution of our Shareholders in a general meeting.

For further details of this general mandate to allot, issue and deal with our Shares, please see the paragraph headed "Statutory and General Information — A. Further information about our Company — 4. Written resolutions of the then shareholder of our Company passed on 24 December 2019 and 8 June 2020" in Appendix IV to this document.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the **[REDACTED]** becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase our Shares with an aggregate nominal value of up to 10% of the total number of Shares in issue immediately following the completion of the **[REDACTED]** (excluding any Shares which may fall to be issued pursuant to the exercise of the **[REDACTED]** and any options which may be granted under the Share Option Scheme).

This mandate only relates to repurchases made on the Stock Exchange, or any other approved stock exchange(s) on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the Listing Rules.

This general mandate to repurchase our Shares will expire at the earliest of:

(a) the conclusion of our Company's next annual general meeting unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

(b) upon the expiration of the period within which our Company is required by the Memorandum and Articles of Association, the Cayman Islands Companies Law or any applicable laws to hold its next annual general meeting; or

(c) the revocation, variation or renewal of this general mandate by an ordinary resolution of our Shareholders in a general meeting.

For further details of the general mandate to repurchase our Shares, please see the paragraph headed "Statutory and General Information — A. Further information about our Company — 4. Written resolutions of the then shareholder of our Company passed on 24 December 2019 and 8 June 2020" in Appendix IV to this document.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, immediately following completion of the Capitalisation Issue and the **[REDACTED]** (without taking into account any Shares which may be issued upon the exercise of the **[REDACTED]** or any options that may be granted under the Share Option Scheme), the following persons will have an interest or short position in our Shares or our underlying Shares which would be required to be disclosed to us 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 any other member of our Group:

		Immediately after the Capitalisation Issue and the [REDACTED] (1)	
Name	**Capacity/Nature of interest**	**Number of Shares**	**Percentage of shareholding in our Company**
TEK Assets Management	Beneficial owner	**[REDACTED]**	**[REDACTED]**%
Mr. Toh	Interest in a controlled corporation(2)	**[REDACTED]**	**[REDACTED]**%
Ms. Chua Seok Joo	Interest of Spouse(3)	**[REDACTED]**	**[REDACTED]**%

Notes:

(1) Assuming the **[REDACTED]** is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme.

(2) TEK Assets Management is owned as to 100% by Mr. Toh. Mr. Toh is therefore deemed to be interested in all the Shares held by TEK Assets Management under the SFO.

(3) Ms. Chua Seok Joo is the spouse of Mr. Toh and she is thus deemed to be interested in all the Shares held by Mr. Toh under the SFO.

Except as disclosed above, our Directors are not aware of any person who will, immediately following the Capitalisation Issue and the **[REDACTED]** (assuming the **[REDACTED]** is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), have an interest or short position in our Shares or our underlying Shares which would be required to be disclosed to us 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 Company.

You should read the following discussion and analysis of our financial conditions and results of operations in conjunction with our consolidated financial statements included in the Accountant's Report, which has been prepared in accordance with IFRSs, as set out in Appendix I to this document, and the unaudited pro forma financial information included in Appendix II to this document, in each case together with the accompanying notes.

The following discussion contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by our Group in light of our experience and perception of historical trends, current conditions and expected future developments. Our actual results and timing of selected events could differ materially from those anticipated in these forward-looking statements that involve risks and uncertainties; and could be the result of various factors, including but not limited to those set out under the section headed "Risk Factors" in this document.

Any discrepancies in any table or elsewhere in this document between totals and sums of amounts listed herein are due to rounding.

OVERVIEW

We are an established general cleaning service provider with over 25 years of experience in the environmental services industry headquartered in Singapore with operations in both Singapore and Thailand. We primarily provide general cleaning works for a variety of public and private venues, including a sports stadium, medical centres, shopping malls, commercial and industrial buildings, schools, hotels, private condominiums as well as public access areas in town councils in Singapore. We also provide general cleaning works for private customers at private residences, an office, a hotel and industrial buildings in Thailand. According to the Frost & Sullivan Report, we ranked second among the cleaning service providers in Singapore in terms of revenue and market share of approximately 3.7% in 2019.

During the Track Record Period, all of our Group's revenue was derived from our main business of providing general cleaning works and sale of goods which are incidental to the provision of general cleaning work. Our Group generated revenue of approximately S$56.3 million, S$72.4 million and S$76.4 million for the three years ended 31 December 2019, respectively. Our net profit was approximately S$5.2 million, S$6.6 million and S$2.7 million for the corresponding years.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Ability to successfully renew existing service contracts upon expiry or obtain new service contracts

Our revenue and business growth depend largely on our ability to expand our customer base by retaining the existing ones whilst obtaining new service contracts. Our service contracts have an average duration ranging from one to three years and the renewal of such contracts are not guaranteed. The majority of our contracts are awarded through tendering and/or quotation processes for both public and private customers, which as far as our Directors are aware, depends significantly on our ability to prepare and submit competitive tenders or quotations, and whether our customers are satisfied with our performance, financial capability, reputation and certification internally. For the three years ended 31 December 2019, our tender success rates were approximately 11.0%, 10.3% and 9.8%, respectively. For further details on the tendering or quotation processes, please refer to the section headed "Business — Operations" in this document.

There is no assurance that we will be able to maintain our tender success rate. Additionally, there is no assurance that we will be able to continually and consistently secure new or renew contracts of similar mix, value, margins or volume. If we are unable to retain our existing customers or obtain new service contracts, our business reputation, operations, financial positions, profitability and prospects could be materially and adversely impacted.

Service fees are largely fixed and pre-determined without adjustment mechanism

The majority of our service contracts with customers have a fixed and pre-determined contract sum throughout the contract period which is set when we submit our tenders or quotations, with minimal or no price adjustment mechanisms. As most of our contracts have an average duration ranging from one to three years and certain contracts may allow us to extend our engagement or renew automatically until terminated by either us or our customer, we have to bear the risk of cost overruns due to inaccurate estimation of costs, unforeseen increase in costs of labour and/or materials, changes in regulatory requirements, labour disputes and other unforeseen circumstances throughout the term and/or extended term of our contracts. Three of our service contracts that suffered from cost overruns resulted in gross losses during the two years ended 31 December 2018. Further details are set out in the section headed "Business — Our contracts and portfolio — Loss-making service contracts" in this document. Our service contracts did not experience any cost overrun for the year ended 31 December 2019. As at the Latest Practicable Date, our Directors were not aware of any potential loss-making service contracts on hand for the year ending 31 December 2020. Any material inaccurate estimation of the costs may result in lower profits and potentially impact our Group's business operations, financial performances and profitability.

Labour cost and statutory minimum wages

According to the Frost & Sullivan Report, the general cleaning industry is labour intensive and requires a large amount of labour, and as the cleaning services market is highly fragmented with many players, workers tend to shift between employers more easily. Local workers enjoy the benefit of higher wages under the PWM, while the Singapore Government has been tightening the conditions to hiring foreign workers, details of which are set out in the section headed "Business — Employees" in this document. Any changes in the labour regulations and policies relating to foreign workers may also affect the supply and wages of the foreign workers. As such, the average monthly income of both local and foreign cleaning service workers in Singapore has seen an increase and the general cleaning industry in Singapore is facing problems of both labour shortage and increased labour costs. In order to retain employees who are able to deliver high-quality work, we may have to improve the working environment and welfares for our workers.

During the Track Record Period, our direct employee benefit expenses amounted to approximately S$30.3 million, S$42.8 million and S$45.9 million, representing approximately 65.7%, 71.7% and 73.5% of our cost of sales for the corresponding years, respectively. Taking into account the PWM between 2020 and 2022, including scheduled wage increases and annual bonus for all wage points as detailed in the section headed "Regulatory Overview — Laws and regulations in Singapore — A. Laws and regulations in Singapore in relation to the cleaning business — I. Cleaning business licence — Progressive wage model", *ceteris paribus*, for each of the financial years ending 31 December 2022, we expect our direct employee benefit expenses will increase by a range of approximately 3.9% and 5.3% for the year ended 31 December 2019, which is in line with the sensitivity analysis in the paragraph headed "Sensitivity Analysis" in this section.

In view of the recent outbreak of COVID-19 in Singapore and globally, and the expected adverse medical, social and economic impact to the country, the Singapore Government issued (i) the Resilience Budget on 26 March 2020 and the Fortitude Budget on 26 May 2020 which included an extended wage support arrangement under the Jobs Support Scheme, under which we expect to take benefit of the Singapore Government's co-funding of up to 25% on the first S$4,600 of our local workers' monthly salaries for a ten-month period with payments in April, May, July and October 2020; (ii) the Solidarity Budget on 6 April 2020 which further enhanced the Jobs Support Scheme, under which we expect to take benefit of the Singapore Government's co-funding of 75% on the first S$4,600 of our local workers' monthly salaries for the month of April 2020; and (iii) extensions to the measures announced under the Resilience and Solidarity Budgets on 21 April 2020 which included an additional month of the Singapore Government's co-funding of 75% on the first S$4,600 of our local workers' monthly salaries for the month of May 2020 — *ceteris paribus,* and thus, decreases our direct employee benefit expenses for the year ending 31 December 2020.

Our direct employee benefit expenses will continue to account for a significant portion of our cost of sales. There is no assurance that the minimum basic wage level will not be further revised upward in the future or that our Group will be able to adequately increase our contract fees to enable us to pass on any increase in direct labour costs to our customers. As such, our operations,

financial results and profitability may be materially and adversely affected by any changes in the Singapore Government's laws and regulations relating to minimum wages and foreign workers and any changes in the labour regulations and policies of the countries of origin of foreign workers which have direct impacts on our labour costs and our ability to recruit and retain high-quality workers.

Time lags of cash flow

There are often timing differences between our Group making payments to our employees, suppliers and subcontractors and receiving sales receipts from our customers. Salaries to our local and foreign workers are settled twice a month and for the rest of our employees, no later than seven days after the last day of that month, and therefore, we need to maintain sufficient level of cash and cash equivalents to make such payments. Our suppliers and subcontractors usually offer us credit terms of 30 days from the date of delivery or agreed date of billing, whereas we grant credit terms of up to 30 days from the date of invoice for our public sector contracts and up to 90 days from the date of invoice for our private sector contracts. Some of our customers require us to submit progress claims or service reports to satisfy their internal verification requirements and will only allow us to issue our tax invoices after their approval. As we are not able to control the timing of the issuance of such certificate, this requirement may cause further delays in our billing and collection of sales receipts from our customers.

The mismatch in cash inflow and cash outflow as described above will increase our requirement for working capital, and any further delays or default by customers in their payments (for whatever reason, including disputes in the quality of our services rendered) can negatively affect our Group's liquidity position.

Our Group's trade receivables and unbilled revenue turnover days were approximately 84 days, 91 days and 88 days for the three years ended 31 December 2019, respectively, details of which are set out in the paragraph headed "Discussion on selected items from the consolidated statements of financial position — Trade and other receivables, deposits and prepayments" in this section below.

We cannot guarantee that we can receive cash from our customers in a timely manner or at all. If we fail to properly manage our liquidity position in view of our working capital requirements and the possible cash flow mismatch associated with our businesses, our cash flows and financial position could be adversely impacted. Moreover, while we may file claims against customers for the overdue trade receivables, dispute resolutions may require significant amount of time and financial and other resources, and the outcome may not always be favourable to us.

BASIS OF PRESENTATION

Immediately prior to and after the Reorganisation, our Group's business in the provision of cleaning services (the "**[REDACTED]** Business") was conducted by our "Operating Companies" as defined and discussed in Note 1.2 of the Accountant's Report in Appendix I to this document. Pursuant to the Reorganisation, our **[REDACTED]** Business was transferred to and held by our

Company. Our Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is a reorganisation of the **[REDACTED]** Business and the management and the ultimate owner of the **[REDACTED]** Business remain the same as the Controlling Shareholder. Accordingly, the consolidated financial information of the subsidiaries now comprising our Group is presented using the carrying values of the **[REDACTED]** Business for all the periods presented. The financial information for our Group for the years/ as at 31 December 2017, 2018 and 2019 have been prepared as if our current Group structure has been in existence throughout the Track Record Period. For further details, please refer to Note 1.3 of the Accountant's Report in Appendix I to this document.

Inter-company transactions, balances and unrealised gains/losses on transactions between subsidiaries now comprising our Group are eliminated upon combination.

SIGNIFICANT ACCOUNTING POLICIES

Our Group's financial statements have been prepared under the historical cost convention and in accordance with the IFRS issued by the IASB. The significant accounting policies adopted by our Group and estimates which are important for the understanding of our financial conditions and results of operations are set forth in Note 2 of the Accountant's Report in Appendix I to this document.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of our Group's activities. Revenue is recognised when or as the control of the good is transferred and service is rendered to the customer, either over time or at a point in time.

Control of the good or service is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as our Group performs; or
- does not create an asset with an alternative use to our Group and our Group has an enforceable right to payment for performance completed to date.

If control of the goods transfers or services renders 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 rendered service. Specific criteria where revenue is recognised are described below.

Revenue from provision of cleaning services

Revenue from provision of cleaning services is recognised as and when the performance obligations are satisfied through the transfer of cleaning services to a customer. Different elements of a contract are accounted as a different performance obligation, if they are capable of being distinct. We identify and recognise revenue for performance obligations separately if they are capable of being distinct.

We recognise revenue over time as the customer receives and consumes the benefits of our Group's performance as we perform. The cleaning services are a series of distinct services that are substantially the same and have the same pattern of transfer to the customer (the services transfer to the customer over time under the same method to measure progress-that is, a time-based measure of progress). We have the right to invoice the customer with reference to the services provided to our customers at pre-determined rates as stated in the contracts. Our Group usually invoice our customers on a monthly basis with up to 90 days credit term.

When determining the transaction price, we consider whether there is any financing component. We consider whether the payment schedule commensurate with our performance and whether the delayed payment is for finance purpose. We assess that there was no arrangement with customers that has a significant financing component.

The likelihood of our Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates of transaction price, 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 contractual penalties or liquidated damage are treated as variable consideration under IFRS 15 and the amounts are included in transaction price to the extent that it is highly probable that contract revenue will not reverse.

Sales of goods

We sell cleaning consumables. Revenue from the sale of these goods is recognised when control of the goods have transferred to our customers, being when the consumables are delivered to locations specified by the customers and accepted by them. We issue billing as and when goods are delivered. No element of financing is deemed present as sales of goods are made with credit terms of 30 days.

Leases

Our Group leases accommodation for its workers, with rental contracts being typically made for fixed periods of few months to three years. Lease terms are negotiated on an individual basis and may contain a range of terms and conditions.

Except for short term and low-valued leased items, leases are recognised as a right-of-use and a corresponding liability as at the date of which the leased asset is available for use by our Group. Each lease payment is allocated between 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. The right-of-use asset is depreciated over the lease term on a straight line basis, range for period up to three years.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of (i) fixed payments (including in-substance fixed payments) less any lease incentives receivables and (ii) amounts expected to be payable by our Group as lessee under residual value guarantees.

Right-of-use assets are measured at cost comprising (i) the amount of the initial measurement of lease liability; (ii) any lease payments made at or before the commencement date less any lease incentive received; (iii) any initial direct costs; and (iv) restoration costs.

Payments associated with short-term leases and leases of low-value are recognised on a straight-line basis over the lease term as an expense in profit or loss.

Extension and termination options are included in a number of leases across our Group and are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable subject to certain notice period. In determining the lease term, our management considers all facts and circumstances that create an economic incentive to exercise such options and assessment is reviewed if a significant event or a significant change in circumstances occurs which affects such assessment.

Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

We pledge certain trade receivables to the bank to secure trade receivables financing. Trade receivables shall be derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The financial asset shall be transferred if, and only if, contractual rights to receive the cash flows of the financial asset are transferred or if the contractual rights to receive the cash flows of the financial asset are retained, but contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets certain conditions is assumed (e.g. only when debtor repaid). If all risks and rewards of ownership of the financial asset are substantially retained, the financial asset shall continue to be recognised.

Impact of adoption of new and amendments to certain accounting policies

The IASB issued new accounting standards including (i) IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers", which are effective for annual periods beginning on or after 1 January 2018; and (ii) IFRS 16 "Leases" which is effective for annual periods beginning on or after 1 January 2019. These accounting standards supersede International Accounting Standard ("IAS") 39 "Financial instruments", IAS 18 "Revenue" and IAS 17 "Leases", respectively. In preparing our Group's financial statements, we have applied IFRS 9, IFRS 15 and IFRS 16 consistently throughout the Track Record Period such that our historical financial statements are comparable on a period-to-period basis. Nonetheless, we have carried out an assessment with our best efforts of the principles set out in IAS 39, IAS 18 and IAS 17, and a summary of this is provided below:

IFRS 9 and 15

(i) The adoption of IFRS 9 and 15 do not have any significant impact on our Group's financial position and performances during the Track Record Period when compared with IAS 39 and IAS 18.

IFRS 16

(ii) Pursuant to IFRS 16, we recognised right-of-use assets and lease liabilities of approximately S$0.9 million, S$1.5 million and S$0.9 million as at 31 December 2017, 2018 and 2019, respectively. Net current assets decreased by approximately S$0.8 million, S$1.2 million and S$0.9 million, respectively, due to the presentation of a portion of our liability as a current liability under IFRS 16 as at 31 December 2017, 2018 and 2019, respectively. Net profit after tax decreased by approximately S$6,000, S$7,000 and S$7,000 for the three years ended 31 December 2019, respectively, under IFRS 16 as compared with IAS 17.

The adoption of IFRS 16 does not have any significant impact on our Group's financial position, performances and key ratios as detailed in the paragraph headed "Key Financial Ratios" in this section below during the Track Record Period when compared with IAS 17.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Our financial information for the Track Record Period has been prepared in accordance with IFRS, and some of the accounting policies involve subjective judgments, estimates and assumptions made by our management relating to accounting items. The estimates and assumptions are based on historical data, experience and factors (including expectations of future events) that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. Further details are set out in Note 4 of the Accountant's Report in Appendix I to this document.

RESULTS OF OPERATIONS

The consolidated statements of comprehensive income during the Track Record Period are summarised below, which have been extracted from, and should be read in conjunction with, the Accountant's Report set out in Appendix I to this document:

	For the year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Revenue	56,332	72,440	76,374
Cost of sales	(46,064)	(59,735)	(62,385)
Gross profit	10,268	12,705	13,989
Other income	78	45	19
Other gains/(losses) — net	38	149	25
Administrative expenses	(4,231)	(4,809)	(9,562)
Operating profit	6,153	8,090	4,471
Finance costs	(330)	(575)	(682)
Profit before income tax	5,823	7,515	3,789
Income tax expense	(649)	(951)	(1,135)
Profit for the year	5,174	6,564	2,654
Other comprehensive income, net of tax	2	2	1
Total comprehensive income	5,176	6,566	2,655

DESCRIPTION ON SELECTED ITEMS OF THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

We generated revenue of approximately S$56.3 million, S$72.4 million and S$76.4 million for the three years ended 31 December 2019, respectively. During the Track Record Period, our revenue was mainly generated from the provision of general cleaning services for a variety of public and private venues.

From time to time, we are requested by our customers to provide them with cleaning products and ancillary consumables. Revenue generated from the sale of such goods represented approximately less than 0.1% of our revenue during the Track Record Period.

Revenue from provision of cleaning services by tender or quotation

As set out in the section headed "Business — Operations" in this document, our revenue from the provision of cleaning services are secured from successful (i) tender submission or quotation invitation for private contracts; or (ii) participation in open tenders for public contracts. Some of our existing service contracts may also allow us to extend our engagement under the service contract or renew automatically until terminated by either us or our customer.

Revenue from the provision of cleaning services secured through the tender processes were relatively stable over the two years ended 31 December 2018 at approximately 85.1% and 84.5%, respectively. Revenue from the provision of cleaning services secured through the tender processes decreased from approximately 84.5% for the year ended 31 December 2018 to approximately 76.4% for the year ended 31 December 2019 due to the expiry of four town council contracts and one government agency contract from Customer A, being one of our top five customers since 2013, which were not renewed and partially offset by an increase in revenue from the provision of cleaning services secured through quotation invitations from approximately 15.5% to approximately 23.6% over the same corresponding periods due to the growth in our private sector contracts including hotels.

The following table provides a breakdown of our revenue from the provision of cleaning services by tender submission or quotation invitation for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	S$'000	%	S$'000	%	S$'000	%
Tender	47,919	85.1	61,243	84.5	58,307	76.4
Quotation	8,406	14.9	11,192	15.5	18,041	23.6
TOTAL	56,325	100.0	72,435	100.0	76,348	100.0

Revenue from provision of cleaning services by customer

The following table provides a breakdown of our revenue generated from the provision of cleaning services by customer for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	S$'000	%	S$'000	%	S$'000	%
Public	15,752	28.0	24,528	33.9	29,824	39.1
Private	40,573	72.0	47,907	66.1	46,524	60.9
TOTAL	56,325	100.0	72,435	100.0	76,348	100.0

Notes:

(1) Public sector refers to service contracts entered into with the Singapore Government including statutory bodies, ministries, educational institutions and companies receiving substantial funding from the Singapore Government and the management agent(s) appointed by them.

(2) Private sector refers to all projects outside public sector.

For the three years ended 31 December 2019, revenue generated from our top five customers accounted for approximately S$21.2 million, S$30.1 million and S$29.3 million, respectively, representing approximately 37.6%, 41.5% and 38.4% of our revenue for the corresponding years. The average length of business relationships with our top five customers during the Track Record Period was six years based on a period ranging from one to 13 years.

Revenue generated from the provision of general cleaning services in the public sector increased from approximately 28.0% of our revenue for the year ended 31 December 2017 to approximately 33.9% for the year ended 31 December 2018. Such increase was mainly due to the commencement of our business relationship with Customer B, being one of our top five customers since 2017. Revenue from the provision of general cleaning services in the public sector increased from approximately 33.9% for the year ended 31 December 2018 to approximately 39.1% for the year ended 31 December 2019. Such increase was mainly due to the commencement of our business relationship with Customer H in 2018, being one of our top five customers in 2019.

Revenue generated from the provision of general cleaning services in the private sector decreased from approximately 72.0% of our revenue for the year ended 31 December 2017 to approximately 66.1% for the year ended 31 December 2018 and further decreased to approximately 60.9% for the year ended 31 December 2019. The percentage of revenue from the private sector has been decreasing during the Track Record Period mainly due to the increased revenue contribution from the public sector, coupled with the expiry of four projects involving commercial building contracts with a combined value of approximately S$0.9 million for the year ended 31 December 2019 which were not renewed.

Revenue from provision of cleaning services by service contract nature

As set out in the section headed "Business — Our contracts and portfolio — Service contracts" in this document, our revenue from the provision of cleaning services was generated from 407, 483, and 635 service contracts (including those customers whose service contracts ended after the year-end but excluding one-off service contracts) for the three years ended 31 December 2019, respectively. The number of one-off service contracts served was 128, 122 and 389, respectively, the total value of which represented less than 5.0% of our revenue during the Track Record Period.

The following table provides a breakdown of our revenue from the provision of cleaning services by service contract nature for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	S$'000	%	S$'000	%	S$'000	%
Recurring	54,773	97.2	69,978	96.6	73,748	96.6
One-time	1,552	2.8	2,457	3.4	2,600	3.4
TOTAL	56,325	100.0	72,435	100.0	76,348	100.0

Revenue from provision of cleaning services by venue

The following table provides a breakdown of our revenue generated from the provision of cleaning services by venue for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	S$'000	%	S$'000	%	S$'000	%
Commercial buildings	29,372	52.1	32,800	45.3	32,658	42.8
Government agencies	5,970	10.6	7,402	10.2	8,828	11.6
Town councils	7,946	14.1	6,272	8.7	4,707	6.2
Private condominiums	5,647	10.0	6,130	8.5	6,288	8.2
Schools	6,167	10.9	16,833	23.2	16,831	22.0
Medical centres	990	1.8	1,672	2.3	2,587	3.4
Hotels	233	0.5	1,326	1.8	4,449	5.8
TOTAL	56,325	100.0	72,435	100.0	76,348	100.0

During the Track Record Period, commercial buildings was the category contributed the most revenue to our Group. The percentage of revenue from commercial buildings has been decreasing during the Track Record Period mainly due to the increased revenue contribution from schools

contracts as a result of the commencement of business relationship with Customer B, being one of our top five customers since 2017, as well as growth in our private sector contracts including hotels and medical centres.

Revenue by geographical locations

During the Track Record Period, majority of our revenue was generated from Singapore, which represented over 98.0% of our Group's revenue in each of the years. Since we only started providing our cleaning services in Thailand in April 2018, revenue generated from Thailand represented less than 2.0% of our Group's revenue for each of the two years ended 31 December 2019.

Cost of sales

Cost of sales primarily consisted of (i) employee benefit expenses attributed to workers employed to undertake cleaning services; (ii) subcontractor charges; (iii) purchase of supplies; (iv) foreign worker levies and fees; (v) outsourced labour; (vi) depreciation of right-of-use assets; and (vii) others. Our cost of sales for the three years ended 31 December 2019 amounted to approximately S$46.1 million, S$59.7 million and S$62.4 million, respectively.

The following table sets forth a breakdown of our cost of sales for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	S$'000	%	S$'000	%	S$'000	%
Employee benefit expenses	30,251	65.7	42,814	71.7	45,876	73.5
Subcontractor charges	5,733	12.4	5,628	9.4	4,881	7.8
Purchase of supplies	3,076	6.7	3,504	5.9	2,604	4.2
Foreign worker levies and fees	3,921	8.5	4,898	8.2	5,933	9.5
Outsourced labour	1,245	2.7	535	0.9	96	0.2
Depreciation of right-of-use assets	1,058	2.3	1,442	2.4	1,653	2.6
Others	780	1.7	914	1.5	1,342	2.2
TOTAL	**46,064**	**100.0**	**59,735**	**100.0**	**62,385**	**100.0**

Our employee benefit expenses mainly comprised (i) wages and salaries; (ii) employer's contribution to defined contribution plan; and (iii) other employee benefits, which accounted for approximately 65.7%, 71.7% and 73.5% of our cost of sales for the three years ended 31 December 2019, respectively. Included in employee benefit expenses are government grant on employment credit that has been netted off against the wages and salaries amounting to approximately S$1.6 million, S$2.0 million and S$2.1 million for the corresponding years.

Wages and salaries for our local and foreign workers were the largest component of our cost of sales during the Track Record Period, which was in-line with the labour intensive nature of the general cleaning industry. Under the Singapore Government's Resilience, Solidarity and Fortitude Budgets issued on 26 March 2020, 6 April 2020 and 26 May 2020 respectively, and including extensions to these Budgets announced on 21 April 2020, we expect to take benefit of the Singapore Government's (i) co-funding of up to 25% on the first S$4,600 of our local workers' monthly salaries for a ten-month period with payments in April, May, July and October 2020; and (ii) co-funding of 75% on the first S$4,600 of our local workers' monthly salaries for the months of April and May 2020 under the Solidarity Budget — *ceteris paribus,* and thus, decreases our direct employee benefit expenses for the year ending 31 December 2020.

Employer's contribution to defined contribution plan referred to our Group's mandatory contribution to certain employees' CPF. CPF is a social security system that enables working Singapore citizens and permanent residents to set aside funds for their retirement. For details, please refer to the section headed "Regulatory Overview — Laws and regulations in Singapore — D. Laws and regulations in Singapore in relation to employment" in this document.

Other employee benefits mainly comprised employee course fees and mandatory skill development levies as part of our training programme for our staff.

Subcontractor charges were incurred based on various factors such as labour requirements, size of contracts and the available capacity of our Group which included general cleaning, landscaping, hygiene service, pest control and disposal charges. Our subcontractor charges accounted for approximately 12.4%, 9.4% and 7.8% of our cost of sales for the three years ended 31 December 2019, respectively.

Purchase of supplies mainly comprised cost of consumables such as garbage bags, toilet papers, chemicals and detergents that we used when providing our general cleaning services which accounted for approximately 6.7%, 5.9% and 4.2% of our cost of sales for the three years ended 31 December 2019, respectively.

Foreign worker levies and fees represented mandatory payments to the MOM as set out in the section headed "Regulatory Overview — Laws and regulations in Singapore — D. Laws and regulations in Singapore in relation to employment" in this document. Such levies and fees accounted for approximately 8.5%, 8.2% and 9.5% of our cost of sales for the three years ended 31 December 2019, respectively. Under the Singapore Government's "Solidarity Budget" issued on 6 April 2020 and extended on 21 April 2020, we expect to take benefit of the Government's foreign worker levy rebate of S$750 for each of our foreign workers who hold a work permit or S pass, based on previous levies paid in 2020, and waiver of foreign worker levy due for the months of April and May 2020 — *ceteris paribus,* and thus decreases our foreign worker levies expenses for the year ending 31 December 2020.

Outsourced labour represented fees paid to individuals assigned by our Group for site supervision which accounted for approximately 2.7%, 0.9% and 0.2% of our cost of sales for the three years ended 31 December 2019, respectively.

Right-of-use assets were depreciated over the lease term on a straight line basis during the Track Record Period as detailed in Note 14 of the Accountant's Reports in Appendix I to this document.

Others mainly included consultancy fees, agency fees and office supplies. Such expenses amounted to approximately S$0.8 million, S$0.9 million and S$1.3 million, representing 1.7%, 1.5% and 2.2% of our cost of sales for the three years ended 31 December 2019, respectively.

Sensitivity Analysis

The following table sets forth the sensitivity analysis illustrating the impact of hypothetical fluctuations of the employee benefit expenses in our cost of sales on our gross profit for the year during the Track Record Period with all other variables being held constant. The hypothetical fluctuation rate for our employee benefit expenses are set at 5%, 10%, and 15% by reference to the historical fluctuations in our average employee benefit expenses per headcount during the Track Record Period.

	Corresponding increase/(decrease) in gross profit		
	For the year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Employee benefit expenses			
Increase/(Decrease) by:			
+15%	(4,538)	(6,422)	(6,881)
+10%	(3,025)	(4,281)	(4,588)
+5%	(1,513)	(2,141)	(2,294)
–5%	1,513	2,141	2,294
–10%	3,025	4,281	4,588
–15%	4,538	6,422	6,881

According to the Frost & Sullivan Report, the outbreak of COVID-19 has increased the cost of cleaning services, as customers require increase cleaning frequency and cleaning services companies also bear additional costs in providing personal protective equipment to their on-site cleaners. This would result in a faster depletion of our cleaning supplies and demand additional equipment which will require replenishment.

The following table sets forth the sensitivity analysis illustrating the impact of hypothetical fluctuations of the purchase of supplies expenses in our cost of sales on our gross profit during the Track Record Period with all other variables being held constant. The hypothetical fluctuation rate for our purchase of supplies expenses are set at 5%, 10% and 20%, based on our Directors' estimates on potential increase in prices of certain personal protective equipment based on the current Singapore Government's position and advice on the use of and requirement for such equipment.

	Corresponding increase/(decrease) in gross profit		
	For the year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Purchase of supplies expenses			
Increase/(Decrease) by:			
+20%	(615)	(701)	(521)
+10%	(308)	(350)	(260)
+5%	(154)	(175)	(130)
–5%	154	175	130
–10%	308	350	260
–20%	615	701	521

Gross profit and gross profit margin

We generated gross profit of approximately S$10.3 million, S$12.7 million and S$14.0 million for the three years ended 31 December 2019, representing gross profit margins of approximately 18.2%, 17.5% and 18.3% for the corresponding years, respectively.

The following table provides a breakdown of our gross profit and gross profit margin by type of customer for the years indicated:

	For the year ended 31 December					
	2017		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	S$'000	%	S$'000	%	S$'000	%
Public	1,951	12.4	2,122	8.7	3,889	13.0
Private	8,317	20.5	10,583	22.1	10,100	21.7
TOTAL	10,268	18.2	12,705	17.5	13,989	18.3

The decrease in our gross profit margins for the year ended 31 December 2018 was mainly attributable to the combined effects of (i) our Group's intention to remain competitive in our pricing which prevented us from passing all incremental costs to our customers; (ii) increased employee benefit expenses and foreign worker levies and fees due to the increased number of local and foreign workers employed to support our business growth; and (iii) the commencement of our business relationship with Customer B in October 2017, being one of our top five customers, where we recorded gross losses from three loss-making contracts of approximately S$87,000 and S$40,000 for the two years ended 31 December 2018, respectively. Please refer to the section headed "Business — Our contracts and portfolio — Loss-making service contracts" for further details. Excluding the three loss-making service contracts, our revenue and gross profit would be approximately S$52.9 million, S$58.1 million, S$10.4 million and S$12.7 million for the two years ended 31 December 2018, respectively, representing gross profit margin of approximately 19.6% and 21.9%, respectively. For the year ended 31 December 2019, such contracts recorded gross profit of approximately S$1.3 million and our gross profit margin increased to approximately 18.3%. As at the Latest Practicable Date, our Directors were not aware of any potential loss-making service contracts on hand for the year ending 31 December 2020.

Other income

Our other income mainly comprised (i) rental income earned from the partial lease of our head office in Singapore to GS Facilities Management Pte Ltd ("**GS Facilities Management**"); and (ii) interest income from a temporary advance to GS Facilities Management. All our transactions with GS Facilities Management ceased from 1 April 2019. For further details on this arrangement, please refer to the section headed "Business — Suppliers and Subcontractors — Top five suppliers and subcontractors" in this document.

The following table sets forth a breakdown of our other income for the years indicated:

	For the year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Interest income	40	1	2
Rental income from office space	34	34	17
Others	4	10	*
TOTAL	78	45	19

* *Represents amount less than S$1,000.*

Other gains — net

Our other gains — net comprised (i) gains from disposal of property, plant and equipment; and (ii) foreign exchange differences due to the fluctuations of US$/HK$ against S$.

The following table sets forth a breakdown of our other gains/(losses) — net for the years indicated:

	For the year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Foreign exchange differences	(31)	1	(10)
Gains on disposal of property, plant and equipment	69	148	35
TOTAL	38	149	25

Administrative expenses

Our administrative expenses mainly comprised (i) employee benefit expenses payable to our Directors and staff in the administrative functions; (ii) repair and maintenance fees; (iii) insurance premiums including health insurances for certain of our employees and insurances for our property, plant and equipment; (iv) depreciation expenses of property, plant and equipment; (v) transportation and travelling expenses; (vi) **[REDACTED]** expenses; and (vii) others. Our administrative expenses amounted to approximately S$4.2 million, S$4.8 million and S$9.6 million for the three years ended 31 December 2019, respectively.

The following table sets forth a breakdown of our administrative expenses for the years indicated:

	For the year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Employee benefit expenses	2,006	2,099	3,252
Repair and maintenance	386	678	671
Insurance premium	213	254	326
Depreciation of property, plant and equipment	187	220	251
Transportation and travelling expenses	159	143	74
[REDACTED] expenses	—	[REDACTED]	[REDACTED]
Others	1,280	1,250	1,515
TOTAL	4,231	[REDACTED]	[REDACTED]

The following table sets forth a breakdown of our other administrative expenses for the years indicated:

	For the year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Entertainment expenses	136	177	233
Advertisements and sponsorships	91	138	145
Utility expenses	107	129	173
Legal and professional fees	86	72	165
Rental of equipment	46	66	26
Others *(Note 1)*	814	668	773
TOTAL	1,280	1,250	1,515

Note 1: Others mainly comprised bank fees and charges, information technology expenses, telecommunication expenses and other miscellaneous administrative expenses.

Finance costs

Our finance costs comprised loan interest arising from (i) bank borrowings (which included both term loans and trade receivables financing facility); (ii) lease liabilities; and (iii) hire purchase loan. Finance costs amounted to approximately S$0.3 million, S$0.6 million and S$0.7 million for the three years ended 31 December 2019, respectively. Please refer to the paragraph headed "Indebtedness" in this section for details.

The following table sets forth a breakdown of our finance costs for the years indicated:

	For the year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Loan interest	231	442	558
Interest on leases liabilities	63	80	71
Interest on hire purchase arrangement	36	53	53
TOTAL	330	575	682

Income tax expenses

Our Group is mainly subject to Singapore corporate tax. Our effective tax rates were approximately 11.1%, 12.7% and 30.0% for the three years ended 31 December 2019, respectively. Income tax expenses were attributable to profit before income tax for the respective years, which

were mainly adjusted for statutory stepped income exemption, expenses not deductible for tax purposes and tax savings from government scheme, further details of which are set out in Note 11 of the Accountant's Report in Appendix I to this document.

Our Company and subsidiaries were incorporated in different jurisdictions, with different taxation requirements illustrated as follows:

- pursuant to the laws and regulations of the Cayman Islands and the BVI, our Group is not subject to any income tax in the Cayman Islands and the BVI;

- the statutory income tax rate of our subsidiaries incorporated in Singapore is 17.0%. The statutory income tax rate for our subsidiaries incorporated in Thailand is 24.0%; and

- the income taxes imposed on our Group consist of Singapore corporate income tax imposed on Eng Leng and Titan, and Thailand corporate income tax imposed on Eng Leng Thailand. Except for these entities, no provision for income tax had been made during the Track Record Period as our Company, Eng Leng BVI, Titan BVI and EL Holding did not have assessable profits subject to income tax during the Track Record Period.

The effective tax rates of our Group for the two years ended 31 December 2018 were lower than the standard tax rate of Singapore of 17.0% as our Group enjoyed some tax reliefs and incentives such as the Productivity and Innovation Credit Scheme ("PIC") in Singapore. Under the PIC, our Group is entitled to enjoy 300% additional tax deduction claims for qualifying expenditures including those relating to (i) the acquisition or leasing of information technology and automation equipment; and (ii) employees' training expenditure during each of the relevant years of assessment ("YA") up to YA 2018. The actual amounts claimed in each year were capped at a certain level pursuant to the PIC and the unutilised amounts can be carried forward to offset against future taxable profits with no expiry date.

The enhanced capital allowance relating to the acquisition or leasing of information technology and automation equipment amounted to approximately S$1.9 million, S$2.1 million and S$0.8 million for the three years ended 31 December 2019, respectively. The PIC deduction claim for expenditures relating to employees' training amounted to approximately S$0.2 million for the year ended 31 December 2017. Remaining amounts of the tax savings represent corporate income tax rebates granted to the Singapore incorporated entities by the tax authority of Singapore.

Our Directors confirmed that all required tax filings were made in all relevant jurisdictions and paid all tax liabilities that have become due. As at the Latest Practicable Date, our Directors were not aware of any dispute that we have with any tax authorities.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2019 compared to year ended 31 December 2018

Revenue

Our revenue increased by approximately S$4.0 million or 5.5% from approximately S$72.4 million for the year ended 31 December 2018 to approximately S$76.4 million for the year ended 31 December 2019. We serviced approximately 635 contracts for the year ended 31 December 2019 (excluding one-off service contracts), of which approximately 322 contracts ended during the year. Such increase was attributable to the increase in revenue generated from our public customers and partially offset by a decrease in revenue generated from our private customers.

Revenue from our private customers decreased by approximately S$1.4 million or 2.9% from approximately S$47.9 million for the year ended 31 December 2018 to approximately S$46.5 million for the year ended 31 December 2019 mainly due to the expiry of four projects involving commercial building contracts with a combined value of approximately S$0.9 million which were not renewed and partially offset by the increase in revenue generated from the provision of general cleaning services from hotels contracts of approximately S$4.4 million and medical centres contracts of approximately S$2.6 million. Revenue generated from our public customers increased by approximately S$5.3 million or 21.6% from approximately S$24.5 million for the year ended 31 December 2018 to approximately S$29.8 million for the year ended 31 December 2019 mainly due to increased revenue generated from the provision of digester cleaning services to Customer H, being one of our top five customers in 2019 and partially offset by the expiry of four town council contracts and one government agency contract from Customer A, being one of our top five customers since 2013. The four town council contracts and one government agency contract were not renewed as the renewal process is by way of open tenders and the contracts were awarded to our competitors who offered lower tender pricing.

Cost of sales

Our cost of sales increased by approximately S$2.7 million or 4.5% from approximately S$59.7 million for the year ended 31 December 2018 to approximately S$62.4 million for the year ended 31 December 2019. Such increase was mainly attributable to (i) an increase in employee benefit expenses by approximately S$3.1 million as the average number of total local and foreign workers employed increased by approximately 2.1% over the corresponding periods to support approximately 364 new contracts (excluding one-off service contracts) that were awarded to our Group during the year ended 31 December 2019 coupled with higher average salaries awarded under the PWM for local workers; (ii) an increase in foreign worker levies and fees by approximately S$1.0 million due to the increased average number of foreign workers employed by approximately 23.8% over the corresponding periods; and partially offset by (iii) a decrease in purchase of supplies and disposal charges of approximately S$0.9 million as we had more service contracts from hotels venue and for which the majority did not require us to provide cleaning supplies but only labour support; (iv) a decrease in subcontractor charges of approximately S$0.7 million as we ceased all transactions with GS Facilities Management from 1 April 2019, being one

of our top five subcontractors and suppliers during the Track Record Period, and hired the owner, director and team of cleaners of GS Facilities Management as detailed in the section headed "Business — Suppliers and Subcontractors — Top five suppliers and subcontractors" in this document; and (v) a decrease in outsourced labour of approximately S$0.4 million as we internalised certain supervisory functions.

Gross profit and gross profit margin

Our gross profit was approximately S$12.7 million for the year ended 31 December 2018 and approximately S$14.0 million for the year ended 31 December 2019, representing gross profit margin of approximately 17.5% and 18.3% for the corresponding periods, respectively. The increase in our gross profit margin was mainly attributable to the combined effects of (i) increase in our public sector gross profit margin; and partially offset by (ii) increased employee benefit expenses due to (a) increased average number of local and foreign workers employed to meet our business needs; and (b) higher salaries requirement under the Singapore Government's PWM for local workers. Our public sector gross profit margin increased from approximately 8.7% for the year ended 31 December 2018 to approximately 13.0% for the year ended 31 December 2019, which was mainly due to the turn-around of the previous loss-making contracts with Customer B, being one of our top five customers since October 2017. Our private sector gross profit margin was relatively stable at approximately 21.7% for the year ended 31 December 2019 compared to approximately 22.1% for the year ended 31 December 2018.

Other income

Our other income decreased by approximately S$26,000 or 57.8% from S$45,000 for the year ended 31 December 2018 to approximately S$19,000 for the year ended 31 December 2019. The decrease was mainly attributable to the cessation of all transactions with GS Facilities Management as discussed above.

Other gains — net

Our other gains — net decreased by approximately S$124,000 or 83.2% from S$149,000 for the year ended 31 December 2018 to approximately S$25,000 for the year ended 31 December 2019. Such decrease was mainly attributable to the decrease in gain on disposal of property, plant and equipment by approximately S$114,000 which is considered a part of the normal course of business.

Administrative expenses

Our administrative expenses increased by approximately S$4.8 million or 100.0% from approximately S$4.8 million for the year ended 31 December 2018 to approximately S$9.6 million for the year ended 31 December 2019. Such increase was mainly attributable to the increases in (i) administrative employee benefit expenses by approximately S$1.2 million due to an increase in the

average number of staff in the administrative function as we internalised certain supervisory roles and made additional hires to support our business growth; and (ii) **[REDACTED]** expenses of approximately S$**[REDACTED]**.

Finance costs

Our finance costs increased by approximately S$0.1 million or 16.7% from approximately S$0.6 million for the year ended 31 December 2018 to approximately S$0.7 million for the year ended 31 December 2019. Such increase was mainly attributable to higher loan interest resulting from our increased utilisation of the trade receivables financing facility by approximately S$0.9 million to provide working capital for our business operations.

Income tax expenses

Our income tax expenses increased by approximately S$0.1 million or 10.0% from approximately S$1.0 million for the year ended 31 December 2018 to approximately S$1.1 million for the year ended 31 December 2019. Effective tax rate increased from 12.7% for the year ended 31 December 2018 to 30.0% for the year ended 31 December 2019, which was mainly attributable to the combined effects of (i) lower net profit before tax; (ii) increase in expenses which were not deductible for tax purposes; and partially offset by (iii) tax savings carried forward from the previous year from the PIC Scheme in Singapore. For details, please refer to Note 11 of the Accountant's Report in Appendix I to this document.

Net profit and net profit margin

Our net profit decreased by approximately S$3.9 million or 59.1% from approximately S$6.6 million for the year ended 31 December 2018 to approximately S$2.7 million for the year ended 31 December 2019, whilst our net profit margin decreased from approximately 9.1% to 3.5% for the corresponding periods, respectively. The decreases in our net profit and net profit margin were mainly attributable to **[REDACTED]** expenses for the year ended 31 December 2019, which is considered non-recurring in nature upon **[REDACTED]**, and partially offset by revenue growth and increased gross profit. Excluding the non-recurring **[REDACTED]** expenses of approximately S$3.5 million incurred during the year ended 31 December 2019, we would have recorded a profit of S$6.1 million and a profit margin of 8.0% for the year ended 31 December 2019.

Year ended 31 December 2018 compared to year ended 31 December 2017

Revenue

Our revenue increased by approximately S$16.1 million or 28.6% from approximately S$56.3 million for the year ended 31 December 2017 to approximately S$72.4 million for the year ended 31 December 2018. We serviced approximately 475 contracts for the year ended 31 December 2018 (excluding one-off service contracts), of which approximately 212 contracts ended during the year. Such increase was attributable to the increase in revenue generated from both our public and private customers.

Revenue generated from our public customers increased by approximately S$8.7 million or 55.1% from approximately S$15.8 million for the year ended 31 December 2017 to approximately S$24.5 million for the year ended 31 December 2018 mainly due to the increase in revenue generated from schools contracts of approximately S$11.0 million from Customer B, being one of our top five customers, where we provided general cleaning services to school campuses in three different school zones in Singapore with full year revenue contribution for the year ended 31 December 2018 since the contracts commenced in October 2017. Revenue from our private customers also increased by approximately S$7.3 million or 18.0% from approximately S$40.6 million for the year ended 31 December 2017 to approximately S$47.9 million for the year ended 31 December 2018 mainly due to the increase in revenue generated from the provision of general cleaning services on commercial buildings for Customer G of approximately S$2.1 million and the increase in revenue from hotels contracts of approximately S$1.1 million and medical centres contracts of approximately S$0.7 million.

Cost of sales

Our cost of sales increased by approximately S$13.6 million or 29.5% from approximately S$46.1 million for the year ended 31 December 2017 to approximately S$59.7 million for the year ended 31 December 2018. Such increase was mainly attributable to (i) increase in employee benefit expenses by approximately S$12.6 million as the average number of total local and foreign workers employed increased by approximately 30.6% over the corresponding periods to support approximately 268 new contracts (excluding one-off service contracts) that were awarded to our Group during the year ended 31 December 2018 as well as the increased ratio of local workers to foreign workers coupled with higher average salaries awarded under the PWM for local workers; and (ii) increase in foreign worker levies and fees by approximately S$1.0 million due to the increased average number of foreign workers employed by approximately 16.5% over the corresponding periods.

Gross profit and gross profit margin

Our gross profit was approximately S$10.3 million for the year ended 31 December 2017 and approximately S$12.7 million for the year ended 31 December 2018, representing gross profit margin of approximately 18.2% and 17.5% for the corresponding periods, respectively. The decrease in our gross profit margin was mainly attributable to the combined effects of (i) the decrease in our public sector gross profit margin; (ii) increased employee benefit expenses due to (a) increased average number of local and foreign workers employed to meet our business needs; (b) higher average ratio of local workers to foreign workers employed; and (c) higher salaries requirement under the Singapore Government's PWM for local workers; and partially offset by (iii) the increase in our private sector gross profit margin. Our public sector gross profit margin decreased from approximately 12.4% for the year ended 31 December 2017 to approximately 8.7% for the year ended 31 December 2018, which was mainly due to the full year impact from our service contracts with Customer B, being one of our top five customers since October 2017 with gross loss of approximately S$40,000 from three loss-making service contracts for the year ended

31 December 2018. Our private sector gross profit margin remained relatively stable at approximately 22.1% for the year ended 31 December 2018, compared with approximately 20.5% for the year ended 31 December 2017.

Other income

Our other income decreased by approximately S$33,000 or 42.3% from S$78,000 for the year ended 31 December 2017 to approximately S$45,000 for the year ended 31 December 2018. The decrease was mainly attributable to the decrease in interest income from full repayment of the temporary advance to GS Facilities Management Pte Ltd during the year ended 31 December 2017.

Other gains/(losses) — net

Our other gains/(losses) — net increased by approximately S$111,000 or 292.1% from S$38,000 for the year ended 31 December 2017 to approximately S$149,000 for the year ended 31 December 2018. Such increase was mainly attributable to the increase in gain on disposal of property, plant and equipment by approximately S$0.1 million due to our management's decision to sell certain property, plant and equipment that were still in good condition but no longer required due to the expiry of certain service contracts.

Administrative expenses

Our administrative expenses increased by approximately S$0.6 million or 14.3% from approximately S$4.2 million for the year ended 31 December 2017 to approximately S$4.8 million for the year ended 31 December 2018. Such increase was mainly attributable to the increase in (i) repair and maintenance costs by approximately S$0.3 million as a result of the acquisition and usage of more equipment and machineries to support our business operations; and (ii) **[REDACTED]** expenses of approximately S$**[REDACTED]** million.

Finance costs

Our finance costs increased by approximately S$0.3 million or 100.0% from approximately S$0.3 million for the year ended 31 December 2017 to approximately S$0.6 million for the year ended 31 December 2018. Such increase was mainly attributable to higher loan interest resulting from our increased utilisation of the trade receivables financing facility by approximately S$0.2 million to provide working capital for our business operations.

Income tax expenses

Our income tax expenses increased by approximately S$0.4 million or 66.7% from approximately S$0.6 million for the year ended 31 December 2017 to approximately S$1.0 million for the year ended 31 December 2018. Effective tax rate increased from 11.1% for the year ended 31 December 2017 to 12.7% for the year ended 31 December 2018, which was mainly attributable to the combined effects of (i) higher net profit before tax; (ii) increase in expenses which were not

deductible for tax purposes; and partially offset by (iii) tax savings from the PIC Scheme in Singapore. For details, please refer to Note 11 of the Accountant's Report in Appendix I to this document.

Net profit and net profit margin

As a result of the foregoing, our net profit increased by approximately S$1.4 million or 26.9% from approximately S$5.2 million for the year ended 31 December 2017 to approximately S$6.6 million for the year ended 31 December 2018, whilst our net profit margin remained relatively stable at approximately 9.2% and 9.1% for the corresponding periods, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Financial resources

Our principal sources of funds have historically been our equity capital, cash generated from our operations, bank borrowings (which included both term loans and trade receivables financing facility) and hire purchase loan. Our primary liquidity requirements are to finance our business operations, working capital needs and future plans, and to fund the payment of interest and principal repayment due on our indebtedness. Going forward, we expect these sources of funds to continue to be our principal sources of liquidity, and we may use a portion of the net **[REDACTED]** from the **[REDACTED]** to finance some of our liquidity requirements. For details of our future plans, please refer to the sections headed "Business — Business strategies" and "Future Plans and Use of **[REDACTED]**" in this document.

We regularly monitor our liquidity requirements to ensure that we maintain sufficient cash resources for our working capital requirements and capital expenditure needs. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in settling our obligations in the normal course of business which would otherwise have a material impact to our business, financial condition or results of operations.

Cash Flow

The following table summarises our consolidated statements of cash flows for the years indicated:

	For the year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Net cash generated from operating activities	2,812	4,987	11,893
Net cash used in investing activities	(234)	(445)	(775)
Net cash used in financing activities	(5,240)	(547)	(9,019)
Net increase/(decrease) in cash and cash equivalents	(2,662)	3,995	2,099
Cash and cash equivalents at beginning of the year	9,114	6,454	10,451
Translation differences	2	2	(1)
Cash and cash equivalents at end of the year	6,454	10,451	12,549

Cash flow from operating activities

Our net cash flow from operating activities reflects profit before tax for the year adjusted for (i) non-cash items such as depreciation, interest income, gains/(losses) of disposal of property, plant and equipment; (ii) changes in working capital, such as increases or decreases in trade and other receivables, other current assets and trade and other payables; and (iii) income tax paid.

For the year ended 31 December 2019, we had net cash generated from operating activities of approximately S$11.9 million, which resulted from profit before income tax of approximately S$3.8 million and adjusted mainly for (i) non-cash items such as depreciation of right-of-use assets of approximately S$1.7 million and depreciation of property, plant and equipment of approximately S$1.3 million; and (ii) net finance cost of approximately S$0.7 million mainly due to increased borrowings from trade receivables financing facility to support our working capital needs. Changes in working capital of approximately S$5.6 million mainly reflected the combined effects of (i) a decrease in trade and other receivables of approximately S$4.2 million due to the timing of our billing for one of our top five customers, namely Customer B, which resulted in a decrease in our unbilled revenue and partially offset by an increase in trade receivables commensurate with our revenue growth; (ii) an increase in trade and other payables of approximately S$2.7 million due to slower settlement by management to manage cash flow and increased accruals for **[REDACTED]** expenses in relation to our **[REDACTED]**; and partially offset by (iii) an increase in deposits and prepayment of approximately S$1.3 million which mainly represented cash collateral deposited with insurance companies to support the issuance of performance bonds as discussed in the paragraph headed "Security Deposits" in this section.

For the year ended 31 December 2018, we had net cash generated from operating activities of approximately S$5.0 million, which resulted from profit before income tax of approximately S$7.5 million and adjusted mainly for (i) non-cash items such as depreciation of right-of-use assets of approximately S$1.4 million and depreciation of property, plant and equipment of approximately S$1.1 million; and (ii) net finance cost of approximately S$0.6 million mainly due to increased borrowings from trade receivables financing facility to support our working capital needs. Changes in working capital of approximately S$4.9 million mainly reflected the increase in trade and other receivables of approximately S$5.2 million due to the combined effects of (i) the timing of our billing to one of our top five customers, namely Customer B, who required the completion of certain processes or verifications before we could issue invoices which increased our unbilled revenue; (ii) an increase in trade receivables commensurate with our revenue growth; and partially offset by (iii) the increase in trade and other payables of approximately S$0.3 million which was generally in line with our revenue growth and increased purchase of supplies.

For the year ended 31 December 2017, we had net cash generated from operating activities of approximately S$2.8 million, which resulted from profit before income tax of approximately S$5.8 million and adjusted mainly for (i) non-cash items such as depreciation of right-of-use assets of approximately S$1.1 million and depreciation of property, plant and equipment of approximately S$0.9 million; and (ii) net finance cost of approximately S$0.3 million due to increased borrowings. Changes in working capital of approximately S$4.2 million mainly reflected the increase in trade and other receivables of approximately S$5.0 million due to the combined effects of (i) the timing of our billing to one of our top five customers, namely Customer B, who required the completion of certain processes or verifications before we could issue invoices which increased our unbilled revenue; (ii) an increase in trade receivables commensurate with our revenue growth; and partially offset by (iii) the increase in trade and other payables of approximately S$0.8 million which was generally in line with our revenue growth and increased purchase of supplies.

Cash flow from investing activities

Cash flow from investing activities mainly consisted of purchase of property, plant and equipment and proceeds from disposal of property, plant and equipment.

For the year ended 31 December 2019, we had net cash used in investing activities of approximately S$0.8 million, which mainly resulted from the purchase of property, plant and equipment of approximately S$0.7 million and the acquisition of additional interest in Eng Leng Thailand of approximately S$0.1 million as detailed in Note 19(c) of the Accountant's Report in Appendix I to this document.

For the year ended 31 December 2018, we had net cash used in investing activities of approximately S$0.4 million, which mainly resulted from the purchase of property, plant and equipment of approximately S$0.6 million and partially offset by the proceeds from the disposal of property, plant and equipment of approximately S$0.2 million.

For the year ended 31 December 2017, we had approximately net cash used in investing activities of approximately S$0.2 million, which was mainly resulted from the purchase of property, plant and equipment of approximately S$0.4 million, and partially offset by the proceeds from the disposal of property, plant and equipment of approximately S$0.1 million.

Cash flow from financing activities

For the year ended 31 December 2019, we had net cash used in financing activities of approximately S$9.0 million, which mainly reflected the combined effects of (i) repayment of bank borrowing of approximately S$31.1 million; (ii) lease payments for principal portion of lease liabilities of approximately S$1.7 million; (iii) dividends paid of approximately S$5.5 million; (iv) interest paid on lease liabilities and other financing arrangements of approximately S$0.7 million; and (v) prepaid **[REDACTED]** expenses of approximately S$**[REDACTED]** million; and partially offset by the proceeds from bank borrowings of approximately S$30.9 million.

For the year ended 31 December 2018, we had net cash used in financing activities of approximately S$0.5 million, which mainly reflected the combined effects of (i) repayment of bank borrowing of approximately S$19.8 million; (ii) lease payments for principal portion of lease liabilities of approximately S$1.4 million; (iii) dividends paid of approximately S$5.3 million; and (iv) interest paid on lease liabilities and other financing arrangements of approximately S$0.6 million, and partially offset by the proceeds from bank borrowings of approximately S$26.3 million.

For the year ended 31 December 2017, we had net cash used in financing activities of approximately S$5.2 million, which mainly reflected the combined effects of (i) repayments of bank borrowing of approximately S$13.2 million; (ii) lease payments for principal portion of lease liabilities of approximately S$1.1 million; (iii) dividends paid of approximately S$3.6 million; and (iv) interest paid on lease liabilities and other financing arrangements of approximately S$0.3 million, and partially offset by the proceeds from bank borrowings of approximately S$12.9 million.

Net current assets

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

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	S$'000	S$'000	S$'000	S$'000 (unaudited)
Current assets				
Trade and other receivables, deposits and prepayments	15,998	21,235	19,255	18,604
Cash and cash equivalents	6,454	10,451	12,549	14,634
Total current assets	22,452	31,686	31,804	33,238
Current liabilities				
Trade and other payables	6,042	6,591	9,072	6,877
Borrowings	4,285	11,868	12,568	8,297
Lease liabilities	806	1,167	856	798
Current income tax liabilities	691	972	1,076	766
Total current liabilities	11,824	20,598	23,572	16,738
Net current assets	10,628	11,088	8,232	16,500

Our Group maintained net current assets position of approximately S$10.6 million, S$11.1 million and S$8.2 million as at 31 December 2017, 2018 and 2019, respectively.

Our net current assets increased from approximately S$10.6 million as at 31 December 2017 to approximately S$11.1 million as at 31 December 2018. The increase was mainly attributable to (i) increase in trade and other receivables, deposits and prepayments by approximately S$5.2 million; (ii) increase in cash and cash equivalents by approximately S$4.0 million; partially offset by (iii) increase in current borrowings by approximately S$7.6 million; (iv) increase in trade and other payables by approximately S$0.5 million; and (v) increase in lease liabilities by approximately S$0.4 million.

Our net current assets decreased from approximately S$11.1 million as at 31 December 2018 to approximately S$8.2 million as at 31 December 2019. The decrease was mainly attributable to (i) decrease in trade and other receivables, deposits and prepayments by approximately S$2.0 million; (ii) increase in trade and other payables by approximately S$2.5 million; (iii) increase in current

borrowings by approximately S$0.7 million; (iv) increase in current income tax liabilities by approximately S$0.1 million; and partially offset by (v) increase in cash and cash equivalents by approximately S$2.1 million; and (vi) decrease in lease liabilities by approximately S$0.3 million.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the opinion that, taking into account the financial resources presently available to our Group, including our internal resources, cash generated from our operations, the available banking facilities and the estimated net **[REDACTED]** from the **[REDACTED]**, we have sufficient working capital for our present working capital requirements and for at least the next 12 months from the date of this document.

DISCUSSION ON SELECTED ITEMS FROM THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Trade and other receivables, deposits and prepayments

The following table sets forth a breakdown of our trade and other receivables, deposits and prepayments as at the years indicated:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Trade receivables	10,864	11,563	12,520
Unbilled revenue	4,574	8,996	3,745
	15,438	20,559	16,265
Deposits	256	426	1,810
Prepayments	277	192	179
Other receivables	27	11	77
Prepayments incurred in relation to **[REDACTED]**	—	[REDACTED]	[REDACTED]
Total	15,998	[REDACTED]	[REDACTED]

Trade receivables and unbilled revenue

Our trade receivables mainly represented outstanding receivables from our customers. Our trade receivables increased from approximately S$10.9 million as at 31 December 2017 to approximately S$11.6 million as at 31 December 2018, and further increased to approximately S$12.5 million as at 31 December 2019. The increase was generally in line with the growth in our revenue during the Track Record Period.

Our unbilled revenue mainly represented revenue derived from our general cleaning services rendered but not yet billed, largely due to the timing difference between revenue recognition and billing cycles. Our revenue is recognised when the services are rendered while our billing to clients is made on a period basis according to the terms set out in the service contracts including but not limited to the completion of any required processes or verifications, which varies contract by contract.

Our unbilled revenue increased from approximately S$4.6 million as at 31 December 2017 to approximately S$9.0 million as at 31 December 2018. The increase was mainly attributable to the fact that one of our top five customers, namely Customer B, required completion of required processes or verifications before our Group could issue invoices and therefore timing of our billings had been delayed. Our unbilled revenue decreased to approximately S$3.7 million as at 31 December 2019 due to the completion of required processes or verifications by Customer B, which enabled our Group to issue invoices before the year end.

We generally grant a credit term of up to 30 days to our public customers and up to 90 days to our private customers.

The following table sets forth the ageing analysis of our trade receivables based on invoice dates as at the dates indicated:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
0 to 30 days	4,861	6,246	7,101
31 to 60 days	3,504	3,082	3,198
61 to 90 days	1,871	1,448	1,574
91 to 120 days	460	587	511
Over 120 days	168	200	136
TOTAL	10,864	11,563	12,520
Trade receivables turnover days *(Note 1)*	65 days	57 days	58 days
Trade receivables and unbilled revenue turnover days *(Note 2)*	84 days	91 days	88 days

Note 1: Trade receivables turnover days are calculated based on the average of the opening and closing balance of trade receivables divided by revenue for the corresponding year and multiplied by the number of days in the relevant year.

Note 2: Trade receivables and unbilled revenue turnover days are calculated based on the average of the opening and closing balance of trade receivables and unbilled revenue divided by revenue for the corresponding year and multiplied by the number of days in the relevant year.

Our trade receivables turnover days were 65 days, 57 days and 58 days for the three years ended 31 December 2019, respectively. Our trade receivables turnover days remained relatively stable but decreased slightly for the year ended 31 December 2018 because it took longer than usual for some of our customers to process the payments for the previous year. In respect of the receivables which were past due, our management will follow up with such customers and monitor their creditworthiness.

Our trade receivables and unbilled revenue turnover days were 84 days, 91 days and 88 days for the three years ended 31 December 2019, respectively. The increase in our trade receivables and unbilled revenue turnover days over the Track Record Period was mainly attributable to the fact that one of our top five customers, namely Customer B, required completion of required processes or verification processes before our Group could issue invoices and therefore timing of our billings had been delayed.

It is our Group's policy to write off trade receivables when they are considered uncollectible. We write off trade receivables that remains unsettled for more than 365 days since invoice date. The expected credit loss rates for our Group's customers were immaterial and no other impairment loss was recognised at its initial recognition for the three years ended 31 December 2019. Please refer to Note 3 of the Accountant's Report in Appendix I to this document for details.

Subsequent Settlement

As at 30 April 2020, approximately S$12.0 million or 95.7% of trade receivables as at 31 December 2019 was settled and approximately S$3.7 million or 99.1% of unbilled revenue as at 31 December 2019 was billed.

Deposits and prepayments

Our deposits mainly represented deposits for our foreign workers' accommodation, utilities and tendering, which was relatively stable at approximately S$0.3 million and S$0.4 million as at 31 December 2017 and 2018, respectively. Our deposits increased to approximately S$1.8 million as at 31 December 2019, of which approximately S$1.3 million represented cash collateral deposited with insurance companies to support the issuance of performance bonds as discussed in the paragraph headed "Security Deposits" in this section and in lieu of personal directors' guarantees released prior to **[REDACTED]**.

Prepayments mainly included upfront payments of procurement costs for supplies and other consumables required as part of our ordinary course of business and insurance premium paid for certain of our cleaning contracts. Our prepayments remained relatively stable as at 31 December 2017, 2018 and 2019. Prepayment in relation to **[REDACTED]** expenses of approximately S$**[REDACTED]** million was recorded as at 31 December 2019.

Other receivables

Other receivables mainly represented (i) a temporary advance to GS Facilities Management; and (ii) temporary advances to staff at our management's discretion which are generally short term in nature and interest-free. The decrease in other receivables as at 31 December 2017 and 2018 mainly reflected the full repayment of the temporary advance by GS Facilities Management. Other receivables increased to approximately S$0.1 million as at 31 December 2019 and mainly represented (i) approximately S$38,000 of temporary advances to staff; and (ii) approximately S$26,000 in Thai withholding tax receivable from our normal course of business.

Property, plant & equipment

During the Track Record Period, our Group's property, plant and equipment mainly comprised (i) cleaning equipment and motor vehicles used in the provision of our general cleaning services which includes lorries and vans; and (ii) two freehold properties which are used as our offices (the "**6 Tagore Offices**"). The 6 Tagore Offices are being depreciated over 50 years on a straight-line

basis. The carrying amount of property, plant and equipment was recorded at approximately S$3.8 million, S$3.9 million and S$3.6 million as at 31 December 2017, 2018 and 2019, respectively. Please refer to Note 15 of the Accountant's Report in Appendix I to this document for details.

Right-of-use assets

Our right-of-use assets represented the leases that we entered into in order to provide accommodation for our foreign workers as required by the MOM. The carrying amount of these right-of-use assets was approximately S$0.9 million, S$1.5 million and S$0.9 million as at 31 December 2017, 2018 and 2019, respectively. Please refer to Note 14 of the Accountant's Report in Appendix I to this document.

Trade and other payables

The following table sets forth a breakdown of our trade and other payables as at the dates indicated:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Trade payables	1,202	1,227	1,836
Other payables	4,840	5,364	7,236
TOTAL	6,042	6,591	9,072

Trade payables

Our trade payables mainly represented amounts due to our suppliers, third party service providers and subcontractors.

Our trade payables were relatively stable at approximately S$1.2 million as at 31 December 2017 and 2018 and increased to approximately S$1.8 million as at 31 December 2019. Such increase was mainly attributable to slower settlement by the management to manage cashflow.

Our trade payables were due according to the terms on the relevant contracts. In general, our suppliers and subcontractors grant us a credit term of up to 30 days from the date of delivery and we settle our payment by cheque or GIRO.

The following table sets forth the ageing analysis of our trade payables based on invoice date as at the dates indicated:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
0 to 30 days	705	528	852
31 to 60 days	355	470	555
61 to 90 days	124	181	257
Over 90 days	18	48	172
TOTAL	1,202	1,227	1,836
Trade payables turnover days *(Note)*	42 days	49 days	75 days

Note: Trade payables turnover days are calculated based on the average of the opening and closing balance of trade payables divided by the adjusted cost of sales for the corresponding year and multiplied by the number of days in the relevant year. Cost of sales is adjusted to include purchase of supplies and subcontractor charges.

Our trade payables turnover days were 42 days, 49 days and 75 days for the three years ended 31 December 2017, 2018 and 2019, respectively. The increase in our trade payables turnover days for the year ended 31 December 2018 and 2019 were in line with the increase in trade payable which was mainly attributable to slower settlement by the management to manage cash flow.

Subsequent Settlement

As at 30 April 2020, approximately S$1.6 million or 89.4% of trade payables as at 31 December 2019 has been settled.

Other payables

Other payables mainly comprised (i) third parties payables; and (ii) accruals.

The following table sets forth a breakdown of our other payables as at the dates indicated:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Related parties	4	—	—
Third parties	733	776	1,424
Amount due to a shareholder	—	247	79
Accruals	161	388	127
Accruals for subcontractor charges	785	211	44
Accruals for employee benefit expenses	3,157	3,530	4,049
Accruals for **[REDACTED]** expenses	—	[REDACTED]	[REDACTED]
TOTAL	4,840	[REDACTED]	[REDACTED]

Our third parties payables mainly comprised goods and services tax payable to the tax authorities from invoices we generated as part of our ordinary course of business. Third parties payables were recorded at approximately S$0.7 million, S$0.8 million and S$1.4 million as at 31 December 2017, 2018 and 2019, respectively. The increase as at 31 December 2019 was mainly attributable to the increase in trade receivables underpinned by our revenue growth which resulted in an increase of tax payable to tax authorities.

The amount due to a shareholder of approximately S$0.2 million and S$0.1 million as at 31 December 2018 and 2019, respectively, was mainly for working capital needs and will be settled upon **[REDACTED]**.

Accruals mainly comprised miscellaneous costs associated with the normal operations of our businesses.

Accruals for subcontractor charges were approximately S$0.8 million, S$0.2 million and S$44,000 as at 31 December 2017, 2018 and 2019, respectively. The decreasing trend was due to timing differences for these expenses which were due but not yet paid until their next payment cycles and as we ceased all transactions with one of our top five suppliers and subcontractors, namely, GS Facilities Management from 1 April 2019.

Accruals for employee benefit expenses mainly comprised wages and salaries, mandatory contribution to CPF and foreign worker levies and fees. Accruals for employee benefit expenses increased from approximately S$3.2 million as at 31 December 2017 to approximately S$3.5 million as at 31 December 2018 and further increased to approximately S$4.0 million as at 31 December 2019. The increases were due to timing differences for these expenses which were due but not yet paid until their next payroll cycles.

Accruals for **[REDACTED]** expenses of approximately S$**[REDACTED]** million and S$**[REDACTED]** million were recorded as at 31 December 2018 and 2019, respectively.

INDEBTEDNESS

The following table sets forth the breakdown of our indebtedness as at the dates indicated:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	S$'000	S$'000	S$'000	S$'000 (unaudited)
Current portion				
Trade receivables financing	3,387	10,942	11,842	7,620
Term loans	383	383	372	313
Hire purchase loan	515	543	354	364
Lease liabilities	806	1,167	856	798
	5,091	13,035	13,424	9,095
Non-current portion				
Term loans	951	567	195	126
Hire purchase loan	882	807	711	774
Lease liabilities	147	309	23	13
	1,980	1,683	929	913
TOTAL	7,071	14,718	14,353	10,008

During the Track Record Period and up to 30 April 2020, being the latest practicable date for determining indebtedness, our Group's total indebtedness consisted of (i) borrowings which included three term loans, a trade receivables financing facility and a hire purchase loan; and (ii) lease liabilities.

Term loans and trade receivables financing

As at 31 December 2017, 2018 and 2019, our Group recorded (i) three term loans for the purposes of partially financing the purchase of the 6 Tagore Offices and providing general working capital with total outstanding principal amount of approximately $1.3 million, S$1.0 million and S$0.6 million, respectively; and (ii) a trade receivables financing facility with recourse for financing working capital requirements with outstanding principal amount of approximately S$3.4 million, S$10.9 million and S$11.8 million, respectively.

The following table sets forth the maturity profile of our Group's term loans and trade receivables financing facility based on their scheduled repayment terms as at the dates indicated:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	S$'000	S$'000	S$'000	S$'000 (unaudited)
Less than one year	3,770	11,325	12,214	7,933
Between one and two years	383	372	167	126
Between two and five years	568	195	28	—
TOTAL	4,721	11,892	12,409	8,059

The term loans and trade receivables financing facility were denominated in S$ and carried at fixed interest rate ranging between 2.0% and 3.5% per annum over the bank's prevailing cost of funds as determined by the bank. The increase in our trade receivables financing requirement during the Track Record Period was in line with our growth in business scale.

During the Track Record Period and as at 30 April 2020, being the latest practicable date for determining indebtedness, the term loans were secured by a first legal mortgage over the 6 Tagore Offices, a debenture incorporating a fixed and floating charge over all the assets and an all-monies guarantee and indemnity from Mr. Toh. The personal guarantee provided by Mr. Toh in respect of our Group's bank facilities will be released upon **[REDACTED]** and/or replaced by a corporate guarantee by our Company. The trade receivables financing facility was secured by an assignment over debtors.

The term loans are subject to certain covenants as described in Note 20(a)(ii) of the Accountant's Report in Appendix I to this document.

Hire purchase loan

We lease cleaning equipment, motor vehicles and office equipment from financial institutions under hire purchase arrangements to carry out our businesses save for those which are considered short term or one-time in nature, for which we may rely on rental arrangements. The hire purchase arrangements were denominated in S$ during the Track Record Period with a weighted average effective interest rate ranging from 2.7% to 4.7% per annum. The leases are secured by the lessor's charge over the leased assets. All leases are on fixed repayment basis and no arrangement has been entered into for contingent rental payment.

The following table sets forth the hire purchase payments due as at the dates indicated:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	S$'000	S$'000	S$'000	S$'000 (unaudited)
Hire purchase payments due:				
Within the first year	562	594	398	419
More than one year	1,025	956	832	889
Less: Future finance charges	(190)	(200)	(165)	(170)
Present value of total lease payments	1,397	1,350	1,065	1,138

As at 31 December 2017, 2018 and 2019, our hire purchase loan recorded outstanding principal amount of approximately S$1.4 million, S$1.4 million and S$1.1 million, respectively. The increase was to support our enlarged customer base and business growth as we had more sites and contracts to service which required more equipment, machineries and motor vehicles.

Lease liabilities

Our Group adopted IFRS 16 throughout the Track Record Period as stated in Note 2.1 of the Accountant's Report in Appendix I to this document. As such, we recognised right-of-use assets and the corresponding lease liabilities in respect of all leases, except for short-term leases in our consolidated statements of financial position.

We enter into property leases for foreign workers' accommodation with lease liabilities typically covering fixed terms ranging from one to three years. Lease terms are negotiated on an individual basis and contain different payment terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as security for borrowing purposes.

Our lease liabilities were mainly denominated in S$ and discount rate applied was 3.75% as at 31 December 2017, 2018 and 2019.

The following table sets forth the lease payments due as at the dates indicated:

	As at 31 December			As at 30 April
	2017	2018	2019	2020
	S$'000	S$'000	S$'000	S$'000 (unaudited)
Lease payments due:				
Within the first year	820	1,217	873	811
More than one year	167	316	23	14
Less: Total future finance charges	(34)	(57)	(17)	(14)
Present value of total lease liabilities	953	1,476	879	811

Our lease liabilities increased from approximately S$1.0 million as at 31 December 2017 to approximately S$1.5 million as at 31 December 2018 due to increased accommodation provided to our foreign workers as required by the MOM. Our lease liabilities decreased from approximately S$1.5 million as at 31 December 2018 to approximately S$0.9 million as at 31 December 2019 because the average duration of our leases decreased from the combined effects of (i) attrition of previously-executed leases; and (ii) having more recently-executed leases with shorter tenure.

As at 30 April 2020, being the latest practicable date for determining indebtedness, our Group had total borrowings of approximately S$7.6 million, with S$7.8 million of unutilised facilities available for draw down, and current and non-current lease liabilities of approximately S$0.8 million and S$13,000, respectively.

Our Directors confirmed that we had no material defaults in our borrowings, nor did we breach any material financial covenants of our banking facilities during the Track Record Period and up to 30 April 2020.

Save as the indebtedness as disclosed above, we currently do not have an external financing plan.

Contingent liabilities

As at 30 April 2020, our Directors confirmed that, up to the date of this document, our Group did not record any other contingent liabilities and our Directors are not aware of any litigation or claims of material importance pending or threatened against any member of our Group.

Material indebtedness change

Our Directors have confirmed that there was no material adverse change in our Group's indebtedness and contingent liabilities since 30 April 2020, being the latest practicable date for determining our Group's indebtedness, and up to the date of this document.

CAPITAL EXPENDITURE AND COMMITMENTS

Capital expenditure

Our capital expenditure for the three years ended 31 December 2019 amounted to approximately S$1.6 million, S$1.2 million and S$1.1 million, respectively, comprising mainly expenditures for the purchase of property, plant and equipment.

Since 31 December 2019 and up to 30 April 2020, our Group did not incur any material capital expenditure which were not provided for in our consolidated statements of financial position.

We expect to meet future capital expenditure requirements through our available cash and cash equivalents, cash generated from our operations as well as the net **[REDACTED]** of the **[REDACTED]**.

Capital commitments

Our Group did not have any significant capital commitments as at 31 December 2017, 2018 and 2019.

SECURITY DEPOSITS

As part of key contract terms with our customers, a security deposit is typically required either within 14 days of the letter of acceptance of such other period as prescribed by our customers, which may be in the form of cash or, in lieu of cash, a guarantee or performance bond in prescribed form issued by a bank or insurance company registered with the Monetary Authority of Singapore. For further details, please refer to the section headed "Business — Customers — Key contract terms with customers".

We issued performance bonds via insurance companies amounting to approximately S$4.9 million, S$5.1 million and S$4.6 million to our customers as at 31 December 2017, 2018 and 2019, respectively.

As at the Latest Practicable Date, our Group issued approximately S$4.1 million of performance bonds via insurance companies to our customers.

Our Group's liability under these performance bonds are limited to the premiums paid, which amounted to approximately 2.0%, 2.0%, 2.0% and 2.0% of the value of performance bonds outstanding as at 31 December 2017, 2018 and 2019, and the Latest Practicable Date, respectively.

Aside from the performance bonds we have issued via insurance companies for security deposit purposes as discussed above, we also issued guarantees via banks amounting to approximately S$0.7 million, S$0.8 million and S$1.0 million as at 31 December 2017, 2018 and 2019, respectively.

As at the Latest Practicable Date, our Group issued approximately S$0.7 million of guarantees via banks to our customers.

Having considered the limited exposure to our Group with reference to the historical claims from our customers during the Track Record Period and up to the Latest Practicable Date, our Directors are of the view that our Group did not have any material contingent liabilities arising from these performance bonds and/or guarantees as at each year and during the Track Record Period.

OFF-BALANCE SHEET TRANSACTIONS

Our Directors confirmed that, save as disclosed in this document, our Group had not entered into any material off-balance sheet commitments and arrangements during the Track Record Period and up to 30 April 2020.

RELATED PARTY TRANSACTIONS

Our Group entered into certain related party transactions with its related parties during the Track Record Period, details of which are set out in Note 25 of the Accountant's Report in Appendix I to this document. Our Directors confirmed that these transactions were conducted on normal commercial terms and/or that such terms were no less favourable to our Group than terms otherwise available to Independent Third Parties and were fair, reasonable and in the interest of our Shareholders as a whole.

KEY FINANCIAL RATIOS

The following table provides a summary of our key financial ratios for the years indicated and should be read in conjunction with the Accountant's Report set out in Appendix I to this document:

		Year ended/As at 31 December		
	Note	**2017**	**2018**	**2019**
Return on equity (%)	*1*	41.8	47.4	20.4
Return on total assets *(%)*	*2*	20.1	20.4	7.2
Current ratio *(times)*	*3*	1.9	1.5	1.3
Gearing ratio (%)	*4*	46.3	91.5	116.9
Net debt to equity ratio *(%)*	*5*	Net cash	19.3	8.0
Interest coverage *(times)*	*6*	18.6	14.1	6.6

Notes:

1. Return on equity is calculated based on the net profit divided by the average of total equity as at the end of the respective year and multiplied by 100.0%. Average balance is calculated as the sum of the opening and closing balances of the relevant year divided by two. Calculation on return on equity is on a full year basis.

2. Return on total assets is calculated based on the net profit divided by the average of total assets as at the end of the respective year and multiplied by 100.0%. Average balance is calculated as the sum of the opening and closing balances of the relevant year divided by two. Calculation on return on total assets is on a full year basis.

3. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the end of the respective year.

4. Gearing ratio is calculated based on the total borrowings (including term loans, trade receivables financing facility and hire purchase loan) divided by total equity as at the end of the respective year and multiplied by 100.0%.

5. Net debt to equity ratio is calculated based on the net debts (total debts net of cash and cash equivalents) divided by total equity as at the end of the respective year and multiplied by 100.0%.

6. Interest coverage is calculated by dividing profit before taxation and interest by the finance cost as at the end of the respective year.

Return on equity

Our return on equity was approximately 41.8%, 47.4% and 20.4% for the three years ended 31 December 2017, 2018 and 2019, respectively. The decrease in our return on equity for the year ended 31 December 2019 was mainly due to a lower net profit.

Return on total assets

Our return on total assets was approximately 20.1%, 20.4% and 7.2% for the three years ended 31 December 2017, 2018 and 2019, respectively. The decrease in our return on total assets for the year ended 31 December 2019 was mainly attributable to a lower net profit.

Current ratio

Our current ratio was approximately 1.9 times, 1.5 times and 1.3 times as at 31 December 2017, 2018 and 2019, respectively. The decrease in our current ratio as at 31 December 2018 was mainly attributable to our higher utilisation of the trade receivables financing facility and hire purchase loan to support our working capital needs and business operations. The decrease in our current ratio as at 31 December 2019 was mainly attributable to increased trade payables due to slower settlement by management to manage cash flow coupled with increased accruals for **[REDACTED]** expenses in relations to our **[REDACTED]**.

Gearing ratio

Our gearing ratio was approximately 46.3%, 91.5% and 116.9% as at 31 December 2017, 2018 and 2019, respectively. The increase in our gearing ratio as at 31 December 2018 and 2019 was mainly attributable to our higher utilisation of the trade receivables financing facility to support our working capital needs and hire purchase loan to enable additional equipment, machineries and motor vehicles to be acquired to support our business operation and a reduced equity base as at 31 December 2019.

Net debt to equity ratio

We recorded net cash position as our cash and cash equivalents balances were in excess of our borrowings as at 31 December 2017. Our net debt to equity ratio was approximately 19.3% and 8.0% as at 31 December 2018 and 2019, respectively, which was mainly attributable to higher debt balances and a reduced equity base as at 31 December 2019.

Interest coverage

Our interest coverage was approximately 18.6 times, 14.1 times and 6.6 times for the three years ended 31 December 2019, respectively. The decrease in our interest coverage for the three years ended 31 December 2019 was mainly attributable to higher finance costs incurred as a result of increased borrowings and lower operating profit for the year ended 31 December 2019.

FINANCIAL RISK MANAGEMENT

During the normal course of business, our Group is exposed to various types of financial risks including interest rate risk, credit risk, liquidity risk and capital risk. Please refer to the section headed "Business — Risk management and internal control systems" of this document for other key risk management discussion. Our Board is responsible for setting the objectives and underlying principles of financial risk management, further details of which are set out in Note 3 of the Accountant's Report in Appendix I to this document.

Interest rate risk

Our Group is exposed to interest rate risk on its borrowings and bank deposits. The interest rates and terms of repayment of our borrowings are disclosed in Note 20 of the Accountant's Report in Appendix I to this document.

We currently do not have an interest rate hedging policy and have not entered into any interest rate swaps and/or contracts to hedge our exposure, but will monitor our interest rate risk exposure in the future.

Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to our Group. Our Group is exposed to credit risk in relation to our cash and bank deposits as well as trade receivables and other receivables. For trade receivables, our Group has established a credit management system as detailed in the section headed "Business — Risk management and internal control systems" in this document and adopts the policy of dealing only with customers of appropriate creditworthiness and history. For financial assets, our Group adopts the policy of only dealing with financial institutions and other counterparties with high credit ratings. Our bank deposits are held by reputable banks that are considered to have limited credit risk as they are leading players with good reputation. Credit risk to an individual counterparty is

restricted by credit limits which are approved by our Directors based on ongoing credit assessments. The counterparty's payment profile and credit exposure are monitored by our Directors continuously.

We consider the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. We consider available reasonable and supportive forward-looking information, including indicators such as internal credit rating, external credit rating, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to a customer's ability to meet its obligations, actual or expected significant changes in our debtor or customer's operating results, significant increases in credit risk on other financial instruments of the same customer, or significant changes in the expected performance and behaviour of a customer.

We adopt the general approach for expected credit loss of other receivables including amounts due from related parties. We consider these financial assets have not significantly increased in credit risk from initial recognition, and thus, they are classified in stage one and only considered 12-month expected credit losses. Considering the history of default and forward looking factor, the expected credit loss is immaterial.

Credit exposure to an individual counter-party is restricted by credit limits that are approved by the directors based on on-going credit evaluation. The counter-party's payment profile and credit exposure are continuously monitored by the directors of our Group.

Our Group is exposed to credit risk concentration as detailed in Note 3(b) of the Accountant's Report in Appendix I to this document. Our major customers are reputable organisations and therefore, management considers our credit risk limited.

Liquidity risk

Liquidity risk is the risk that our Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. In the management of liquidity risk, our Group ensures that we have adequate funding through our ability to operate profitably and ensuring we have sufficient cash balance to meet our normal operating commitments and adequate amount of committed credit facilities. For details of the maturity profile of our Group's financial liabilities, please see Note 3(c) of the Accountant's Report in Appendix I to this document.

Capital risk

Our Group regularly reviews and manages our capital structure to ensure optimal capital structure and shareholder returns, taking into account our future capital requirements of our Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend plan.

In order to maintain or adjust the capital structure, our Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

Gearing has a significant influence on our capital structure and we monitor our capital using gearing ratio as well as our current and expected liquidity requirement and adjusting our capital structure to reflect the change in economic conditions affecting our Group. For further details of our Group's gearing ratio, please refer to Note 3(d) of the Accountant's Report in Appendix I to this document.

[REDACTED] EXPENSES

Our Directors are of the view that the financial results of our Group for the year ending 31 December 2020 are expected to be adversely affected by the **[REDACTED]** expenses in relation to the **[REDACTED]**, the nature of which is non-recurring. The total **[REDACTED]** fees in relation to the **[REDACTED]**, mainly consisting of fees paid or payable to professional parties and **[REDACTED]** fees and commission, are estimated to be approximately S$**[REDACTED]** million (based on the mid-point of the indicative **[REDACTED]** range of HK$**[REDACTED]** per **[REDACTED]** and **[REDACTED] [REDACTED]**). Among the estimated total **[REDACTED]** fees (i) approximately S$**[REDACTED]** million is expected to be accounted for as a deduction from equity upon **[REDACTED]**; (ii) approximately S$**[REDACTED]** million is expected to be recognised as expenses in our consolidated statements of comprehensive income, of which approximately S$0.2 million and approximately S$3.5 million has been recognised for the two years ended 31 December 2019, respectively, and the remaining of approximately S$1.0 million is expected to be recognised for the year ending 31 December 2020.

Our Directors would like to emphasise that the amount of the **[REDACTED]** expenses is a current estimate for reference only and the final amount to be recognised in our consolidated financial statements for the year ending 31 December 2020 is subject to adjustment based on audit and the then changes in variables and assumptions.

DIVIDEND AND DIVIDEND POLICY

Subject to the **[REDACTED]**, we will adopt a dividend policy (the "**Dividend Policy**") with an objective to striking a balance between maintaining sufficient capital to expand our business and Shareholders' rewards. Our Dividend Policy include:

- Conditions: Our Company may declare and distribute dividends to our Shareholders, *provided that* our Group recorded a profit after tax and that the declaration and distribution of dividends will not affect the normal operations of our Group.

- Factors to consider: In deciding whether to propose a dividend payout and in determining the dividend amount, our Directors will take into account, among others, the following factors:

  (i) actual and expected financial performance;

(ii) retained earnings and distributable reserves of our Company and subsidiaries;

(iii) financial condition of the Group, in particular, our liquidity position and indebtedness;

(iv) working capital and capital expenditure requirements for our business operations and business expansion plans;

(v) general economic and political conditions and other external factors that may have an impact on our business and financial performance; and

(vi) any other factors as our Directors consider appropriate.

Currently, our Directors aim to propose an annual dividend payment at a payout ratio of not less than 30% of our Group's consolidated net profit after tax for the financial year subject to due consideration of the above factors by our Directors. The Dividend Policy shall in no way constitute a legal and binding commitment by our Company that any dividend will be paid and/or in no way obligate our Company to declare a dividend at any time or from time to time. Payment of dividend by our Company is also subject to any restrictions under the Companies Law of the Cayman Islands and Articles of Association. Any dividends declared by our Company must be approved by an ordinary resolution of our Shareholders at a general meeting and must not exceed the proposed dividend payout recommended by our board of Directors.

As at the Latest Practicable Date, we do not have any pre-determined dividend payout ratio.

Any dividends declared will be in S$ with respect to the Shares on a per share basis, and our Company will pay such dividends in Hong Kong Dollars.

During the Track Record Period no dividend was paid or declared by our Company. For the subsidiaries of our Group, dividends of approximately S$3.6 million, S$5.3 million and S$5.5 million have been declared and paid by our subsidiaries to then shareholders of such subsidiaries for the three years ended 31 December 2019, respectively. From 1 January 2020 and up to the Latest Practicable Date, subsidiaries of our Group declared and paid dividends of approximately S$4.5 million. All dividends were funded by our internal resources. Our Directors consider that there is no material adverse impact on our Group's financial and liquidity position from the dividend payment.

DISTRIBUTABLE RESERVES

Under Cayman Islands law and our Articles of Association, we may pay dividends out of our profit or our share premium account provided that immediately following the date on which the dividend is proposed to be distributed, we remain able to pay our debts as and when the fall due in the ordinary course of business. Our Company was incorporated on 28 February 2019 and is an investment holding company. As at the Latest Practicable Date, our Company had distributable reserves of not less than S$47.7 million based on balance available as at 31 December 2019, net of dividend declared between 31 December 2019 and up to the Latest Practicable Date.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See "Unaudited Pro Forma Financial Information" in Appendix II to this document for further details.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, save as disclosed above, as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

RECENT DEVELOPMENT

Please refer to the section headed "Summary — Recent developments" in this document.

NO MATERIAL ADVERSE CHANGE

Save for the estimated non-recurring **[REDACTED]** expenses in this section, up to the date of this document, our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since 31 December 2019, being the date on which the latest audited financial statements of our Group were made up.

FUTURE PLANS

Please refer to the paragraph headed "Business — Business strategies" in this document for a detailed description of our business strategies and future plans.

USE OF [REDACTED]

Net [REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the **[REDACTED]** range, the net **[REDACTED]** from the **[REDACTED]** are estimated to be approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million) after deducting the **[REDACTED]** commission and estimated expenses in relation to the **[REDACTED]**.

As detailed in the section headed "Business — Business strategies" in this document, our business strategies include, amongst others, entrenching and increasing our market presence in the environmental services industry, which we intend to accomplish by expanding our service capacity as well as improving the quality and efficiency of our services, and broadening our service offerings in Singapore. In order to realise our strategies whilst not compromising our financial position, it is essential for us to enhance our capacity and resources. Having met the profit requirements for a Main Board listing in Hong Kong, we embarked on the preparation for the **[REDACTED]** and intend to utilise the net **[REDACTED]** to be raised from the **[REDACTED]** for the implementation of our aforementioned business strategies. To this end, we intend to use the net **[REDACTED]** from the **[REDACTED]** as follows:

Expanding service capacity as well as improving quality and efficiency of our services

Approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]** will be used for expanding our service capacity and improving the quality and efficiency of our services, of which:

(a) approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]**, will be allocated for the financing of upfront costs incurred at the early stage of our contracts arising from mismatch between the payment of such costs and sales receipts collection from our customers;

(b) approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]**, will be used for the leasing of automated machinery and equipment;

(c) approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing **[REDACTED]**% of the total net proceeds from the **[REDACTED]**, will be used for the payment of staff costs for hiring and retaining two additional safety officers who will be responsible for improving workplace safety;

(d) approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing approximately **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]** will be used to hire and retain two additional staff to perform sales and marketing activities; and

(e) approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing approximately **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]** will be used to purchase additional software and systems.

(a) Financing of upfront costs incurred at early stages of our contracts arising from mismatch between such costs and sales receipts collection from our customers

According to the Frost & Sullivan Report, the market size by revenue of cleaning services is expected to increase and reach approximately S$2,812.7 million in 2024, at a CAGR of approximately 7.0% from 2020 to 2024. Based on the existing available information on our Group's tendering, from 1 January 2020 up to the Latest Practicable Date, our Group has submitted 50 quotations or tenders for new projects amounting to an estimated total contract value of approximately S$221.4 million for service contracts in both the public and private sectors, of which we have been awarded one service contract with an aggregate contract sum of approximately S$0.1 million and 12 service contracts with an aggregate contract sum of approximately S$12.1 million have been awarded to other service providers. After the Latest Practicable Date and up to July 2020, our Group currently expects to further submit at least one tender or quotation for a new project and the expected contract sum of this service contract is approximately S$140.0 million with an estimated duration of 7 years. Our Directors believe that the current environment reflected by the recent available tenders and quotations in the market is consistent to the market trend in coming years estimated by Frost & Sullivan.

Our Group will continue to actively participate in tender submissions from our existing and potential customers from time to time. During the Track Record Period, we have entered into 224, 268 and 364 service contracts (excluding one-off contracts), with an aggregate value of S$66.8 million, S$77.0 million and S$58.8 million, respectively. After the **[REDACTED]**, our Group will also hire and retain two additional sales and marketing personnel to promote our brand and to increase business opportunities. Our Directors consider that (i) with our **[REDACTED]** status and marketing efforts, our Group's corporate image and brand will be further enhanced and (ii) the demand for cleaning services in Singapore will continue to grow steadily. In light of the aforementioned factors, our Group will submit more tenders and quotations with a view to expand our service capacity, as part of our Group's business strategies. Our Directors believe that our Group will be in a better position to succeed in more tenders it participates in.

As our Group continuously participates in tender submissions and undertakes new projects, we will incur substantial upfront costs during the early stages of our contracts and before receipt of payment from our customers, which leads to cash flow mismatch for these projects. The required upfront costs for new projects will fluctuate from time to time, depending on the contract size and the types of project. The upfront costs required for our service contracts consists of labour costs and costs of equipment. Our Group's calculation of upfront labour costs is based on labour costs to be incurred in the first three months of the new projects, with reference to our Group's trade

receivables and unbilled revenue turnover days, which was on average approximately 88 days during the Track Record Period. Our Group generally incurs approximately 88 days of labour costs upfront for work done before we receive our first payment from our customers. The upfront costs of equipment is calculated based on 5% of the annual contract value for each service contract. This is based on (i) the depreciation expense our Group incurred for plant and equipment over our Group's total revenue during the Track Record Period, which is approximately 2%; and (ii) the average useful life of equipment and machinery used by our Group, which is estimated to be at least three years. During the Track Record Period, the proportion of labour costs in respect of upfront costs incurred by our Group were approximately 78%, 79% and 79%, respectively, while the proportion of costs of equipment in respect of upfront costs incurred by our Group were approximately 22%, 21% and 21%, respectively.

During the Track Record Period, the upfront cost paid by our Group was approximately S$5.9 million, S$7.4 million and S$8.0 million respectively for, in aggregate, 88, 122 and 161 new projects in public sector and private sector, respectively. In the same period, the total value of new contracts commenced was approximately S$65.9 million, S$76.4 million and S$57.9 million and our Group had generated revenue of approximately S$56.3 million, S$72.4 million and S$76.4 million, respectively. The increase in the upfront costs paid by our Group is in line with the increase in average contract values of projects performed by our Group and revenue generated by our Group during the Track Record Period.

For more details on the movement of our service contracts during the Track Record Period, please refer to the section headed "Business — Our Contracts and Portfolio" of this document. The increasing trend of upfront costs for the three years ended 31 December 2019 is in line with our Group's business expansion, with an increasing number of new projects undertaken by our Group of increasing contract values. This in turn required us to expand the size of our workforce and acquire more machinery and equipment to support our growth.

From 1 January 2020 up to the Latest Practicable Date, our Group has submitted 50 quotations or tenders for new projects in both the public and private sectors, of which one has been awarded to our Group and 12 have been awarded to other service providers. As at the Latest Practicable Date, there are 39 quotation or tenders for new projects which our Group had submitted and are currently pending results. Of these 39 quotations or tenders, 37 were submitted from 1 January 2020 up to the Latest Practicable Date. On the basis of the calculations set out above, the total upfront costs required for the one project awarded to our Group is approximately S$25,000 and the expected total upfront cost required for the 39 quotation or tenders we have yet to receive a response is approximately S$13.9 million.

Below are the details of the 39 quotations or tenders for new projects our Group had submitted and which are currently pending results as at the Latest Practicable Date:

	Description of project	Expected contract sum (S$'000)	Expected result release date[(1)]	Expected project commencement date	Expected project period
1.	Provision of cleaning services	10,166	July 2020	August 2020	4 years
2.	Provision of cleaning services	420	June 2020	July 2020	2 years
3.	Provision of cleaning services	30,770	June 2020	July 2020	5 years
4.	Provision of cleaning services	293	June 2020	July 2020	2 years
5.	Provision of cleaning services	223	June 2020	July 2020	2 years
6.	Provision of cleaning services	27,198	June 2020	July 2020	3 years
7.	Provision of cleaning services	667	June 2020	July 2020	2 years
8.	Provision of cleaning services	246	June 2020	July 2020	1 year
9.	Provision of cleaning services	8,414	June 2020	July 2020	6 years
10.	Provision of cleaning services	4,699	June 2020	July 2020	2 years
11.	Provision of refuse disposal services	580	July 2020	August 2020	2 years
12.	Conservancy and cleaning works	10,274	June 2020	July 2020	5 years
13.	Provision of cleaning services	768	June 2020	July 2020	2 years
14.	Provision of cleaning services	1,291	June 2020	July 2020	2 years
15.	Provision of cleaning, landscaping and pest control services	5,043	June 2020	July 2020	3 years
16.	Provision of cleaning services	8,064	July 2020	August 2020	6 years
17.	Provision of cleaning services	3,869	June 2020	July 2020	3 years
18.	Provision of cleaning services	264	July 2020	August 2020	2 years
19.	Provision of cleaning services	418	June 2020	July 2020	1 year
20.	Provision of cleaning services	636	June 2020	July 2020	2 years
21.	Provision of cleaning services	492	June 2020	July 2020	2 years
22.	Provision of cleaning services	108	June 2020	July 2020	1 year
23.	Provision of cleaning services	25,485	October 2020	December 2020	2 years
24.	Provision of cleaning services	239	June 2020	July 2020	1 year
25.	Provision of cleaning services	3,926	September 2020	October 2020	4 years
26.	Provision of cleaning services	271	June 2020	July 2020	1 year
27.	Provision of cleaning services	101	September 2020	October 2020	3 years
28.	Provision of cleaning services	1,051	June 2020	July 2020	2 years
29.	Provision of cleaning services	53,861	August 2020	September 2020	5 years
30.	Provision of cleaning and general waste disposal services	724	July 2020	August 2020	1 year
31.	Provision of cleaning services	502	July 2020	August 2020	1 year
32.	Provision of cleaning services	554	July 2020	August 2020	1 year
33.	Provision of cleaning services	162	June 2020	July 2020	1 year
34.	Provision of cleaning services	922	July 2020	August 2020	2 years
35.	Provision of cleaning services	1,783	August 2020	September 2020	1 year
36.	Provision of cleaning services	595	August 2020	September 2020	2 years
37.	Provision of cleaning services	3,565	August 2020	September 2020	6 years
38.	Provision of cleaning services	51	June 2020	July 2020	3 years
39.	Provision of cleaning and waste and recycle management services	11,134	August 2020	September 2020	6 years
		219,829			

Note:

(1) Unless otherwise provided by the customer, the expected result release dates of these projects are estimated to be four weeks prior to expected project commencement date of respective projects based on our Directors' experience. However, the respective customers may decide on when they will complete their review and consideration of the tenders and they are not obliged to and may not formally share their results with us upon determination of the party to be awarded the tender.

After the Latest Practicable Date and up to July 2020, our Group currently expects to submit one more quotation or tender for new project with an estimated upfront cost of approximately S$4.9 million. Our Group has identified this one sizeable project as a potential upcoming project which has or will be opening up for invitation to tender by July 2020. We have identified this one project

based on details which we have gathered and maintained from our past tendering records where we have indicated the duration of each such tender projects and note thereon that some of such projects are due for renewal or tender soon.

Below are the details of the one potential upcoming project our Group currently expects to submit quotation or tender for after the Latest Practicable Date and up to July 2020:

	Description of project	Expected contract sum (S$'000)	Expected month of tender submission	Expected result release date[(1)]	Expected project commencement date	Expected project period
1.	Integrated cleaning of expressway infrastructure	140,000	July 2020	August 2020	September 2020	7 years
		140,000				

Note:

(1) Unless otherwise provided by the customer, the expected result release dates of these projects are estimated to be four weeks prior to expected project commencement date of respective projects based on our Directors' experience. However, the respective customers may decide on when they will complete their review and consideration of the tenders and they are not obliged to and may not formally share their results with us upon determination of the party to be awarded the tender.

Although the tender results for the above projects are still pending, having considered our competitive strengths which include (i) the competitive prices we offer to our customers in our tender bids; (ii) our established track record of over 25 years for the provision of cleaning services in Singapore; (iii) our experience in catering to a variety of different customers in both the public and private sectors and in undertaking sizeable service contracts, as evidenced by our FM02 workhead; and (iv) the stable relationships with our customers who have repeatedly returned to us for continued provision of services for up to 13 years, our Directors are of the view that we have a high likelihood of securing the above projects.

According to the Frost & Sullivan Report, the description of projects set out above include services categorised as (i) general cleaning services, such as cleaning and conservancy services; and (ii) specialised cleaning services, such as dishwashing services. While our Group has tendered for projects that are categorised as both general and specialised services, our role is to supply the manpower necessary to undertake the works required for each project. Furthermore, we are registered under the CRS for the FM02 workhead for "Housekeeping, Cleansing, Desilting and Conservancy" with an L6 grading, and are accredited by ISO 9001:2015 certification for the provision of cleaning and housekeeping services. As such, our Group is not required to employ specialised labour or apply for any additional licences to undertake these service contracts, and accordingly our Group has the ability to undertake these contracts.

Our Directors confirm that our Group has the experience in providing the services required by the above projects we have tendered or plan to submit tenders for, and we currently hold the required licences and registrations needed to undertake the above projects. For more information on the licences and registrations our Group holds, please refer to the section headed "Business — Main licences and registration".

While there is no assurance that our Group will succeed in all or any of the tenders for the potential upcoming projects above and given that customers of such projects may choose to renew their contracts with their existing providers, we will continue to actively participate in tenders we believe are sizeable in nature and will help us gain a foothold in the market. During the Track Record Period, we have been increasingly active in our tender strategy, with an approximately 100% increase in the number of tenders submitted in the year ended 31 December 2019 as compared to the year ended 31 December 2017, as part of our Group's business strategy.

Based on the experience of our Directors having regard to the past tenders we have submitted, tenders for projects are generally available for submission three-to-six months prior to commencement of the project and as such, our requirement for upfront costs based on our quotations or tenders would only be able to reflect the projects that we have visibility on and does not include funding needs of our upfront costs which we may incur for projects outside of such window. As there is no fixed schedule in which projects are released for tenders or quotations or in which we may be invited for tenders, the foregoing upfront costs are therefore an estimate, based on past experience, of the upfront costs we may incur in the three-to-six months period for which we have visibility on the available quotations or tenders. In the event that more projects are open for tender within such period or otherwise, we would be restricted by our current resources to submit bids for such tenders, which will in turn affect our ability to expand our business and operations.

According to the Frost & Sullivan Report, our Group ranked second among the cleaning service providers in Singapore in 2019 in terms of revenue and market share. The table below sets forth a comparison between the total market size of cleaning services in Singapore by revenue and our Group's revenue arising from service contracts during the three financial years ended 31 December 2019:

	Market size of cleaning services in Singapore[(1)]			Our revenue and its percentage over the market					
Year	Public	Private	Total	Public		Private		Total	
	S$ million	S$ million	S$ million	S$ million	%	S$ million	%	S$ million	%
2017	1,086.2	764.2	1,850.4	15.8	1.5	40.6	5.3	56.3	3.0
2018	1,143.8	810.1	1,953.9	24.5	2.1	47.9	5.9	72.4	3.7
2019	1,210.1	854.7	2,064.8	29.8	2.5	46.5	5.4	76.3	3.7

Notes:

(1) Source: Singapore Department of Statistics

Based on the Frost & Sullivan Report, our Group's market share in terms of revenue in the cleaning services market in Singapore has increased by approximately 0.7% during the Track Record Period. In line with this growth in market share, our Group intends to capture more market share in the coming years, and is in line with our active tender strategy to participate in more tender submissions and succeed in more project tenders.

The Frost & Sullivan Report also estimates that over 100 public cleaning projects per year will be available for the coming three years. Our Directors firmly believe that our Group has the capability, experience and market position to be awarded more service contracts of a substantial nature.

In terms of public sector projects, it is noteworthy that our Group has over 25 years of experience in the industry and is one of the 27 registered contractors holding an L6-graded FM02 workhead among 401 contractors registered for this workhead as at the Latest Practicable Date. With our experience and our expertise, we believe that we would be able to bolster our foothold in the public sector. During the three years ended 31 December 2019, we have performed a consistently increasing number of contracts in the public sector, from 31 projects in the year ended 31 December 2017 to 49 projects in the year ended 31 December 2019. The average monthly service fee per public project has also increased from approximately S$103,000 to S$116,000 during the three years ended 31 December 2019.

With regard to private sector projects, according to the Frost & Sullivan Report, good business relationships with customers is an important factor to consider for contract extension. During the Track Record Period, our business relationships with our top five customers have averaged six years, based on a period ranging between one to 13 years. We have also performed an increasing number of contracts in the private sector over the three years ended 31 December 2019, from 376 projects in the year ended 31 December 2017 to 586 projects in the year ended 31 December 2019. Given the foregoing and our experience in this industry, we believe that we stand a good chance in securing recurring projects with them.

In light of the foregoing, our Directors consider that it is an opportune time for our Group to expand our scale of operations and to implement our business plans as set out in the paragraph headed "Business — Business strategies" in this document. Our Directors believe that the **[REDACTED]** will enable us to obtain sufficient funding to pursue our business plans, which will strengthen our market presence in the cleaning services industry in Singapore and enable us to seek more business opportunities and expand our business.

In line with our active tender strategy, our Group will continue to tender for more service contracts in both the public and private sector in the coming years, and we expect that the total upfront cost required for quotations and tenders will increase. There is also a possibility that our Group will be offered several service contracts with significant upfront costs at or around the same time. As such, our Directors constantly monitor our working capital position when making decisions on tendering and adjust our tender strategy accordingly. If this situation were to occur and our Group did not have sufficient cash on hand to finance the upfront costs, our Group would incur extra financing costs to secure funding for the upfront costs or lose the opportunities to expand our source of revenue without obtaining financing from banks in time. It is also our Group's strategy to take on more sizeable service contracts to contribute to our established track record, therefore, maintaining sufficient cash balance for the upfront costs requirements of potential service contracts would be beneficial to the expansion. According to the Frost & Sullivan Report, tender submissions for large-scale and public cleaning projects require bidders to be registered with the BCA, and the BCA requires such service providers to satisfy certain pre-requisite requirements in

terms of minimum paid-up capital, net worth, track record of projects and employment of certain personnel and management, which in turn dictates a service provider's tendering limit for projects in the public sector. Please see the section headed "Regulatory Overview — Laws and regulations in Singapore — A. Laws and regulations in Singapore in the relation to the cleaning business — II. Contractors Registration System" for more information.

Our Group had cash and cash equivalents of approximately S$14.6 million as at 30 April 2020 and a positive net operating cash flow of approximately S$2.8 million, S$5.0 million and S$11.9 million recorded for each of the three years ended 31 December 2019, respectively, which was mainly attributable from the profit before income tax. Based on the cashflow statement for the year ended 31 December 2019 and the forecasted cashflow statement for the year ending 31 December 2020, our Directors estimate that currently our Group has to incur an average monthly cash outflow from operating activities of approximately S$5.0 million. This primarily consists of payments made to staff and suppliers/contractors and payments for other operating expenses to sustain our daily operations.

There is no assurance that our Group will receive payment for new projects from our customers in a timely manner before we are required to make payment for our staff salaries, to our suppliers or subcontractors or for other liabilities. Our current liabilities as at 30 April 2020 amounted to approximately S$16.7 million, mainly consisting of bank borrowings and trade and other payables. Therefore, our bank balances and cash fluctuate from time to time, largely dependent on the timing of receipt from our customers and payment to our staff and suppliers/contractors, which may worsen our Group's cash flow mismatch situation. Furthermore, our Group had a negative cash flow from investing and financing activities during the Track Record Period, amounting to S$5.5 million, S$1.0 million and S$9.8 million respectively.

Furthermore, as a form of security deposit, either in cash or, in lieu of cash, bank guarantees or performance bonds, are to be provided before the commencement of projects at the discretion of our customers. During the Track Record Period, our Group has not been requested by our customers to provide cash as security deposits. In the event that existing and/or new customers request for security deposits in the form of cash, this may further worsen our cashflow mismatch situation.

Giving the foregoing uncertainties, our Directors consider that sufficient cash resources must be maintained to sustain our business operations and that our operating cash flow is currently insufficient to fund or cater for the expansion of our Group's business and/or additional upfront costs which may be incurred from potential and future service contracts as illustrated above.

Furthermore, our Group's trade receivables and unbilled revenue turnover days were 84 days, 91 days and 88 days for the three years ended 31 December 2019, respectively, which depicts a relatively consistent trend in the turnover days during the Track Record Period. While our Group aims to improve the turnover days and maintain a healthy liquidity position, achievement of such aims are not solely within our management's control. For example, the time for the completion of required processes or verification processes before we can issue invoices for work done largely depends on our customers' internal processes.

As mentioned in the section headed "Business — Risk management and internal control systems" in this document, under a typical contract undertaken by us, we do not receive payments or deposits from our customers prior to the commencement of work. To the best knowledge of our Directors, it is not common for operators in the cleaning industry to request for upfront payment prior to the commencement of work as this may affect the operators' chances of securing the tender and/or quotation. Further, there are costs (including security deposits, salary payments, levies, CPF contributions, and purchases of supplies and equipment) which are typically incurred at an early stage and throughout the execution of a service contract before we receive payment from our customers. Accordingly, we generally experience time lags between the payment of such costs and the collection of sales receipts from our customers. This mismatch is currently being financed by our available financial resources, which includes, amongst others, bank borrowings, mainly in the form of trade receivables financing. For the three years ended 31 December 2019, our trade receivables financing amounted to approximately S$3.4 million, S$10.9 million and S$11.8 million, respectively and our net debt to equity ratio were approximately 19.3% and 8.0% as at 31 December 2018 and 31 December 2019, respectively. As at 31 December 2017, our net debt to equity ratio were not applicable as our cash and cash equivalents were more than sufficient to cover our total debt balance. For more information on our key financial ratios, please refer to the paragraph headed "Note 3. Financial Risk Management — (d) Capital risk" of the Accountant's Report set out in Appendix I to this document. We generally offer credit terms of up to 90 days for private customers and up to 30 days for public customers upon issuance of our invoice. In addition, some of our customers may require us to submit progress claims or service reports to satisfy their internal verification requirement and will only allow us to issue our tax invoices after their approval. The verification process can take 14 days or more, depending on the customer. Once our progress claim or service report is finalised and approved by the customer, we can then issue an invoice. Our trade receivables turnover days were on average 65, 57 and 58 days for each of the three years ended 31 December 2019, respectively, whereas we generally pay salaries to our local employees twice in the same month that the services are performed and for the rest of our employees, no later than seven days after the last day of the month. As at the Latest Practicable Date, our Group had over 2,500 employees.

Our Directors consider that the size of our service capacity is restricted by our inability to take on more service contracts and increase our workforce size concurrently as this would require us to increase our bank borrowings to finance the resultant mismatch, which would also increase our finance costs and have an adverse impact on our net debt to equity ratio. By utilising the net **[REDACTED]** from the **[REDACTED]** to finance upfront costs, we would be able to maintain our current net debt to equity ratio, which is a factor that may be taken into consideration by customers when determining our tender or quotation. In view of our plans to further entrench and to increase our market presence in Singapore, we intend to quote or tender for more and/or bigger contracts in Singapore. From 1 January 2020 up to the Latest Practicable Date, we have submitted 50 quotations or tenders for new projects amounting to an estimated total contract value of approximately S$221.4 million for service contracts in both the public and private sectors, of which we have been awarded one service contract with an aggregate total contract sum of approximately S$0.1 million and 12 service contracts with an aggregate contract sum of approximately S$12.1 million have been awarded to other service providers. As at the Latest Practicable Date, there are 39 quotation or

tenders for new projects which our Group had submitted and are currently pending results. Of these 39 quotations or tenders, 37 were submitted from 1 January 2020 up to the Latest Practicable Date. After the Latest Practicable Date and up to July 2020, our Group currently expects to further submit at least one tender or quotation for a new project and the expected contract sum of this service contract is approximately S$140.0 million. The quotation or tender amount has been derived after considering factors including, amongst others, our plans for the expansion of our workforce, our strategy to quote or tender for more contracts, our historical tender success rates, our ongoing contracts, and our recent track record.

In light of the abovementioned, we plan to use approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]** to finance the upfront costs incurred during the early stages of our contracts to manage the cash flow mismatch between the costs incurred and sales receipts collection from our customers, which will (i) assist to reduce the amount of bank borrowings required to bridge this mismatch; and (ii) enable the expansion of our service capacity in line with our business strategies.

(b) Leasing of automated machinery and equipment

As part of our strategy to improve our quality of services in Singapore, approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]**, will be used for the leasing of 50 units of automated machinery and equipment, such as autonomous floor-scrubbing robots, which can be remotely controlled to schedule cleaning for certain areas at specific times, and can also be programmed to self-dock at their designated recharge locations where clean water is refilled and waste water is discharged. This would streamline and enhance the efficiency of the cleaning process at the relevant work site. During the Track Record Period, we had purchased two automated cleaning machines for an aggregate of approximately S$148,000. We did not expand the fleet further as we did not have the financial capacity to commit to purchasing more units as we would need to factor in insurance and maintenance expenses. Our planned leasing of automated machinery and equipment is in line with the developing trends identified in the Frost & Sullivan Report, which has highlighted that (i) the use of automated cleaning machines have become increasingly popular in Singapore; and (ii) the Singapore Government has implemented a series of incentive schemes and support policies to improve the cleaning industry structure and to promote the use of automation in the environmental services industry, with a view towards improving the productivity of the cleaning services industry. One such scheme is the introduction of a Robot-as-a-Service pilot solution by a cooperative comprising the Info-communications Development Authority of Singapore, the Workforce Singapore and the Environmental Management Associate of Singapore, which is aimed at redesigning the workflow process and transforming the cleaning landscape so as to become manpower lean. Our Directors also consider that the automated machinery and equipment would place our Group in a competitive position when tendering for service contracts in the future as some of our tenders for sizable public sector contracts for proposed innovative technology, which indicates that the use of automated machinery and equipment is a factor for consideration when customers determining tenders or quotations. Our Group intends to deploy such

automated machinery and equipment to the worksites of both existing and new service contracts wherever possible. Part of the net **[REDACTED]** from the **[REDACTED]** will be spread over the course of the three years ending 31 December 2022 for the leasing of automated machinery and equipment.

The type and function of the automated machinery and equipment that our Group plans to lease is set out in the table below.

Type of machine or equipment	Function	Additional no. of machines estimated to be leased during the year ending 31 December 2020	Additional no. of machines estimated to be leased during the year ending 31 December 2021	Additional no. of machines estimated to be leased during the year ending 31 December 2022
LeoScrub	Autonomous scrubbing machine	7	10	6
LeoVac	Autonomous vacuum cleaner	7	10	6
Scrubpod	Autonomous floor scrubber	—	1	1
Sweeppod	Autonomous road sweeper	—	1	1
		14	22	14

The estimated average useful lives of such automated machinery and equipment is 36 months which corresponds to the 36-month lease period.

(c) Payment of staff costs to hire and retain two additional safety officers

In order to improve the safety standards of our workplace, approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]**, will be used to hire two safety officers who will be responsible for improving our overall workplace safety and health policies and practices through, amongst others, (i) conducting regular safety audits at our existing and new service contract sites to identify (and if necessary, rectify) workplace safety issues and risks, and (ii) providing training to our employees on workplace safety so as to ensure that our employees are kept abreast of the latest industry standards. Prospective safety officers will need (i) to be registered with the MOM as a workplace safety and health officer; (ii) at least two years relevant work experience; and (iii) to have completed the workplace safety and health officer training course with an MOM-approved institution. Our Directors consider that the hiring and retention of two additional safety officers is necessary as part of our plan to expand our service capacity includes the tendering for more and/or larger service contracts, which will require that we also expand our workforce in order to ensure we have sufficient manpower to be staffed at such contract sites. Please refer to the section headed "Business — Business strategies" in this document for more information.

(d) Payment of staff costs to hire and retain two additional sales and marketing personnel

We intend to enhance our corporate image and reputation through brand building and marketing activities. Accordingly, approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing approximately **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]** will be used to hire two sales and marketing personnel, who will be responsible for, amongst others, enhancing our corporate image and reputation through brand building and marketing activities, including advertising, participation in exhibitions, supporting green functions as well as preparing and updating our Group's sales brochure and other marketing materials. Our Directors believe that the hiring and retention of two additional sales and marketing personnel would stead us well in establishing a presence in the consumer market, particularly for the provision of general cleaning services to private individual customers.

(e) Investment in software

Approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing approximately **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]** will be used to improve our efficiency by purchasing additional software and systems such as the ERPS and HRM systems, which will streamline (i) our entire business and administration process, from the quoting or tendering stage to the monthly invoicing, contract cost tracking, procurement with inventory management, payroll as well as accounting and financial reporting functions; and (ii) the flow of information between different departments within our Group that has remote access, thereby reducing unnecessary administrative delays.

Broadening of service offerings

Approximately HK$**[REDACTED]** million (approximately S$**[REDACTED]** million, representing **[REDACTED]**% of the estimate net **[REDACTED]**) will be applied for the broadening of our service offerings in Singapore, of which:

(a) approximately HK$**[REDACTED]** million (approximately S$**[REDACTED]** million, representing **[REDACTED]**% of the estimated net **[REDACTED]**) will be applied for the expansion of our in-house waste management services; and

(b) approximately HK$**[REDACTED]** million (approximately S$**[REDACTED]** million, representing **[REDACTED]**% of the estimated net **[REDACTED]**) will be applied for the Proposed Acquisition of a Singapore-based landscaping contractor.

(a) Expansion of workforce and purchase of additional vehicles and equipment for expansion of our in-house waste management services

We aim to establish ourselves as an integrated service provider in the environmental services industry and to do so, we intend to enhance our in-house capability to provide waste management and landscaping services, which are part and parcel of the environmental services industry as they are categorised as "Maintenance" workheads under the CRS. According to the Frost & Sullivan Report, waste management services in Singapore typically entail (i) collection and transportation of general, horticultural, chemical and toxic waste; (ii) collection and sorting of recyclable materials; and (iii) composite waste management. Currently, our Group already, as part of the scope of services provided under the service contracts and our existing business process, collects waste from different parts of a premise, delivers the waste to a specified collection point and loads the waste onto the waste collection vehicles, at which point third party waste management services providers will collect the waste and deliver it to the relevant sorting and/or disposal sites. Our Group did not enter into service contracts to solely provide waste management services during the Track Record Period as such services are done as part of our general cleaning services contracts.

In light of the foregoing, our Group intends to take over the remaining waste management works, being the delivery of waste to the relevant disposal and/or sorting sites, which is currently being subcontracted to third party waste management collectors, and establish our in-house capabilities to provide such waste management services. We also intend to pursue new service contracts for waste management and/or integrated service contracts after the successful implementation of our business strategies and future plans. For each of the three years ended 31 December 2019, management charges attributable to our suppliers and subcontractors for the provision of waste management services were approximately S$0.5 million, S$0.8 million and S$0.8 million, respectively, representing approximately 9.5%, 13.4% and 16.4% of our subcontractor charges, respectively.

The annual costs for providing in-house waste management services for each of the three years ending 31 December 2022 is estimated to be approximately S$0.4 million, S$2.2 million and S$2.9 million, respectively. Such annual costs comprise of labour costs, refuse disposal fees payable to the incineration plant, scrapyard rental and depreciation of vehicles and equipment. The table below sets out the breakdown of annual costs for providing in-house waste management services for each of the three years ending 31 December 2022.

	Estimated annual costs of in-house waste management services for the year ending 31 December		
	2020[(1)]	2021	2022
	S$'000	S$'000	S$'000
Labour costs	149	927	1,173
Refuse disposal fees payable to incineration plant[(2)]	187	899	1,348
Depreciation of vehicles and equipment[(3)]	28	202	282
Scrapyard rental	—	140	140
Total	364	2,168	2,943

Notes:

(1) Calculated based on in-house waste management services to commence on 1 August 2020

(2) Calculated based on 20 metric tonnes per day, 40 metric tonnes per day and 60 metric tonnes per day for the year ending 31 December 2020, 31 December 2021 and 31 December 2022, respectively, 26 working days per month at a rate of S$72 per metric tonne

(3) Calculated based on the assumption of a 10-year depreciation of new equipment purchased

The expected increase in annual costs for our provision of in-house waste management services corresponds with our expected increase in demand of our in-house waste management services. According to Frost & Sullivan, it is common for waste management services to be included as part of the wider scope of general cleaning services. As at the Latest Practicable Date, 22 of our 304 ongoing projects (excluding one-off contracts) required waste management services. In the early stages of our waste management services expansion, we intend to gradually replace our existing subcontracts for waste management services with the provision of our own in-house waste management services.

According to Frost & Sullivan, public waste collectors ("**PWCs**") are appointed by the NEA through open tenders to serve domestic and trade premises in Singapore by geographical sectors for seven to eight years. The NEA also licenses general waste collectors ("**GWCs**") in Singapore, and GWCs primarily service commercial and industrial premises (which are distinct and different from domestic and trade premises served by PWCs). Class A general waste collection licences relate to the collection of inorganic waste, whereas Class B general waste collection licences relate to the collection of organic waste. As at the Latest Practicable Date, Eng Leng held a Class A, B general waste collection licence which will expire 30 April 2021, and Titan has already obtained in-

principle approval for the renewal from the NEA and is pending the formal re-issuance of its renewed Class A general waste collection licence. For further details on the laws and regulations in Singapore relating to the general waste collection business, please refer to the section headed "Regulatory Overview — Laws and Regulations in Singapore — B. Laws and regulations in Singapore in relation to the general waste collection business" in this document.

Our Group does not seek to be appointed as a PWC by the NEA. Instead, as both Eng Leng and Titan hold Class A general waste collection licences, we seek to establish and scale our in-house waste management services over time in order to secure more tenders in both the public and private sectors (not served by PWCs) which require the provision of waste management and refuse collection and management services, mainly in commercial or industrial areas, without sub-contracting any waste management services to third party contractors. According to the Frost & Sullivan Report, among the top five market players in the cleaning services market in Singapore in 2017, three of our other industry competitors provide in-house waste management services. Our Directors believe that it is important for our Group to maintain its industry position in the environmental services industry and enhance our competitiveness by establishing our in-house waste management service.

As at the Latest Practicable Date, 11 out of our 16 ongoing projects (excluding one-off contracts) in the public sector required waste management services, and we subcontracted the waste management services component to third party waste management services providers. The estimated total contract value of the 11 projects is approximately S$97.6 million, and the total value of the waste management component of these projects is approximately S$1.2 million.

For projects in the private sector, we had 11 out of our 288 ongoing projects (excluding one-off contracts) which required waste management services as at the Latest Practicable Date, and we subcontracted the waste management services component to third party waste management services providers. The estimated total contract value of these 11 ongoing projects is approximately S$9.6 million, and the total value of the waste management component for these projects is approximately S$682,000.

Since 1 January 2020 and up to the Latest Practicable Date, our Group has received no less than three invitations to tender or quote from a variety of new customers, both in the public and private sectors, that required a waste management services component as part of their scope of services in tender submissions. Three of the invitations to tender or quote were received from new customers we did not provide services to during the Track Record Period. Out of these three invitations to tender, our Group participated in two tenders, with the total contract sum estimated to be approximately S$38.3 million and the total contract value of the waste management component is estimated to be approximately S$477,000. As at the Latest Practicable Date, the tender results of these two tenders remain pending.

The above indicates an existing and continuing demand for integrated service providers who can provide waste management services, and according to Frost & Sullivan, it is common for customers to bundle cleaning services and waste management services as one single contract. This is in line with our Group's business strategy to not only maintain our active tender strategy for both standalone service contracts and integrated service contracts we currently perform, but to expand our in-house waste management services in order to pursue new opportunities as an established integrated service provider. Furthermore, our Group expects to reap costs savings through the provision of these waste management services in-house and that these cost savings will become increasingly effective as our Group expands its scale of operations and takes on the growing demand for such waste management services.

As illustrated above, there is major demand for waste management services from both new and existing customers in relation to public sector projects, private sector projects and invitations to tender. Introducing waste management services may in turn allow our Group to reach new customers and potentially generate demand for our other services upon the successful implementation of our business strategies, such as cleaning services and landscaping services.

Our Directors are confident that our Group, as an experienced player in the environmental services industry, with our reputation, track record and expertise displayed over the past 25 years, we will receive more invitations to tender and intend to participate in tendering for more of such service contracts that require waste management services. We are providing waste management services for 22 out of our 304 ongoing projects (excluding one-off contracts) in both the private and public sector as at the Latest Practicable Date, and we will be in a position to perform more service contracts of such nature whilst reducing costs incurred by our Group upon implementation of the in-house waste management service.

While we cannot anticipate the number of projects in the private sector that might require service providers to provide waste management services, our Directors believe that the provision of in-house waste management services will only serve to strengthen our market position as an integrated service provider in the environmental services industry. As and when such suitable service contracts become available, our Group will submit tenders or quotations for them, as in line with our active tender strategy.

Premised on the foregoing, our Directors are of the view that our Group will be able to secure additional service contracts over a period of time to generate the expected cost savings and profits for our Group. Our Group will continue to actively participate in tender submissions for integrated cleaning services contracts or/and waste management contracts. According to the Frost & Sullivan Report, the market size of waste management services in Singapore increased from S$529.5 million in 2014 to S$635.4 million in 2019, representing a CAGR of 3.7%. The demand for waste management services is also expected to increase in both the public and private sectors with the market size expecting to increase at a CAGR of 6.5% for the next five years, reaching S$849.8 million in 2024. Leveraging our established track record for the provision of cleaning services in Singapore and our clientele network in the cleaning services industry in Singapore, our Directors believe that our Group would be able to secure more integrated cleaning services contracts or/and

waste management contracts. According to the Frost & Sullivan Report, cleaning service providers that are able to provide one-stop cleaning solutions are more competitive in the market. Our Directors believe that with our business strategy to broaden our service offerings in Singapore and provide integrated services, our Group will be well-positioned to be more competitive in the market.

In light of the foregoing, approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing approximately **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]** will be used for the expansion of workforce and purchase of additional vehicles and equipment to grow our waste management business organically, as further elaborated below:

(i) we intend to hire a total of (a) four project managers with the requisite experience to oversee our day to day waste management operations; (b) six general workers to carry out the waste management works; (c) eight drivers with Class 4 driver licenses to drive our waste collection vehicles, (d) one senior project manager to manage our overall sale of waste management operations; and (e) two office executives to manage the administrative matters. Our Directors consider that the hiring of the aforementioned personnel is necessary for the expansion of our in-house capacity for waste management services as (i) our current pool of project managers are more experienced in managing our cleaning operations, and the new hires will be charged with overseeing our full-spectrum of waste management services; (ii) we will dedicate general workers to carry out the waste management works in order to ensure we can deliver high-quality waste management services; (iii) the vehicles we intend to purchase can only be driven by persons holding specific Class 4 licences; (iv) we will need a dedicated senior project manager to manage and oversee our full-spectrum of waste management services in order to ensure the delivery of high-quality services without compromising our competitiveness; and (v) dedicated office executives are needed for our waste management operations to ensure all billing and administrative matters in relation thereto are carried out without unnecessary delay. As at the Latest Practicable Date, we have hired one senior project manager who will be responsible for overseeing our waste management operations, and one office executive who will be responsible for performing administrative matters for our waste management operations;

(ii) we intend to purchase additional vehicles and equipment with useful lives of between seven and 10 years, comprising three hooklift trucks, two hooklift trucks with weighing scale, one rear end loader refuse truck with weighing scale, one portable rear end loader body, one excavator with grabber, one forklift, 90 open top containers and 400 transfer bins with a capacity of 660 litres; and

(iii) we intend to rent a sorting yard which will be used for sorting through the waste collected. The rental of the sorting yard is part and parcel of full spectrum waste management services as the sorting of waste helps us to identify whether waste can be recycled, resold or delivered onwards to the appropriate refuse disposal facility. By identifying the different waste materials, we may be able to recycle or resell some of the

waste as opposed to delivering all waste to the refuse disposal facility, which may result in an increase in refuse disposal costs as the fees at the respective refuse disposal facilities are charged based on the tonnage of waste being disposed. As at the Latest Practicable Date, our Group has not identified a location for use as the sorting yard.

For the four years ending 31 December 2023, we estimate that approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), HK$13.1 million (equivalent to approximately S$**[REDACTED]** million), HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million) and HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million) of the net **[REDACTED]** from the **[REDACTED]**, respectively, will be deployed for the abovementioned hiring and retaining of additional workforce and purchase of additional vehicles and equipment for our waste management business. The planned allocations for this portion of the net **[REDACTED]** for each year are as follows:

		Year ending									
		31 December 2020		31 December 2021		31 December 2022		31 December 2023			
Type of personnel/ type of vehicles and equipment (as the case may be)	Scope of work/functions (as the case may be)	Quantity to be hired and retained or acquired	Amount of net [REDACTED] to be applied *(S$'000)*	Quantity to be hired and retained or acquired	Amount of net [REDACTED] to be applied *(S$'000)*	Quantity to be hired and retained or acquired	Amount of net [REDACTED] to be applied *(S$'000)*	Quantity to be hired and retained or acquired	Amount of net [REDACTED] to be applied *(S$'000)*		
Personnel to be hired											
Project Manager	Oversee waste management operations	1	[REDACTED]	3	[REDACTED]	4	[REDACTED]	4	[REDACTED]		
General Worker	Carry out the waste management works	–	–	4	[REDACTED]	6	[REDACTED]	6	[REDACTED]		
Driver	Drive waste collection vehicles	2	[REDACTED]	6	[REDACTED]	8	[REDACTED]	8	[REDACTED]		
Senior project manager	Manage overall waste management operations	1	[REDACTED]	1	[REDACTED]	1	[REDACTED]	1	[REDACTED]		
Office executive	Administrative matters	1	[REDACTED]	2	[REDACTED]	2	[REDACTED]	2	[REDACTED]		
Subtotal for the respective periods/years			[REDACTED]		[REDACTED]		[REDACTED]		[REDACTED]	TOTAL	[REDACTED]
Vehicles and equipment to be acquired											
Hooklift truck	Transport and hoist open top containers	1	[REDACTED]	1	[REDACTED]	1	[REDACTED]	–	–		
Hooklift truck with weighing scale	Transport and hoist open top containers with weighing capability	–	–	1	[REDACTED]	1	[REDACTED]	–	–		
Rear end loader refuse truck with weighing scale	Collection and transportation of refuse with weighing capability	–	–	1	[REDACTED]	–	–	–	–		
Portable rear end loader body	Collection and transportation of refuse	1	[REDACTED]	–	–	–	–	–	–		
Excavator with grabber	Grab, sort or crush waste	–	–	1	[REDACTED]	–	–	–	–		
Forklift with rotator	Lifting heavy items and rotating bins for dumping waste	–	–	1	[REDACTED]	–	–	–	–		
Open top container	Containment of bulky waste materials	30	[REDACTED]	30	[REDACTED]	30	[REDACTED]	–	–		
Transfer bin with a capacity of 660 litres	Bins for collection and containment of waste at the worksites	200	[REDACTED]	100	[REDACTED]	100	[REDACTED]	–	–		
Subtotal for the respective periods/years			[REDACTED]		[REDACTED]		[REDACTED]		–	TOTAL	[REDACTED]
Scrapyard rental											
Scrapyard rental cost	For sorting of waste	–	–	1	[REDACTED]	1	[REDACTED]	–	–		
	TOTAL	–	[REDACTED]	–	[REDACTED]	–	[REDACTED]	–	[REDACTED]		

Our Group did not rent or purchase any vehicles or equipment in connection with the provision of waste management and sorting services as we did not have sufficient financial resources to do so. In order to expand our waste management services organically, our Directors believe that there is a need to hire the additional personnel and purchase additional machinery and equipment as:

(i) we will be able to realise our vision of becoming an integrated service provider capable of providing a wider range of services (including our in-house capabilities for waste management works) to better meet our customers' needs and increase our competitiveness;

(ii) for each of the three years ended 31 December 2019, our management charges attributable to our suppliers and subcontractors for the provision of waste management services were approximately S$0.5 million, S$0.8 million and S$0.8 million, representing approximately 9.5%, 13.4% and 16.4% of our subcontractor charges respectively. By hiring and retaining additional workforce to carry out the waste management works that are typically subcontracted out, we will be able to reduce our subcontracting charges by cutting down on our reliance on subcontractors engaged to provide waste management services in connection with our service contracts as we will be able to take on such works ourselves and will not be constrained by the availability, reliability and pricing of the requisite workers, vehicles and equipment allocated by our subcontractors for services requested by our Group provided to customers for such works;

(iii) we will be able to perform the relevant works while maintaining our quality of service as we can exercise better control and management over the carrying out of our waste management and/or integrated services from end to end; and

(iv) we will have better cost savings and can offer a more competitive pricing to our customers when quoting or tendering for waste management and/or integrated service contracts as we could reduce our subcontracting charges incurred by us when we subcontract the provision of waste management services to third party service providers (which would generally have a profit mark-up factored in the expense charged to us) and we would also be able to mitigate potential increases in such subcontracting charges in the future.

Following the purchase of the machineries and equipment, an additional annual depreciation expense of S$0.3 million is expected to be incurred after the year ending 31 December 2022 in accordance with the accounting policies of our Group, based on the estimated useful lives of seven to ten years for such machinery and equipment. Taking into account the estimated additional annual depreciation expense attributable to the machinery and equipment that we plan to acquire and the estimated annual subcontracting fees' that could be reduced, our Directors consider that it is more cost effective to purchase our own machineries and equipment instead of subcontracting out the works to subcontractors.

(b) *Proposed Acquisition of Singapore-based landscaping contractor*

Approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million, representing approximately **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]** will be utilised towards the acquisition of a Singapore-based landscaping contractor, which is registered under the CRS with a FM03 "Landscaping" workhead with at least an L2 grade in order to broaden our service offerings and, amongst others, capture the increasing market demand for landscaping works in Singapore, leverage on the enlarged customer base for promoting our services, bolster our revenue stream and forms part of our vision to be an integrated service provider in the environmental services industry.

(i) Benefits of being an integrated service provider

The Frost & Sullivan Report notes that companies that are integrated service providers are more competitive in the market. In this instance, customers in the private sector tend to choose service providers with the ability to provide integrated services. For example, a MCST in Singapore requires both landscaping and cleaning services for the upkeep of private residential properties they manage. We believe, by engaging integrated service providers for the provision of all services, customers can liaise with a single point of contact for multiple services, which can be more convenient, cost-effective and efficient as compared to engaging multiple service providers. Therefore, we believe that an integrated service provider has a better chance of success in tenders for service contracts which require an array of services.

Furthermore, per the Frost & Sullivan Report, there is an improvement in living standards amongst Singaporeans, which boosts demand for private residential properties. With higher standard expected of living spaces, we believe service providers who can offer diversified and integrated services beyond more than one type of cleaning service possess a competitive advantage over the rest of the market. As a one-stop provider of cleaning, hygiene and landscaping solutions, we believe these service providers present an attractive opportunity to customers who wish to maintain an acceptable standard of quality over the spaces and properties they manage.

According to Frost & Sullivan, the Singapore cleaning services and landscaping services market is still relatively fragmented and is in the growth stage of its lifecycle model. This is exemplified by the following economic conditions for outsourced service providers: lower average costs due to economies of scale, increased sales volume due to more customers choosing to outsource environmental services functions. The business strategies normally employed by providers of such services during the growth stage include integrated service offerings, improvements in service quality, introducing price reductions, and expanding its service and geographical coverage in the market. Initially, environmental services in Singapore were provided by a number of different suppliers, each specialising in individual services. Increasingly, a trend appears to be present where service providers in the cleaning services and landscaping market began to offer a broader suite of services, acting as the sole counterparty responsible for overseeing the provision of multiple services with the end customer, resulting in becoming an integrated environmental service provider.

We anticipate that this trend will continue in the coming years, when there is an increasing preference for customers to appoint a single provider to oversee an array of environmental services to save on fees and simplify operations. We also believe that benefits to integrated environmental services providers include economies of scale, being able to cross-sell new services to its existing customer base and leveraging our Group's existing fixed costs.

While our Group has identified and elaborated above on the growing demand by customers for service providers who can provide integrated services, we will nevertheless continue with our active tender strategy to participate in tenders we believe are sizeable in nature in the market, regardless of these projects being standalone service contract or integrated service contracts.

(ii) Inclusion of landscaping as part of our range of services

Based on the Frost & Sullivan Report, the market size by revenue of landscaping services in Singapore has reached approximately S$195.1 million in 2019, at a CAGR of approximately 7.4% from 2014 to 2019 and is expected to reach approximately S$290.6 million by 2024, at a CAGR of approximately 8.8% from 2020. The increase in the total area of parks and other public open spaces in Singapore is also expected to substantially drive demand for landscaping services.

As mentioned above, the Frost & Sullivan Report has highlighted that it is an industry trend for cleaning companies to expand their service offerings to, amongst others, landscaping services. Our Directors are of the opinion that it is an opportune moment for our Group to expand our service offerings to provide multiple complementary service lines to our existing and potential customers. As at the Latest Practicable Date, five projects in the private sector out of our 288 ongoing projects (excluding one-off contracts) required landscaping services, which we subcontracted to third party landscaping service providers. The estimated contract value of the five projects is approximately S$2.1 million, and the total value of the landscaping component of these projects is approximately S$123,000.

Since 1 January 2020 up to the Latest Practicable Date, our Group has received one invitation to tender for project with a landscaping component. The total contract sum of the one invitation to tender received by our Group is estimated to be approximately S$1.2 million, with the total value of the landscaping component of that project estimated to be approximately S$198,000. Our Group had participated in the invitation to tender, and as at the Latest Practicable Date, the invitation to tender is assumed to be awarded to other service providers. Our Group will continue to actively look out for other opportunities and will participate in future invitations to tender as and when appropriate.

Our Group has been invited to tender for projects with a landscaping component by managing agents who manage private and/or public properties. They invite cleaning service providers such as our Group to tender for the whole cleaning project, given that general

cleaning take up the substantial scope of work. These managing agents will engage our Group as the main contractor for cleaning services and we will then appoint sub-contractors to perform services we currently do not provide, such as landscaping services.

In line with our business strategy to be an established integrated service provider in the environmental services industry, we believe that establishing landscaping services as part of our service offerings as opposed to sub-contracting these works to third party providers will be more beneficial to our Group in the long run. Based on the experience of our Directors, there is a real demand for integrated service providers by our customers, who would prefer the ease and convenience of liaising with only one main contractor in the provision of environmental works. By taking advantage of this identified demand, our Group stands to gain a foothold in the industry through the provision of integrated services, including landscaping services. Furthermore, we believe that the inclusion of landscaping as part of our range of services will allow us to strengthen our customer relationships through the provision of another complementary service line.

We anticipate that the acquisition of a Singapore-based landscaping contractor with a FM03 "Landscaping" workhead with at least an L2 grade will enable our Group to submit tenders for projects with significant landscaping requirements and therefore expand our existing customer base to include a previously untapped market for our Group. Contractors registered with the CRS with an L2-graded FM03 workhead must have at least S$50,000 minimum paid-up capital, S$50,000 minimum net worth, and S$1.0 million in revenue in completed projects in the past three years.

Additionally, according to the Frost & Sullivan Report, two out of the top five market players in the cleaning services market in Singapore in 2019 similarly provide such integrated services with landscaping and/or horticulture services. In light of rising competition in an already highly competitive industry, our Directors consider it imperative to continuously find opportunities in which we can differentiate ourselves from our competitors in terms of service offerings, prices, service terms or service quality. This is especially so in anticipation of the shift in market demand to integrated service providers by customers.

By acquiring a Singapore-based landscaping contractor and integrating our services to be provided to our customers, our Group will be able to take advantage of possible economies of scale and reduce the additional costs associated with subcontracting landscaping services, such as costs associated with staffing, overheads, training and quality control. For example, we hope to potentially deploy less labour, as some of our employees can be trained to undertake both cleaning and landscaping as part of their training with us, which in turn can translate to lower costs that will allow us to offer more competitive prices to our customers who engage us as an integrated service provider.

Furthermore, our Group hopes to synergise our service offerings through the optimisation of delivery systems in performing our service contracts, with customers engaging with only one channel to receive a broad and comprehensive suite of services from our Group. In this

regard, we expect that we will be able to better ensure a consistent standard of quality across all service lines, as well as have a better control and management of our service offerings in these projects.

In addition, the Singapore Government has promulgated many incentive schemes and policies in order to promote the development and growth of the landscaping industry, such as the Landscape Productivity Grant (LPG) scheme administered by the Centre for Urban Greenery & Ecology, which aims to encourage landscaping companies to purchase landscape equipment. As at the Latest Practicable Date, our Group has not identified any targets or potential targets to be acquired, and we only intend to commence the Proposed Acquisition after the **[REDACTED]**. We will set up an internal approval system and stringent procedures covering preliminary due diligence, target selection, internal proposal and investment approval. Our Directors will consider and select potential targets for the Proposed Acquisition based on key operational, financial, and compliance criteria, including amongst others, (i) the size and operation of the business; (ii) financial condition and profitability; (iii) maintaining at least an L2-graded FM03 "Landscaping" workhead under the CRS; (iv) has no material contingent liabilities, ongoing legal proceedings and/or non-compliances based on public search results; and (v) the management and qualified personnel agreeing to continue with their respective employment for at least two years following the completion of the Proposed Acquisition. For more information, please refer to the section head "Business — Business strategies" in this document.

General working capital

Approximately HK$**[REDACTED]** million (equivalent to approximately S$**[REDACTED]** million), representing approximately **[REDACTED]**% of the total net **[REDACTED]** from the **[REDACTED]** will be used for our general working capital and other general corporate purposes.

Should our Directors decide to re-allocate the intended use of **[REDACTED]** to other business plans to a material extent and/or there be any material modification to the use of **[REDACTED]** as described above, our Company will issue an announcement in accordance with the Listing Rules.

If the **[REDACTED]** is set at HK$**[REDACTED]** per **[REDACTED]** (being the high-end of the **[REDACTED]** range), the net **[REDACTED]** from the **[REDACTED]** will increase by approximately HK$**[REDACTED]** million.

If the **[REDACTED]** is set at HK$**[REDACTED]** per **[REDACTED]** (being the low-end of the **[REDACTED]** range), the net **[REDACTED]** from the **[REDACTED]** will decrease by approximately HK$**[REDACTED]** million.

In the event that the **[REDACTED]** is exercised in full, we intend to apply the additional net **[REDACTED]** to the above uses in the proportions stated above.

The above allocation of the net **[REDACTED]** will be adjusted on a pro-rata basis in the event that the **[REDACTED]** is fixed a higher or lower level compared to the mid-point of the estimated **[REDACTED]** range stated in this document.

To the extent that the net **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net **[REDACTED]** into short-term demand deposits with authorised financial institutions and/or licensed banks in Singapore or Hong Kong.

Our Directors consider that the net **[REDACTED]** due to us from the **[REDACTED]** together with our internal resources and banking facilities will be sufficient to finance the implementation of our business plans set forth in the paragraphs under "Future Plans and Use of **[REDACTED]** — Future plans" in this document.

Bases and Assumptions

Investors should note that the implementation plans are formulated on the bases and assumptions below:

(i) there will be no material change in the existing political, legal, fiscal or economic conditions in Singapore;

(ii) there will be no outbreak of contagious diseases or occurrence of force majeure events or natural disasters in Singapore, which would materially disrupt our business operations or cause substantial loss, damage or destruction to our properties or facilities;

(iii) there will be no material change in the existing laws, regulations, policies or industry standards in Singapore or any part of the world relating or applicable to us;

(iv) there will be no material change in the bases or rates of taxation in Singapore or in any other places in which any member of our Group operates or will operate or is incorporated;

(v) the **[REDACTED]** will be completed in accordance with and as described in the section headed "Structure and Conditions of the **[REDACTED]**" in this document;

(vi) our Directors and key senior management will continue to be involved in the development of our existing and future development and we will be able to retain our key management personnel;

(vii) we will not be materially and adversely affected by the risk factors as set out in the section headed "Risk Factors" in this document;

(viii) we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;

(ix) we will be able to recruit and retain additional key management personnel when required;

(x) there will be no change in the funding requirement for each of the business strategies described in this document from the amount estimated by our Directors; and

(xi) we will be able to continue our operations in substantially the same manner as we had been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any aspects.

The above bases and assumptions are inherently subject to uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed "Risk Factors" in this document. Our actual course of business may vary from the business objective set out in this document. There is no assurance that our plans will materialise in accordance with our expected time frame or that our objective will be accomplished. Whilst the actual course of events may invariably encounter unforeseeable changes and fluctuations, we shall use our best endeavours to anticipate changes, yet allowing for flexibility to implement the following implementation plans.

NO LISTING APPLICATION MADE IN SINGAPORE

Our Directors confirmed that we have not applied for listing in Singapore and to the best of our knowledge and belief, there would have been no impediments to our listing application if we were to apply for listing on the Mainboard of the Singapore Exchange Securities Trading Limited.

REASONS FOR [REDACTED]

We have contemplated the growth and expansion of our business for some time with a view to becoming more competitive in the environmental services industry in Singapore. We note that there have been various other Singapore companies listing in Hong Kong in recent years and sought the advice of advisers on the benefits that come with a Hong Kong listing as compared to listings in other jurisdictions. We believe that the Stock Exchange would be the most suitable platform to raise our brand awareness and reputation and for fund raising given the Stock Exchange's internationalism, diversity of investors, institutional capital and flow of funds with sustained investor interest following listed companies. Accordingly, our Directors believe that the **[REDACTED]** will increase our competitiveness in the environmental services industry by assisting us to expand our operations and strengthen our market position in the environmental services industry. Our Directors believe that the **[REDACTED]** is strategic for our development in the environmental services industry, and will raise our profile and visibility as well as strengthen our competitiveness among our competitors, which we hope will expose our Group's services to new potential customers thereby increasing our market share. The **[REDACTED]** will also expose our Company to a broader shareholder base which could lead to a more liquid market in the trading of our Shares, and will provide us with additional working capital to implement our future plans as set out in the sections headed "Business — Business strategies" and "Future Plans and Use of **[REDACTED]** — Use of **[REDACTED]**" in this document.

In addition, our Directors also believe that customers, suppliers and subcontractors may prefer to work with listed companies given their reputation, listing status, public financial disclosures and general regulatory supervision by the relevant regulatory bodies as well as demonstrating to business partners and customers that our Group has an international standard of internal control, corporate governance, regulation and financial reporting. Notwithstanding that our operations are located outside of Hong Kong, our Directors do not take the view that the location of our operations has to be the same as where we pursue a **[REDACTED]**, especially given the advent of information technology and retail stock trading platforms that cater to multiple stock exchanges.

[REDACTED]

[REDACTED] ARRANGEMENT AND EXPENSES

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

UNDERTAKINGS TO THE STOCK EXCHANGE

[REDACTED]

[REDACTED]

UNDERTAKINGS PURSUANT TO THE [REDACTED] AGREEMENT

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TOTAL COMMISSION, FEE AND EXPENSES

[REDACTED]

SOLE SPONSOR'S AND [REDACTED] INTEREST IN OUR COMPANY

The Sole Sponsor satisfies the independence criteria applicable to sponsor as set out in Rule 3A.07 of the Listing Rules.

Following the completion of the **[REDACTED]**, the **[REDACTED]** and their respective affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the **[REDACTED]**.

Save for (i) their interests and obligations under the **[REDACTED]**; (ii) the sponsorship fee payable to the Sole Sponsor in connection with the **[REDACTED]**; (iii) the fee payable to Fortune Financial Capital Limited for acting as our compliance adviser; and (iv) the obligations of the **[REDACTED]** and the **[REDACTED]** under the **[REDACTED]**, none of the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** nor any of their directors, employees and associates is interested, beneficially or otherwise, in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

MINIMUM PUBLIC FLOAT

Our Directors and the **[REDACTED]** (for themselves and on behalf of the **[REDACTED]**) will ensure that there will be a minimum 25% of the total issue Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the **[REDACTED]**.

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

[REDACTED]

STRUCTURE AND CONDITIONS OF THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

HOW TO APPLY FOR THE [REDACTED]

[REDACTED]

[REDACTED]

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 document. It is prepared and addressed to the directors of the Company and to the Sole 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 HYGIEIA GROUP LIMITED AND FORTUNE FINANCIAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Hygieia Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-54, which comprises the consolidated statements of financial position as at 31 December 2017, 2018 and 2019, the Company statement of financial position as at 31 December 2019 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years 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-54 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "Document") in connection with the initial **[REDACTED]** 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.

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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, *Accountant's 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 December 2019, the consolidated financial position of the Group as at 31 December 2017, 2018 and 2019 and of its consolidated financial performance and its consolidated 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.

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 defined on page I-4 have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

No statutory financial statements of the Company

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

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
[REDACTED]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

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 International Auditing and Assurance Standards Board ("IAASB") ("Underlying Financial Statements").

The Historical Financial Information is presented in Singapore dollars ("S$") and all values are rounded to the nearest thousand (S$'000) except when otherwise indicated.

Consolidated Statements of Comprehensive Income

		Year ended 31 December		
	Note	**2017**	**2018**	**2019**
		S$'000	**S$'000**	**S$'000**
Revenue	*5*	56,332	72,440	76,374
Cost of sales	*9*	(46,064)	(59,735)	(62,385)
Gross profit		10,268	12,705	13,989
Other income	*6*	78	45	19
Other gains — net	*7*	38	149	25
Administrative expenses	*9*	(4,231)	(4,809)	(9,562)
Operating profit		6,153	8,090	4,471
Finance costs	*10*	(330)	(575)	(682)
Profit before income tax		5,823	7,515	3,789
Income tax expense	*11*	(649)	(951)	(1,135)
Profit for the year		5,174	6,564	2,654
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Currency translation differences		1	1	1
Item that may not be reclassified subsequently to profit or loss:				
Currency translation differences		1	1	*
Other comprehensive income, net of tax		2	2	1
Total comprehensive income		5,176	6,566	2,655

	Note	Year ended 31 December		
		2017	2018	2019
		S$'000	S$'000	S$'000
Profit for the year attributable to:				
Equity holders of the Company		5,210	6,614	2,638
Non-controlling interests		(36)	(50)	16
		5,174	6,564	2,654
Total comprehensive income for the year attributable to:				
Equity holders of the Company		5,211	6,615	2,639
Non-controlling interests		(35)	(49)	16
		5,176	6,566	2,655
Basic and diluted earnings per share for profit attributable to equity holder of the Company	*12*	5,174	6,564	2,655

* *Represents amount less than S$1,000.*

Note: The earnings per share presented above has not taken into account the proposed capitalisation issue pursuant to the shareholders resolution on 24 December 2019 and 8 June 2020 as the proposed capitalisation is yet to be effective as at the date of this report.

Consolidated Statements of Financial Position

	Note	As at 31 December 2017	2018	2019
		S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	*15*	3,849	3,877	3,636
Right-of-use assets	*14*	939	1,457	865
		4,788	5,334	4,501
Current assets				
Trade and other receivables, deposits and prepayments	*17*	15,998	21,235	19,255
Cash and cash equivalents	*18*	6,454	10,451	12,549
		22,452	31,686	31,804
Total assets		27,240	37,020	36,305
EQUITY				
Share capital	*19*	—	—	*
Capital reserves	*19*	4,500	4,500	4,500
Other reserves	*19*	—	—	(98)
Currency translation reserve		1	2	3
Retained profits		8,655	9,941	7,079
		13,156	14,443	11,484
Non-controlling interests		72	23	46
Total equity		13,228	14,466	11,530
LIABILITIES				
Non-current liabilities				
Borrowings	*20*	1,833	1,374	906
Lease liabilities	*23*	147	309	23
Deferred income tax liabilities	*21*	208	273	274
		2,188	1,956	1,203
Current liabilities				
Trade and other payables	*22*	6,042	6,591	9,072
Borrowings	*20*	4,285	11,868	12,568
Lease liabilities	*23*	806	1,167	856
Current income tax liabilities		691	972	1,076
		11,824	20,598	23,572
Total liabilities		14,012	22,554	24,775
Total equity and liabilities		27,240	37,020	36,305

* *Represents amount less than S$1,000*

Statement of Financial Position of the Company

	Note	As at 31 December 2019 S$'000
ASSETS		
Non-current asset		
Investment in subsidiaries		55,821
		55,821
Current asset		
Prepayments for expenses incurred in relation to the Company's **[REDACTED]**	*17*	**[REDACTED]**
Cash and cash equivalents		*
		[REDACTED]
Total assets		**[REDACTED]**
EQUITY		
Share capital		*
Share premium	*19(d)*	55,821
Accumulated losses	*19(d)*	(3,638)
Total equity		52,183
LIABILITY		
Current liability		
Other payables	*22*	4,562
Total liability		4,562
Total equity and liability		56,745

* *Represents amount less than S$1,000.*

Consolidated Statements of Changes in Equity

		Attributable to equity holders of the Company							
	Note	**Share capital**	**Capital reserves**	**Other reserves**	**Retained profits**	**Currency translation reserve**	**Total**	**Non-controlling interests**	**Total equity**
		S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance at 1 January 2017		—	4,500	—	7,015	—	11,515	20	11,535
Profit for the year		—	—	—	5,210	—	5,210	(36)	5,174
Other comprehensive income for the year		—	—	—	—	1	1	1	2
Total comprehensive income for the year		—	—	—	5,210	1	5,211	(35)	5,176
Transactions with owners, recognised directly in equity									
Issuance of shares	*19(c)*	—	—	—	—	—	—	87	87
Dividend paid	*13*	—	—	—	(3,570)	—	(3,570)	—	(3,570)
Balance at 31 December 2017		—	4,500	—	8,655	1	13,156	72	13,228

		Attributable to equity holders of the Company							
	Note	**Share capital**	**Capital reserves**	**Other reserves**	**Retained profits**	**Currency translation reserve**	**Total**	**Non-controlling interests**	**Total equity**
		S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance at 1 January 2018		—	4,500	—	8,655	1	13,156	72	13,228
Profit for the year		—	—	—	6,614	—	6,614	(50)	6,564
Other comprehensive income for the year		—	—	—	—	1	1	1	2
Total comprehensive income for the year		—	—	—	6,614	1	6,615	(49)	6,566
Transactions with owners, recognised directly in equity									
Dividend paid	*13*	—	—	—	(5,328)	—	(5,328)	—	(5,328)
Balance at 31 December 2018		—	4,500	—	9,941	2	14,443	23	14,466
Balance at 1 January 2019		—	4,500	—	9,941	2	14,443	23	14,466
Profit for the year		—	—	—	2,638	—	2,638	16	2,654
Other comprehensive income for the year		—	—	—	—	1	1	*	1
Total comprehensive income for the year		—	—	—	2,638	1	2,639	16	2,655
Transactions with owners, recognised directly in equity									
Issuance of shares		*	(*)	—	—	—	—	—	—
Capital contribution from non-controlling interest	*19(c)*	—	—	—	—	—	—	22	22
Acquisition of additional interest in a subsidiary	*19(c)*	—	—	(98)	—	—	(98)	(15)	(113)
Dividend paid	*13*	—	—	—	(5,500)	—	(5,500)	—	(5,500)
Balance at 31 December 2019		—	4,500	(98)	7,079	3	11,484	46	11,530

* *Represents amount less than S$1,000.*

Consolidated Statements of Cash Flows

	Note	Year ended 31 December 2017	2018	2019
		S$'000	S$'000	S$'000
Cash flows from operating activities				
Cash generated from operations	*24(a)*	3,736	5,592	12,923
Income tax paid		(924)	(605)	(1,030)
Net cash generated from operating activities		2,812	4,987	11,893
Cash flows from investing activities				
Purchase of property, plant and equipment		(395)	(649)	(722)
Interest received		40	1	(2)
Proceeds from disposals of property, plant and equipment	*24(b)*	121	203	62
Acquisition of additional interest in a subsidiary	*19(c)*	—	—	(113)
Net cash used in investing activities		(234)	(445)	(775)
Cash flows from financing activities				
Interest paid on:				
— Lease liabilities		(63)	(80)	(71)
— Other financing arrangement		(267)	(497)	(611)
Repayments of bank borrowings	*24(c)*	(13,227)	(19,750)	(31,057)
Proceeds from bank borrowings	*24(c)*	12,851	26,298	30,949
Lease payments for principal portion of lease liabilities	*24(c)*	(1,051)	(1,437)	(1,659)
Proceeds from non-controlling interest for increase in investment in a subsidiary	*19(c)*	87	—	22
Amount due to a shareholder		—	247	(168)
Prepaid **[REDACTED]**		—	—	**[REDACTED]**
Dividends paid	*13*	(3,570)	(5,328)	(5,500)
Net cash used in financing activities		(5,240)	(547)	**[REDACTED]**
Net (decrease)/increase in cash and cash equivalents		(2,662)	3,995	2,099
Cash and cash equivalents at beginning of the year		9,114	6,454	10,451
Effects of currency translation on cash and cash equivalents		2	2	(1)
Cash and cash equivalents at end of the year	*18*	6,454	10,451	**[REDACTED]**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

Hygieia Group Limited ("the Company") was incorporated on 28 February 2019 in the Cayman islands as an exempted Company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company's registered office is at Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in the provision of cleaning services (the "**[REDACTED]** Business").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the **[REDACTED]** Business was carried out by Eng Leng Contractors Pte Ltd ("Eng Leng"), Titan Facilities Management Pte. Ltd. ("Titan") and Eng Leng (Thailand) Co., Ltd. ("Eng Leng Thailand") (collectively the "Operating Companies"). The Operating Companies were controlled by Mr. Toh Eng Kui ("Mr. Toh") (the "Controlling Shareholder"), throughout the Track Record Period.

In preparing for **[REDACTED]** of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation to incorporate holding companies to transfer the **[REDACTED]** Business to the Group principally through the following steps:

- On 27 February 2019, Eng Leng Limited ("Eng Leng BVI") and Titan Facilities Management Limited ("Titan BVI") were incorporated in the British Virgin Islands (the "BVI").

  Upon incorporation, Eng Leng BVI and Titan BVI each allotted and issued one nil-paid share to Mr. Toh respectively. As a result, Eng Leng BVI and Titan BVI each became wholly-owned by Mr. Toh.

- On 27 February 2019, TEK Assets Management Limited ("TEK Assets Management") was incorporated in the BVI. Upon incorporation, TEK Assets Management allotted and issued one nil-paid share to Mr. Toh. As a result, TEK Assets Management became wholly-owned by Mr. Toh.

- On 28 February 2019, the Company was incorporated in the Cayman Islands with 1 fully paid share held by the initial subscriber. On the same day, the said 1 fully paid share was transferred to TEK Assets Management for a consideration of nominal value. As a result, the Company became wholly-owned by TEK Asset Management.

- On 7 March 2019, EL Holding Co., Ltd. ("EL Holding") was incorporated in Thailand by issuance of 4,899 ordinary shares (corresponding to 82.75% of voting rights) to Eng Leng, one ordinary share (corresponding to 0.017% of voting rights) to Mr. Hong Rui Sheng, 5,099 preference shares (corresponding to 17.227% of voting rights) to Mr. Palawut Phuawade, and one preference share (corresponding to 0.003% of voting rights) to Mr. Kunanon Tuntirarux, an employee of the Group. With respect to the voting rights of the ordinary and preference shares in EL Holding, every ordinary share held in EL Holding shall entitle its shareholder to one vote at a general meeting and every five preference shares held in EL Holding shall entitle its shareholder to one vote at a general meeting. On 11 March 2019, Mr. Kunanon Tuntirarux transferred one preference share to Mr. Palawut Phuawade.

- Eng Leng Thailand was incorporated in Thailand on 25 October 2016, which was owned by Eng Leng, Miss Kanya Moosophin, Mr. Palawut Phuawade, Mr. Hong Rui Sheng, Mr. Toh, and Mr. Chia Kok Seng as to 47%, 41%, 10%, 0.5%, 0.5% and 1% respectively. On 25 April 2019, Miss Kanya Moosophin and Mr. Palawut Phuawade transferred 41% and 10% of the issued share capital in Eng Leng Thailand, respectively, to EL Holding. Upon completion of such share transfers, Eng Leng Thailand became directly owned by Eng Leng, Mr. Hong Rui Sheng, Mr. Toh, Mr. Chia Kok Seng, and EL Holding as to 47%, 0.5%, 0.5%, 1%, and 51%, respectively.

- On 4 June 2019, Mr. Toh transferred the entire issued share capital of Eng Leng to Eng Leng BVI and as consideration of which, Eng Leng BVI credited the one nil-paid share in its share capital held by Mr. Toh as fully paid. Since then, Eng Leng became a wholly-owned subsidiary of Eng Leng BVI and indirectly wholly-owned by Mr. Toh.

- On 4 June 2019, Mr. Toh transferred the entire issued share capital of Titan to Titan BVI and as consideration of which, Titan BVI credited the one nil-paid share in its share capital held by Mr. Toh as fully paid. Since then, Titan became a wholly-owned subsidiary of Titan BVI and indirectly wholly-owned by Mr. Toh.

- On 10 June 2019, the Company acquired the entire issued share capital of Eng Leng BVI and Titan BVI from Mr. Toh. In consideration, the Company agreed to procure the one nil-paid share held by Mr. Toh in TEK Assets Management be credited as fully-paid. Thereafter, Eng Leng BVI and Titan BVI became directly wholly-owned by the Company and indirectly wholly-owned by Mr. Toh.

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following principal subsidiaries:

Name	Principal activities	Country of business/ incorporation	Date of incorporation	Issued and paid up capital	Effective interest held by the Group as at 31 December			Effective interest held by the Group as at the date of this report
					2017	2018	2019	
					%	%	%	%
Directly held by the Company								
Eng Leng BVI[2]	Investment holding	BVI	27 February 2019	nil	—	—	100	100
Titan BVI[2]	Investment holding	BVI	27 February 2019	nil	—	—	100	100
Indirectly held by the Company								
Eng Leng Contractors Pte Ltd[1]	Cleaning services	Singapore	27 June 1991	S$3,000,000	100	100	100	100
Titan Facilities Management Pte. Ltd.[1]	Cleaning services	Singapore	23 January 2006	S$1,500,000	100	100	100	100
EL Holding[4, 6]	Investment holding	Thailand	7 March 2019	nil	—	—	49	49
Eng Leng Thailand Co. Ltd[3, 5]	Cleaning services	Thailand	25 October 2016	THB5,000,000	47	47	72	72

1 The statutory financial statements of these subsidiaries for the year ended 31 December 2017 was audited by CWS & Associates.

The statutory financial statements of these subsidiaries for the year ended 31 December 2018 were audited by PricewaterhouseCoopers LLP, Public Accountants and Chartered Accountants.

The statutory financial statements of these subsidiaries for the year ended 31 December 2019 have yet to be issued.

2 No audited financial statements have been issued for these subsidiaries as it is not required to issue audited financial statements under the relevant statutory requirements of their place of incorporation.

3 The statutory financial statements of this subsidiary for the years ended 31 December 2017 and 2018 were audited by Chanoknart Tonpakdeetham, a Certified Public Accountant in Thailand. The financial statements for this subsidiary for year ended 31 December 2019 have yet to be issued.

4 The statutory financial statements of this subsidiary for the year ended 31 December 2019 have yet to be issued.

[5] Since incorporation, Ms. Kanya Moosophin and Mr. Palawut Phuawade had subscribed to 41% and 10% of the shares in the Eng Leng Thailand by borrowing the fund from Mr. Toh. Ms. Kanya Moosophin and Mr. Palawut Phuawade had surrendered their voting rights during the period of outstanding payment of loan to Mr. Toh pursuant to the terms of the loan agreement and acknowledgement in relation to the loan and voting rights in the Company between (i) Ms. Kanya Moosophin and Mr. Toh, and (ii) Mr. Palawut Phuawade and Mr. Toh. The arrangement relating to the surrender of Ms. Kanya Moosophin's and Mr. Palawut Phuawade's respective 41% and 10% equity interests in Eng Leng Thailand automatically terminated following the sale of their Shares to EL Holding. Accordingly, Mr. Toh and the Group continued to have control directly over Eng Leng Thailand during the Track Record Period.

[6] Since incorporation, Eng Leng held 4,899 ordinary shares in EL Holding which corresponds to 82.75% of voting rights as every ordinary share in EL Holding shall entitle its shareholder to one vote at a general meeting while every five preference shares held in EL Holding shall entitle its shareholder to one vote at a general meeting. In addition, ordinary shareholders and preference shareholders are also entitled to approximately 80.4% and 19.6% of EL Holding's dividend payout, respectively. Accordingly, Mr. Toh and the Group had effective control over EL Holding upon incorporation of EL Holding and throughout the Track Record Period.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business has been conducted by the Operating Companies. Pursuant to the Reorganisation, the Listing Business is transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business and the management and the ultimate owner of the Listing Business remain the same as the Controlling Shareholder. Accordingly, the consolidated financial information of the subsidiaries now comprising the Group is presented using the carrying values of the Listing Business for all periods presented. The consolidated statement of financial position of the Group as at 31 December 2017, 2018 and 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flow of the Group for the financial years ended 31 December 2017, 2018 and 2019 have been prepared as if the current group structure has been in existence throughout the Track Record Period.

Intercompany transactions, balances and unrealised gains/losses on transactions between subsidiaries now comprising the Group are eliminated upon combination.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies applied in preparation of the Historical Financial Information which are in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board (the "IASB"). The Historical Financial Information have been prepared under the historical cost convention.

The preparation of Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" are effective for annual periods beginning on or after 1 January 2018 while IFRS 16 "Leases" is effective for annual periods beginning on or after 1 January 2019. The Group has applied IFRS 9, IFRS 15 and IFRS 16 consistently throughout the Track Record Period.

The following are new standards, amendments to existing standards and interpretations that have been published and are mandatory for the Group's new accounting periods beginning on or after 1 January 2020, but have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
IFRS 3 (Amendment)	Definition of a Business	1 January 2020
IAS 1 and IAS 8 (Amendment)	Definition of Material	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
IFRS 7, IFRS 9 and IAS 39	Interest rate benchmark reform — amendment to IFRS 7, IFRS 9, and IAS 39	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
IAS 28 and IFRS 10 (Amendment)	Sale or Contribution of Assets between An Investor and its Associate or Joint Venture	Date to be determined by IASB

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards when they become effective. Management is in the process of assessing the impact of these new standards where applicable, amendments and interpretations to existing standards on the Group's financial performance and position.

2.2 Subsidiaries

2.2.1 ***Basis of consolidation***

The Historical Financial Information incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

Profit or loss and each item of other comprehensive income are attributable to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2.2.2 ***Separate financial statements***

Investments in subsidiaries are accounted for at cost less impairment. Cost at initial recognition represents the fair value on the date of acquisition. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group that makes strategic decisions.

2.4 Foreign currency translation

(a) ***Functional and presentation currency***

Items included in the Historical Financial Information of the Group are measured using the currency of the primary economic environment in which the Operating Companies operate ("functional currency"). The Historical Financial Information is presented in S$, which is functional currency of the Company and presentation currency of the Group.

(b) ***Transactions and balances***

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of comprehensive income within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "Other gains/(losses), net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) ***Group companies***

The results and financial position of a Group's foreign operating entity (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Currency translation differences arising from a foreign operation with a functional currency that is different from the presentation currency are recognised in other comprehensive income and accumulated in currency translation reserve. Such currency translation differences attributable to non-controlling interests will not be subsequently reclassified to profit or loss. In contrast, currency translation differences relating to equity holders of the parent are reclassified to profit or loss on disposal of the foreign operations.

2.5 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Freehold properties	50 years
Cleaning equipment	3 years
Motor vehicles	3–6 years
Office equipment and furniture and fittings	3 years

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.

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains/(losses), net" in the consolidated statement of comprehensive income.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed 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 carrying amount of the asset 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 is 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 the end of the reporting period.

Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2.7 Financial assets

(a) ***Classification***

Debt instruments that meet the following conditions are measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As at 31 December 2017, 2018 and 2019, the Group classifies all its financial assets as financial assets at amortised cost as they met the above conditions. Further details about categories of financial assets at amortised cost is as disclosed in Note 16.

(b) ***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.

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. Interest income from these financial assets is included in finance income using the effective interest rate method.

(c) ***Impairment***

The Group has the following types of financial assets subject to IFRS 9's expected credit loss model: trade receivables, other receivables and cash and cash equivalents. The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at an amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the asset. The Group uses practical expedients when estimating lifetime expected credit losses on trade receivables, which is calculated using a provision matrix where a expected loss rate applies depending on the number of days that a trade receivable is outstanding.

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit loss, 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, then impairment is measured as lifetime expected credit loss.

(d) ***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position 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.

2.8 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

The Group pledges certain trade receivables to the bank to secure trade receivable financing. Trade receivables shall be derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition. The financial asset shall be transferred if, and only if contractual rights to receive the cash flows of the financial asset are transferred or if the contractual rights to receive the cash flows of the financial asset are retained, but contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets certain conditions is assumed (e.g. only when debtor repaid). If all the risks and rewards of ownership of the financial asset are substantially retained, the financial asset shall continue to be recognised.

2.9 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.10 Share capital and dividends

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.

Dividend distribution to the Group's equity owners is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.11 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Provision

Provisions are recognised when the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

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 legal and constructive obligations as a whole, other than provision for onerous revenue contract which is assessed on individual contract basis. A provision is recognised even if the probability 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 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 interest expenses.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefit is remote.

2.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in consolidated statements of profit or loss and 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 facilities services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the consolidated statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statements of comprehensive income as "Finance costs".

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 reporting period.

2.14 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.15 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement 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 Group operates and generates 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 consolidated statements of financial position. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is 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 are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

(c) ***Offsetting***

Current and 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 taxes 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.

(d) ***Investment tax credit***

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.16 Employee benefits

(a) ***Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund (''CPF'') in Singapore, on a mandatory, contractual or voluntary basis, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

(b) ***Employee leave entitlements***

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.17 Revenue recognition and other income

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Group's activities.

Revenue is recognised when or as the control of the good is transferred or service is rendered 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/rendered over time or at a point in time.

Control of the good is transferred or service is rendered 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 transfers or services renders 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 rendered service. Specific criteria where revenue is recognised are described below.

(a) ***Revenue from provision of cleaning services***

The Group provides general cleaning works for a variety of public and private venues in Singapore such as a sports stadium, medical centres, shopping malls, commercial and industrial buildings, schools hotels, private condominiums as well as public access areas in town councils. The Group also provides general cleaning works for private customers in respect of private residences, an office, a hotel and industrial buildings in Thailand.

The Group has primary responsibility for the fulfilment of the cleaning services to the customers and has discretion in selecting its subcontractors to provide part of the service, direct those subcontractors in fulfilling different contracts and has discretion over the price-setting with subcontractor.

The Group identifies the performance obligations in a contract with customers. A performance obligation of cleaning services is a promise in a contract to render the cleaning services to a customer. Different services in a contract are accounted for as a different performance obligations, if they are capable of being distinct. The Group identifies and recognises revenue for performance obligations separately if it is capable of being distinct.

The Group recognises the revenue over time as the customer receives and consumes the benefits provided by the Group's performance as the Group performs. The cleaning services are a series of distinct services that are substantially the same and have the same pattern of transfer to the customer (the services transfer to the customer over time under the same method to measure progress-that is, a time-based measure of progress). The Group has a right to invoice with reference to its services provided to the customer at a pre-determined rate as stated in the contract. The Group usually issues invoices to its customers on a monthly basis with a 0–90 days credit term. The Group's billings to its customers are invoiced at amounts that

correspond with the value of the Group's performance completed to date based on the pre-determined rates as stated in the service contracts and the Group applies the practical expedient to simplify disclosure regarding remaining performance obligations.

When determining the transaction price, the Group considers whether there is any financing component. The Group considers whether the payment schedule commensurates with the Group's performance and whether the delayed payment is for finance purpose. The Group assessed that there was no arrangement with customers that has a significant financing component.

The likelihood of the Group suffering contractual penalties or liquidated damages for late completion are taken into account in making these estimates of transaction price, 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 contractual penalties or liquidated damages are treated as variable consideration under IFRS 15 and the amounts are included in transaction price to the extent that it is highly probable that contract revenue will not reverse.

There is no material cost of obtaining contracts of the Group.

There is no obligation for warranty, returns, or refunds for the sales contract.

(b) ***Sales of goods***

The Group sells cleaning consumables (i.e. detergents). Revenue from the sale of these goods is recognised when control of the goods have transferred to its customers, being when the consumables is delivered to locations specified by its customer and the customer has accepted the goods (i.e. at a point in time). The Group issues billing as and when goods are delivered. No element of financing is deemed present as sales of goods are made with credit terms of 30 days.

(c) ***Other income***

(i) *Interest income*

Interest income is recognised using the effective interest method.

(ii) *Rental income*

Rental income is recognised in profit or loss on a straight-line basis over the terms of the leases.

2.18 Leases

The Group leases accommodation for its workers. Rental contracts are typically made for fixed periods of few months to three years. Lease terms are negotiated on an individual basis and may contain a range of different terms and conditions.

Except for short-term and low valued leased items, leases are recognised as a right-of-use and a 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 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. The right-of-use asset is depreciated over the lease term on a straight-line basis, range for period up to three years.

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:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Amounts expected to be payable by the lessee under residual value guarantees

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentive received
- Any initial direct costs, and
- Restoration costs

Payments associated with short-term leases and leases of low-value are recognised on a straight-line basis over the lease term as an expense in profit or loss.

Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfilment of a certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event of a significant change in circumstances occurs which affects this assessment.

2.19 Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to employee benefit expenses are credited against "employee benefit expenses" which is recognised in the consolidated statements of comprehensive income within "cost of sales" over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including interest rate risk), credit risk and liquidity risk.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by finance personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

(a) Market risk

(i) ***Interest rate risk***

The Group is exposed to interest rate risk on its bank borrowings and bank deposits.

The Group's borrowings at variable rates are denominated in S$. If the interest rates had increased/decreased by 1% for each of the years ended 31 December 2017, 2018 and 2019, with all other variables including tax rate being held constant, the profit after tax for the year ended 31 December 2017, 2018 and 2019 would have been lower/higher by S$72,000, S$155,000, and S$158,000 as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's is exposed to credit risk in relation to its cash and bank deposits and trade receivables and other receivables.

Majority of bank balances are deposited with reputable banks. Management considers the Group has limited credit risk with its banks which are leading and reputable and are assessed as having low credit risk.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor/customer;
- significant increases in credit risk on other financial instruments of the same customer;
- significant changes in the expected performance and behavior of the customer, including changes in the payment status of customer in the group and changes in the operating results of the customer.

The Group adopted general approach for expected credit loss of other receivables including amounts due from related parties. The Group consider these financial assets have not significantly increased in credit risk from initial recognition. Thus, these financial assets are classified in stage one and only considered 12-month expected credit losses. Considering the history of default and forward looking factor, the expected credit loss is immaterial.

Credit exposure to an individual counter-party is restricted by credit limits that are approved by the directors based on on-going credit evaluation. The counter-party's payment profile and credit exposure are continuously monitored by the directors of the Group.

The Group is exposed to concentration of credit risk as at 31 December 2017, 2018 and 2019 on trade receivables from the Group's top three customers accounted for 37%, 44% and 35% of the total trade receivables balance, respectively. The major customers of the Group are reputable organisations. Management considers that the credit risk is limited in this regard.

Trade receivables

For trade receivables, the debtors are mainly large corporations and government related agencies. The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Management assesses the impairment of trade receivables according to trade receivable's ageing, management's prior experience and customers' conditions as well as applying management's judgments and estimates when determining the impairment to be recognised.

Receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group writes off trade receivables that remains unsettled for more than 365 days since invoice date.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the actual historical loss rates experienced during and before the Track Record Period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

When applying the ECL model, current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables are considered when determining the historical loss rates.

As at 31 December 2017, 2018 and 2019, the Group has assessed that the expected loss rate for trade receivables was immaterial.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably, maintaining sufficient cash to enable it to meet its normal operating commitments, having adequate amount of committed credit facilities.

The table below analyses the Group's non-derivative financial liabilities based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	S$'000	S$'000	S$'000	S$'000
At 31 December 2017				
Trade and other payables	2,885	—	—	2,885
Lease liabilities	820	167	—	987
Borrowings	4,381	807	1,208	6,396
	8,086	974	1,208	10,268
At 31 December 2018				
Trade and other payables	3,061	—	—	3,061
Lease liabilities	1,217	316	—	1,533
Borrowings	11,949	679	854	13,482
	16,227	995	854	18,076
At 31 December 2019				
Trade and other payables	5,023	—	—	5,023
Lease liabilities	873	23	—	896
Borrowings	12,615	999	35	13,649
	18,511	1,022	35	19,568

(d) Capital risk

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the shareholder, return capital to the shareholder, issue new shares or sell assets to reduce debt.

Gearing has a significant influence on the Group's capital structure and the Group monitors capital using a gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as bank borrowings less cash and cash equivalents. The Group manages its gearing ratio by regularly monitoring its current and expected liquidity requirement and adjusting its the capital structure to reflect the change in economic conditions affecting the Group.

The gearing ratios as at 31 December 2017, 2018 and 2019 were as follows:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Bank borrowings	6,118	13,242	13,474
Less: cash and cash equivalents	(6,454)	(10,451)	(12,549)
Net (cash)/debt	(336)	2,791	925
Total equity	13,228	14,466	11,530
Gearing ratio	N/A	19%	8%

Since the amount of cash and cash equivalents exceeded that of bank borrowings, the Group was at a net cash position as at 31 December 2017. Thus, the gearing ratio was not applicable. The Group has recorded a decrease in gearing ratio which is due to a relatively higher level of cash and cash equivalents as at 31 December 2019.

A subsidiary of the Company has financing facilities that are subject to covenants to maintain a net worth of S$5 million. Net worth is defined as the sum of the subsidiary's paid-up capital and retained profits. The directors of the Company confirmed that they had neither experienced any difficulties in obtaining or repaying the loan, nor breached the covenant in this regard.

(e) Fair value estimation

The carrying amounts of the Group's financial assets, including trade and other receivables, cash and cash equivalents and financial liabilities, including trade and other payables, lease liabilities and borrowings, approximate their fair values as at 31 December 2017, 2018 and 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates, assumptions 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.

Impairment of trade receivables

The Group recognises lifetime ECL for trade receivables, using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment for both the current as well as the forward looking conditions at the reporting date. Significant judgement and estimates is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, past collection history, subsequent settlement of each customer. The amount of impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flow that the Group expects to receive, discounted at an effective interest rate. Further details are disclosed in Note 17 to the Historical Financial Information.

5 REVENUE AND SEGMENT INFORMATION

The Company's executive directors monitor the operating results of its operating segment for the purpose of making decisions about resource allocation and performance assessment.

The chief operating decision-maker has been identified as the executive directors of the Group. The executive directors consider the segment from a business perspective. The executive directors regard the Group's business as one single operating segment that qualifies as reportable segment under IFRS 8 and review the financial information accordingly for the purposes of allocating resources and assessing performance of the operating segment.

(a) Disaggregation of revenue from contracts with customers

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Provision of cleaning services	56,325	72,435	76,348
Sale of goods	7	5	26
	56,332	72,440	76,374
Timing of revenue recognition:			
Over time	56,325	72,435	76,348
Point in time	7	5	26
	56,332	72,440	76,374

The Group's revenue by geographical location is as follows:

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Revenue contribution from:			
Singapore	56,332	72,282	75,525
Thailand	—	158	849
	56,332	72,440	76,374

For each of the three years ended 31 December 2017, 2018 and 2019, there were 1, 2 and 2 customers, respectively, which individually contributed 10% or more of the Group's total revenue. The revenue contributed from these customers are as follows:

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Customer A	9,257	8,456	*
Customer B	*	14,309	15,186

* *Represents the amount of revenue from such customer which is less than 10% of the total revenue of that year.*

(b) The total of non-current assets excluding deferred tax assets by location are as follows:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Singapore	4,780	5,278	4,199
Thailand	8	56	59
	4,788	5,334	4,258

6 OTHER INCOME

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Rental income from office space	34	34	17
Interest income	40	1	2
Others	4	10	*
	78	45	19

* *Represents amounts less than S$1,000.*

7 OTHER GAINS, NET

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Foreign exchange differences	(31)	1	(10)
Gains on disposal of property, plant and equipment	69	148	35
	38	149	25

8 EMPLOYEE BENEFIT EXPENSES (INCLUDING BENEFITS AND INTERESTS OF DIRECTORS)

(a) Employee benefit expenses during the years are as follows:

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Wages and salaries	29,071	40,875	45,252
Employer's contribution to defined contribution plan	2,514	3,420	3,437
Other employee benefits	672	618	439
	32,257	44,913	49,128

Included in employee benefit expenses are government grant on employment credit that has been netted off against the wages and salaries amounting to S$1,634,000, S$2,015,000 and S$2,132,000 for the years ended 31 December 2017, 2018 and 2019, respectively.

All the government grant has been credited against employee benefit expenses included in "cost of sales".

Employee benefits expenses have been included in consolidated statements of comprehensive income as follows:

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Cost of sales	30,251	42,814	45,876
Administrative expenses	2,006	2,099	3,252
	32,257	44,913	49,128

(b) Benefits and interests of directors:

	Fee	Salaries, bonus and allowances	Employer's contribution to defined contribution plan	Total
	S$'000	S$'000	S$'000	S$'000
For the year ended 31 December 2017				
Executive directors				
Toh Eng Kui	240	—	—	240
Peh Poon Chew	—	144	6	150
Hong Rui Sheng	18	78	12	108
	258	222	18	498
For the year ended 31 December 2018				
Executive directors				
Toh Eng Kui	240	—	—	240
Peh Poon Chew	58	126	7	191
Hong Rui Sheng	85	81	15	181
	383	207	22	612
For the year ended 31 December 2019				
Executive directors				
Toh Eng Kui	240	—	—	240
Peh Poon Chew	—	196	7	203
Hong Rui Sheng	—	83	13	96
	240	279	20	539

(i) ***Directors' retirement benefits***

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the Track Record Period.

(ii) ***Directors' termination benefits***

No payment was made to directors as compensation for the early termination of the appointment during the Track Record Period.

(iii) ***Consideration provided to third parties for making available directors' services***

No payment was made to the former employer of directors for making available the services of them as a director of the Company during the Track Record Period.

(iv) ***Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.***

During the years ended 31 December 2017, 2018 and 2019, there were no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors.

(v) ***Directors' material interests in transactions, arrangements or contracts***

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as management to the Group during the Track Record Period.

There was no arrangement under which a director waived or agreed to waive any emoluments during the Track Record Period.

Save as disclosed elsewhere in the Historical Financial Information, no significant transactions, arrangement and contracts in relation to the Company's business to which 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 each of the financial year during the Track Record Period.

Mr. Toh Eng Kui, Mr. Peh Poon Chew, and Mr. Hong Rui Sheng were appointed as the Company's executive directors ("EDs") on 28 February 2019. Mr. Koh How Thim, Mr. Tan Wu Hao, and Mr. Wong Yuk were appointed as the Company's independent non-executive directors ("INEDs") on 24 December 2019. During the Track Record Period, the EDs and INEDs have not received any remuneration in the capacity of EDs and INEDs.

(c) Five highest paid individuals

For the years ended 31 December 2017, 2018 and 2019, the five highest paid individuals in the Group included two, three and two directors respectively, whose emoluments are reflected in the analysis presented in Note 8(a) above. The emoluments of the remaining three, two and three individuals respectively for the years ended 31 December 2017, 2018 and 2019 are set out below:

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Wages and salaries	526	407	770
Employer's contribution to defined contribution plan	45	34	46
	571	441	816

The emoluments of above individuals are within the following bands:

	Number of individuals Year ended 31 December		
	2017	2018	2019
Emoluments band			
Nil – HK$1,000,000 (approximately Nil to S$175,500)	—	—	—
HK$1,000,001 – HK$1,500,000 (approximately (S$175,501 to S$263,000))	3	2	3
	3	2	3

9 EXPENSES BY NATURE

	Note	Year ended 31 December 2017	2018	2019
		S$'000	S$'000	S$'000
Employee benefit expenses	*8*	32,257	44,913	49,128
Purchase of supplies		3,076	3,504	2,604
Subcontractor charges		5,733	5,628	4,881
Outsourced labour		1,245	535	96
Depreciation of property, plant and equipment	*15*	947	1,105	1,276
Depreciation of right-of-use assets	*14*	1,058	1,442	1,653
Advertisements and sponsorships		91	138	145
Bank fees and charges		37	30	27
Foreign worker levies and fees		3,921	4,898	5,933
[REDACTED]		—	**[REDACTED]**	**[REDACTED]**
Insurance premiums		213	254	326
IT expenses		61	97	138
Legal and professional fees		86	72	165
Repair and maintenance		386	678	671
Telecommunication expenses		41	39	40
Transportation and travelling expenses		159	143	100
Utility expenses		107	129	173
Entertainment expense		136	177	233
Rental of equipment		46	66	26
Rental of workers' accommodation under short-term lease		20	29	294
Other expenses		675	502	565
Total cost of sales and administrative expenses		50,295	**[REDACTED]**	**[REDACTED]**

10 FINANCE COSTS

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Loan interest	231	442	558
Interest on lease liabilities	63	80	71
Interest on hire purchase arrangement	36	53	53
	330	575	682

11 INCOME TAX EXPENSE

Singapore income tax has been provided at the rate of 17% on the estimated assessable profit during the Track Record Period.

The amount of income tax expense charged to the consolidated statement comprehensive income represents:

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Current tax	617	886	1,134
Deferred income tax *(Note 21)*	32	65	1
	649	951	1,135

The tax on the Group's profit before income tax differs from the theoretical amount as follows:

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Profit before income tax	5,823	7,515	3,789
Tax calculated at tax rate of 17%	990	1,278	644
Statutory stepped income exemption *(Note (ii))*	(52)	(52)	(35)
Expenses not deductible for tax purposes	89	101	669
Tax savings from government scheme *(Note (i))*	(378)	(376)	(143)
	649	951	1,135

(i) Tax savings from government scheme relate to Productivity and Innovation Credit Scheme (PIC) which allows entities to claim 400% tax deduction on qualifying expenditures. Under the PIC, the Group is entitled to enjoy 300% additional tax deduction for the qualifying expenditures incurred per Year of Assessment ("YA"), including acquisition or leasing of IT and automation equipment and training of employee, up to YA 2018. The actual amounts claimed in each of the financial years were capped at a certain level pursuant to the PIC scheme, and the utilised amounts can be carried forward for offsetting against future taxable profits with no expiry date. The enhanced capital allowance in relation to acquisition of IT and automation equipment allowed under each YA amounted to S$1.9 million, S$2.1 million and S$0.8 million, respectively for the financial years ended 31 December 2017, 2018 and 2019. The PIC deduction claim for the training expenditures amounted to S$161k for financial year ended 31 December 2017. Remaining amounts of the tax savings represent corporate income tax rebates granted to the Singapore incorporated entities by the tax authority of Singapore.

(ii) Statutory stepped income exemption relates to tax exemption of 75% the first S$10,000 of chargeable income and a further 50% tax exemption on the next S$290,000 of chargeable income during the Track Record Period.

12 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holder of the Company by weighted average number of ordinary shares in issue during the Track Record Period.

In determining the weighted average number of shares in issue during the Track Record Period, 1 share was deemed to have been in issue on 1 January 2017 as if the Company has been incorporated by then.

The earnings per share presented below has not taken into account the proposed capitalisation issue pursuant to the shareholder's resolution on 24 December 2019 as the proposed capitalisation is yet to be effective as at the date of this report.

	Year ended 31 December		
	2017	2018	2019
Profit attributable to the equity holders of the Company (S$'000)	5,174	6,564	2,654
Weighted average number of ordinary shares in issue	1	1	1
Basic and diluted earnings per share (S$'000)	5,174	6,564	2,654

Diluted earnings per share for the Track Record Period were the same as the basic earnings per share as there were no potential dilutive ordinary shares during the Track Record Period.

13 DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation.

Dividend paid by the subsidiaries now comprising the Group to the then shareholder are as follows:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Ordinary dividends			
Dividends declared and paid during the year	3,570	5,328	5,500

14 RIGHT-OF-USE ASSETS

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Properties			
Cost			
Opening balance	1,686	2,723	4,683
Additions	1,037	1,960	1,061
Closing balance	2,723	4,683	5,744
Accumulated depreciation			
Opening balance	726	1,784	3,226
Depreciation *(Note 9)*	1,058	1,442	1,653
Closing balance	1,784	3,226	4,879
Net book value			
Closing net book value	939	1,457	865

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold properties	Cleaning equipment	Motor vehicles	Office equipment, furniture and fitting	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Cost					
As at 1 January 2017	2,352	1,941	809	693	5,795
Additions	—	842	622	163	1,627
Disposals	—	(234)	(146)	(5)	(385)
As at 31 December 2017	2,352	2,549	1,285	851	7,037
Accumulated depreciation					
As at 1 January 2017	741	991	411	431	2,574
Depreciation *(Note 9)*	48	563	198	138	947
Disposals	—	(219)	(109)	(5)	(333)
As at 31 December 2017	789	1,335	500	564	3,188
Net book value					
As at 31 December 2017	1,563	1,214	785	287	3,849

	Freehold properties	Cleaning equipment	Motor vehicles	Office equipment, furniture and fitting	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Cost					
As at 1 January 2018	2,352	2,549	1,285	851	7,037
Additions	—	654	315	219	1,188
Disposals	—	(295)	(157)	(46)	(498)
As at 31 December 2018	2,352	2,908	1,443	1,024	7,727
Accumulated depreciation					
As at 1 January 2018	789	1,335	500	564	3,188
Depreciation *(Note 9)*	48	645	239	173	1,105
Disposals	—	(288)	(107)	(48)	(443)
As at 31 December 2018	837	1,692	632	689	3,850
Net book value					
As at 31 December 2018	1,515	1,216	811	335	3,877
Cost					
As at 1 January 2019	2,352	2,908	1,443	1,024	7,727
Additions	—	825	193	44	1,062
Disposals	—	—	(174)	—	(174)
Write off	—	(457)	—	(20)	(477)
As at 31 December 2019	2,352	3,276	1,462	1,048	8,138
Accumulated depreciation					
As at 1 January 2019	837	1,692	632	689	3,850
Depreciation *(Note 9)*	47	805	218	206	1,276
Disposals	—	—	(147)	—	(147)
Write off	—	(457)	—	(20)	(477)
As at 31 December 2019	884	2,040	703	875	4,502
Net book value					
As at 31 December 2019	1,468	1,236	759	173	3,636

During the year ended 31 December 2019, the Group wrote off the fully-depreciated property, plant and equipment with total cost of S$477,000.

During the Track Record Period, depreciation expenses are charged to administrative expenses and cost of sales in the consolidated statements of comprehensive income as follows:

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Cost of sales	760	885	1,025
Administrative expenses	187	220	251
	947	1,105	1,276

Included within additions of motor vehicles, cleaning equipment and office equipment that were financed by hire purchase arrangement are as follows:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Cleaning equipment	559	258	300
Motor vehicles	613	281	40
Office equipment	60	—	—
	1,232	539	340

The carrying amounts of motor vehicles, cleaning equipment and office equipment under hire purchase arrangement are as follows:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Cleaning equipment	760	642	680
Motor vehicles	775	782	677
Office equipment	58	38	19

Included in property, plant and equipment are freehold properties with carrying amount of S$1,563,000, S$1,515,000 and S$1,468,000 as at 31 December 2017, 2018 and 2019, respectively, that have been mortgaged to secure banking facilities granted to the Group, as disclosed in Note 20.

16 FINANCIAL INSTRUMENTS BY CATEGORIES

	Group			Company
	As at 31 December			As at 31 December
	2017	2018	2019	2019
	S$'000	S$'000	S$'000	S$'000
Assets as per consolidated statements of financial position				
Financial assets at amortised cost				
— Trade and other receivables and deposits	15,721	21,043	18,152	—
— Cash and cash equivalents	6,454	10,451	12,549	*
	22,175	31,494	30,701	*
Liabilities as per consolidated statements of financial position				
Financial liabilities at amortised cost				
— Borrowings	6,118	13,242	13,474	—
— Trade and other payables	2,885	3,061	4,636	4,160
— Lease liabilities	953	1,476	879	—
	9,956	17,779	18,989	4,160

* *Represents amount less than S$1,000.*

17 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group			Company
	As at 31 December			As at 31 December
	2017	2018	2019	2019
	S$'000	S$'000	S$'000	S$'000
Trade receivables from:				
— Non-related party	10,864	11,563	12,520	—
Unbilled revenue:				
— Non-related party	4,574	8,996	3,745	—
	15,438	20,559	16,265	—
Deposits	256	426	1,810	—
Prepayments	277	192	179	—
Other receivables from:				
— Related party	4	—	—	—
— Non-related parties	23	11	77	—
Prepayments for **[REDACTED]** incurred in relation to the Company's **[REDACTED]**	—	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	560	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Total	15,998	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

(a) Trade receivables

The Group generally grants credit terms to its customers ranging from 0–90 days. The ageing analysis of the Group's trade receivables based on invoice date is as follows:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
0 to 30 days	4,861	6,246	7,101
31 to 60 days	3,504	3,082	3,198
61 to 90 days	1,871	1,448	1,574
91 to 120 days	460	587	511
Over 120 days	168	200	136
	10,864	11,563	12,520

The carrying amounts of the Group's trade receivables are denominated in S$.

The Group's customers comprise mainly (i) commercial, medical centres, residential premises in the private sector, and (ii) Singapore government agencies, schools and residential premises in the public sector. The Group has not incurred any credit loss from trade receivables during the years ended 31 December 2017, 2018 and 2019.

For the years ended 31 December 2017, 2018 and 2019, no other impairment loss was recognised at its initial recognition. The Group has assessed expected credit loss by grouping the receivables based on shared credit risk characteristics.

Accordingly, the Group is of the view that the expected credit loss rate to be consistent throughout the Track Record Period, by taking into consideration of the track record of regular repayment of receivables from the customers over time and also the outlook of economic environment from the perspective of each financial year. The Group's carrying amount of trade receivables has not been subject for impairment subsequent to a debt recovery assessment performance at the end of reporting date. The Group assessed that there were no significant change in the actual credit loss rate over the Track Record Period.

Certain of the Group's trade receivables as at 31 December 2017, 2018 and 2019 were factored to banks on a recourse basis. As the Group had not transferred the significant risks and rewards relating to these receivables, it continued to recognise the full carrying amount of the trade receivables and has recognised the cash received on the transfer as secured accounts financing loans (Note 20). These financial assets were carried at amortised cost in the Group's consolidated statements of financial position.

(b) Other receivables and deposits

As at 31 December 2017, 2018 and 2019, the carrying amounts of the other receivables and deposits are denominated in S$ and approximate their fair values. Other receivables from related parties are non-trade nature, unsecured, interest-free and repayable on demand.

18 CASH AND CASH EQUIVALENTS

The Group's cash and cash equivalents are denominated in the following currencies:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Cash on hand	64	66	248
Cash at bank	6,390	10,385	12,301
	6,454	10,451	12,549

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
S$	6,453	10,450	12,383
Hong Kong Dollar ("HKD")	—	—	165
United States Dollar ("USD")	1	1	1
	6,454	10,451	12,549

19 SHARE CAPITAL AND RESERVES

(a) Share capital — Group and Company

The Company was incorporated on 28 February 2019 in the Cayman Islands with an authorised share capital of 38,000,000 ordinary shares of HK$0.01 (S$0.002) each.

On 24 December 2019, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 ordinary shares of par value of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 ordinary shares of par value of HK$0.01 each by creation of additional 9,962,000,000 shares.

	No of shares	Share capital
		S$'000
Issued and paid shares:		
As at date of incorporation of the Company and as at 31 December 2019	1	*

* *Less than S$1,000.*

(b) Capitalisation from retained earnings of subsidiaries — Group

Upon the resolution passed through on 24 March 2016 and 24 June 2016, the share capital of Titan and Eng Leng increased by S$500,000 and S$1,000,000, respectively, by way of capitalisation of their retained earnings with issuance of new shares of 500,000 and 1,000,000, respectively. As a result, the capital reserves of the Group increased to S$4,500,000 as at 31 December 2017, 2018 and 2019.

The capital reserve of the Group represents the difference between the nominal value of the combined share capital of subsidiaries acquired pursuant to the Reorganisation (Note 1.2) over the nominal value of the share capital of the Company issued in exchange.

(c) Transaction with non-controlling interests — Group

(i) *Capital contribution from non-controlling interests*

On 25 October 2016, Eng Leng Thailand was incorporated with a capital contribution of THB1,000,000 (equivalent to approximately S$38,500) from a subsidiary of the Company and its non-controlling shareholders. During the year ended 31 December 2017, a further capital contribution of THB4,000,000 (equivalent to approximately S$164,000) was injected into Eng Leng Thailand. As a result, capital injection by non-controlling shareholders amounted to S$87,000 was recorded in the consolidated statements of changes in equity during the year ended 31 December 2017.

On 7 March 2019, EL Holding was incorporated with a capital contribution THB1,000,000 (equivalent to approximately S$42,610) from Eng Leng and its non-controlling shareholders. Capital injection by non-controlling shareholders amounted to S$22,000 was recorded in the consolidated statements of changes in equity for the year ended 31 December 2019.

(ii) *Acquisition of additional interest in a subsidiary*

On 25 April 2019, Ms. Kanya Moosophin and Mr. Palawut Phuawade, the non-controlling shareholders of Eng Leng Thailand, has transferred their interests of 41% and 10% respectively to EL Holding, for a consideration of THB2,550,000 (approximately S$113,000). The Group now has 72% of the equity interest of Eng Leng Thailand Co. Limited. The carrying amount of the non-controlling interests in Eng Leng Thailand on the date of acquisition was approximately S$15,000. The Group derecognised non-controlling interests of S$15,000 and recorded a decrease in equity attributable to owner of the parent of S$98,000. The effect of changes in ownership interest of Eng Leng Thailand on the equity attributable to owner of the Company during the year is summarised as follows:

	31 December 2019
	S$'000
Carrying amount of non-controlling interest acquired	15
Consideration paid to non-controlling interest	(113)
Excess of consideration paid recognised in parent's equity	(98)

(d) Reserve movement — Company

	Share premium	Retained earnings	Total
	S$'000	S$'000	S$'000
At 28 February 2019 (date of incorporation)	—	—	—
Loss for the year	—	(3,638)	(3,638)
Contributed surplus pursuant to Reorganisations *(Note i)*	55,821	—	55,821
Balance at 31 December 2019	55,821	(3,638)	52,183

Note i: As part of the Reorganisation (Note 1.2), the Company acquired interest in subsidiaries from Mr. Toh. The balance represented the difference between the fair value on the date of acquisition of the subsidiaries acquired by the Company over the nominal value of the share capital of the Company issued in exchange.

20 BORROWINGS

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Current (secured)			
Trade receivables financing *(Note (a))*	3,387	10,942	11,842
Term loans *(Note (a))*	383	383	372
Hire purchase loan *(Note (b))*	515	543	354
	4,285	11,868	12,568
Non-current (secured)			
Term loans *(Note (a))*	951	567	195
Hire purchase loan *(Note (b))*	882	807	711
	1,833	1,374	906
Total borrowings	6,118	13,242	13,474

(a) Trade receivables financing and term loans

The table below analyses the maturity profile of the Group's trade receivables financing and term loans based on their scheduled repayment terms:

	Carrying amount
	S$'000
As at 31 December 2017	
Less than one year	3,770
Between one to two years	383
Between two to five years	568
	4,721
As at 31 December 2018	
Less than one year	11,325
Between one to two years	372
Between two to five years	195
	11,892
As at 31 December 2019	
Less than one year	12,214
Between one to two years	167
Between two to five years	28
	12,409

(i) ***Trade receivables financing***

Trade receivables financing relates to factoring of approved debts owing by certain customers. It bears an interest at 3% per annum over the bank's prevailing cost of funds *("COF").*

As at 31 December 2017, 2018 and 2019, trade receivables financing amounted to S$3,387,000, S$10,942,000 and S$11,842,000 were secured by the Group's pledged trade receivables.

(ii) ***Term loans***

Included in the borrowings is a 10-year secured term loan of S$1,500,000 (TL1) which is repayable over 120 monthly instalments commencing in October 2015. The term loan bears an interest rate at 3.5% per annum over the bank's prevailing COF for interest periods of 1, 3 or 6 months as determined by the bank.

Included in the borrowings is a 15-year secured term loan of S$500,000 (TL2) which is repayable over 180 monthly instalments commencing in September 2005. The term loan bears an interest rate at 2% per annum over the bank's prevailing COF for interest periods of 1, 3 or 6 months as determined by the bank.

Included in the borrowings is a 5-year secured term loan of S$1,000,000 (TL3) which is repayable over 60 monthly instalments commencing in November 2015. The term loan bears an interest rate at 3.5% per annum over the bank's prevailing COF for interest periods of 1, 3 or 6 months as determined by the bank.

The bank has imposed a requirement of maintaining to total outstanding of the team loans not exceeding 75% of the market value of the properties owned by the Group, otherwise, the additional collateral may be required and/or outstanding/facility limit may be reduced determined in absolute discretion by the bank.

At the balance sheet date, the fair value of the non-current borrowings approximates its fair value.

The above banking facilities are secured by the following:

(i) First legal mortgage over the freehold properties of the Group;

(ii) Assignment over debtors allowed under trade receivables financing;

(iii) Debenture incorporating a fixed and floating charge over all assets; and

(iv) Guarantee and indemnity for all monies from Mr. Toh of the Group in his personal capacity

The personal guarantee by Mr. Toh shall be released upon **[REDACTED]** and replaced by corporate guarantee by the Company.

The Group's financing facilities subject to covenants to maintain a net worth of $5 million for Eng Leng. Net worth is defined as the sum of the paid up capital and retained profits.

The undrawn banking facilities of the Group at the end of each Track Record Period were set out as follows:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Floating rate:			
— Expiring beyond one year	6,835	1,384	3,558

The banking facilities may be drawn at any time in S$ for trade financing purpose.

(b) Hire purchase loan

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Hire purchase payments due:			
— Within 1 year	562	594	398
— More than one year	1,025	956	832
Total hire purchase payments	1,587	1,550	1,230
Less future finance charges	(190)	(200)	(165)
	1,397	1,350	1,065
Less: non-current portion	(882)	(807)	(711)
Current portion	515	543	354

The Group's certain cleaning equipment, motor vehicles and office equipment are under hire purchase arrangements with financial institutions. During the years ended 31 December 2017, 2018 and 2019, the weighted average effective interest rate of the hire purchase loan is approximately 2.71%, 3.84% and 4.73%, respectively. The legal titles of these assets are transferred to the Group after payment of all installments by the Group.

21 DEFERRED INCOME TAX LIABILITIES

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Deferred income tax liabilities			
To be recovered after more than 12 months	208	273	274

The movements in the deferred income tax liabilities of the Group during the Track Record Period are as follows:

	Accelerated tax depreciation		
	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Beginning of the year	176	208	273
Charged to profit or loss	32	65	1
End of the year	208	273	274

22 TRADE AND OTHER PAYABLES

	Group			Company
	As at 31 December			As at 31 December
	2017	2018	2019	2019
	S$'000	S$'000	S$'000	S$'000
Trade payables:				
— Related parties	104	14	—	—
— Third parties	1,098	1,213	1,836	—
	1,202	1,227	1,836	—
Other payables:				
— Related party	4	—	—	—
— Third parties	733	776	1,424	—
— Amount due to a shareholder	—	247	79	—
— Accruals	161	388	127	—
— Accruals for subcontractor charges	785	211	44	—
— Accruals for employee benefit expenses	3,157	3,530	4,049	—
— Accruals for **[REDACTED]** expenses	—	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
— Amounts due to a subsidiary	—	—	—	3,049
	4,840	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
	6,042	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

The ageing analysis of the Group's trade payables based on invoice dates as at 31 December 2017, 2018 and 2019 were as follows:

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
0 to 30 days	705	528	852
31 to 60 days	355	470	555
61 to 90 days	124	181	257
Over 90 days	18	48	172
	1,202	1,227	1,836

The carrying amounts of the Group's trade and other payables are denominated in S$ and approximate their fair value. Other payables to related parties are non-trade nature, unsecured, interest-free and repayable on demand.

The amount due to a shareholder is interest-free, unsecured and repayable on demand. The balance will be settled upon **[REDACTED]**.

23 LEASE LIABILITIES

Amounts recognised in the consolidated statements of financial position

	As at 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Lease payments due:			
— Within 1 year	820	1,217	873
— More than one year	167	316	23
Total lease payments	987	1,533	896
Less: future finance charges	(34)	(57)	(17)
Total lease liabilities	953	1,476	879
Less: non-current portion	(147)	(309)	(23)
Current	806	1,167	856
Presented as:			
Current	806	1,167	856
Non-current	147	309	23
	953	1,476	879

The Group leases properties for workers' accommodation with lease liabilities typically covering fixed terms ranging from one to three years. Lease terms are negotiated on an individual basis and contain different payment terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as a security for borrowing purpose. The discount rate applied on lease liabilities through out the Track Record Periods is 3.75%.

As at 31 December 2017, 2018 and 2019, lease liabilities were mainly denominated in S$.

24 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of profit before income tax to cash generated from operations

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Cash flows from operating activities			
Profit before income tax	5,823	7,515	3,789
Adjustments for:			
— Depreciation of property, plant and equipment	947	1,105	1,276
— Depreciation of right-of-use assets	1,058	1,442	1,653
— Gains on disposal of property, plant and equipment	(69)	(148)	(35)
— Finance cost	330	575	682
— Interest income	(40)	(1)	(2)
Operating profit before changes in working capital	8,049	10,488	7,363
— Trade and other receivables	(4,968)	(5,152)	4,245
— Deposits and prepayments	(129)	(85)	(1,342)
— Trade and other payables	784	341	2,657
Cash generated from operations	3,736	5,592	12,923

(b) Proceeds from disposal of property, plant and equipment

	Year ended 31 December		
	2017	2018	2019
	S$'000	S$'000	S$'000
Net book value	52	55	27
Gains on disposal of property, plant and equipment	69	148	35
Proceeds from disposal of property, plant and equipment	121	203	62

(c) Reconciliation of liabilities arising from financing activities

	1 January 2017	Proceeds from borrowings	Repayments of borrowings	Interest payments	Interest expense	Non cash transactions	31 December 2017
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Borrowings	5,262	12,851	(13,227)	(267)	267	1,232	6,118
Lease liabilities	967	—	(1,051)	(63)	63	1,037	953
	6,229	12,851	(14,278)	(330)	330	2,269	7,071

	1 January 2018	Proceeds from borrowings	Repayments of borrowings	Interest payments	Interest expense	Non cash transactions	31 December 2018
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Borrowings	6,118	26,298	(19,750)	(497)	495	578	13,242
Lease liabilities	953	—	(1,437)	(80)	80	1,960	1,476
	7,071	26,298	(21,187)	(577)	575	2,538	14,718

	1 January 2019	Proceeds from borrowings	Repayments of borrowings	Interest payments	Interest expense	Non cash transactions	31 December 2019
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Borrowings	13,242	30,949	(31,057)	(611)	611	340	13,474
Lease liabilities	1,476	—	(1,659)	(71)	71	1,062	879
	14,718	30,949	(32,716)	(682)	682	1,402	14,353

25 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, to joint control over the party or exercise significant influence over the other party in making financial and operation decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant shareholders 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.

Name of related parties	Relationship with the Group
2k Services Pte Ltd	A company with a family member of a common key management personnel
Chua Seok Joo	Shareholder's spouse
Eng Leng Cleaning Pte. Ltd.	A company with a common director

(a) Related party transactions

The following material transactions occurred with related parties:

	2017	2018	2019
	S$'000	S$'000	S$'000
Continuing transaction			
— Trade:			
Purchase of subcontracting services from an entity owned by a close family member of a director of an operating entity	1,051	1,051	680
Discontinued transaction			
— Trade:			
Purchase of subcontracting services from an entity owned by a director of an operating entity	578	494	—
— Non-trade:			
Consultancy services	140	—	—

(b) Amounts due from/(to) shareholders

The amounts due from/(to) shareholders as disclosed in Note 17 and Note 22 are denominated in S$, interest free, unsecured and repayable on demand.

The amount due to a shareholder as at 31 December 2019 has yet to be settled as of the date of this report and will be settled upon **[REDACTED]**.

(c) Balances with related parties — Group

Balances with related parties at the date of statements of financial position are disclosed in Notes 17 and 22 respectively.

The balances are denominated in S$, interest free, unsecured and repayable on demand.

(d) Key management compensation

The executive directors of the Group are regarded as key management. Details of the key management compensation are disclosed in Note 8 to the consolidated financial statements.

As at 31 December 2017, 2018 and 2019, the Group has bank borrowings that were secured by personal guarantee by Mr. Toh. The personal guarantee by Mr. Toh shall be released upon **[REDACTED]** and replaced by the corporate guarantee by the Company.

26 CONTINGENT LIABILITIES

As at 31 December 2017, 2018 and 2019, the Group did not have any material contingent liabilities.

27. EVENT OCCURRING AFTER THE REPORTING PERIOD

(i) In June 2020, the directors of the Company declared to its shareholders a dividend of S$4.5 million, which has been approved and settled in the same month.

(ii) After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across the locations where the Group has operation. The Group has been evaluating its impact on the financial position and operating results of the Group according to the development of the COVID-19 outbreak. As at the date of this report, the Group was not aware of any material adverse effects on the consolidated financial statements as a result of the COVID-19 outbreak.

III SUBSEQUENT FINANCIAL STATEMENTS

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 December 2019 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2019.

The information set out in this Appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, the Reporting Accountant, as set forth in Appendix I to this document, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the "Financial Information" and the Accountant's Report set forth in Appendix I to this document.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and on the basis of the notes set forth below, for the purpose of illustrating the effect of the **[REDACTED]** as if it had taken place on 31 December 2019. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of the Group had the **[REDACTED]** been completed as at 31 December 2019, or at any future date.

	Audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2019	**Estimated net [REDACTED] from the [REDACTED]**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2019**	**Unaudited [REDACTED] adjusted consolidated net tangible assets per Share as at 31 December 2019**	
	(Note 1)	**(Note 2)**		**(Note 3)**	**(Note 4)**
	S$'000	**S$'000**	**S$'000**	**S$**	**HK$**
Based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**	11,484	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on the **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**	11,484	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to owners of our Company as at 31 December 2019 is extracted from the Accountant's Report of the Company as set out in Appendix I to this document, which is based on the audited consolidated net assets of our Group attributable to equity holders of our Company as at 31 December 2019 of approximately S$11,484,000.

(2) The estimated net **[REDACTED]** from the **[REDACTED]** are based on the **[REDACTED]** range of HK$**[REDACTED]** per **[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**, respectively, after deduction of the **[REDACTED]** fees and other related expenses (excluding **[REDACTED]** expenses of approximately S$**[REDACTED]** which have been accounted for in the Group's consolidated statements of

comprehensive income prior to 31 December 2019) payable by the Company. No account has been taken of any Shares which may be issued upon exercise of the **[REDACTED]**, any Shares that may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company under the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed "Share Capital" in this document.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that **[REDACTED]** Shares were in issue assuming that the **[REDACTED]** and Capitalisation Issue had been completed on 31 December 2019 but takes no account of any Shares which may be issued upon exercise of the **[REDACTED]**, any Shares that may be allotted and issued upon the exercise of options that may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company under the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed "Share Capital" in this document.

(4) For the purpose of this unaudited pro forma adjusted net tangible assets, the amounts stated in S$ are converted into Hong Kong dollars at a rate of S$1.00 to HK$5.7. No representation is made that S$ amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(5) The unaudited pro forma adjusted consolidated net tangible assets does not take into account the dividend of approximately S$4.5 million declared in June 2020. Had such dividend been taken into account, the unaudited pro forma adjusted consolidated net tangible assets per Share would be approximately S$**[REDACTED]** (equivalent to HK$**[REDACTED]**), assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, and approximately S$**[REDACTED]** (equivalent to HK$**[REDACTED]**), assuming an **[REDACTED]** of HK$**[REDACTED]** per Share.

(6) No adjustment has been made to reflect any trading result or other transaction of our Group entered into subsequent to 31 December 2019.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

[REDACTED]

[REDACTED]

[REDACTED]

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 28 February 2019 under the Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

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 8 June 2020 with effect from the **[REDACTED]**. 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 **[REDACTED]** or **[REDACTED]** 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 authorized 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 7 March 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 is 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 V to this document. 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

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 28 February 2019. Our Company has been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 8 July 2019 and our Company's principal place of business in Hong Kong is at Unit 629A, 6th Floor, Star House, No. 3 Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong. Mr. Lau Chung Wai, of Flat B, 17th Floor, Block 2, Harmony Garden, Siu Sai Wan, Hong Kong, a Hong Kong resident, has been appointed as the authorised representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, we operate subject to the relevant law of the Cayman Islands and its constitution which comprises a memorandum of association and the articles of association. A summary of the relevant aspects of the Companies Law and certain provisions of Articles of Association is set out in Appendix III to this document.

2. Changes in share capital of our Company

As at the date of the incorporation of our Company, the authorised share capital of our Company was HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. At the time of incorporation, the issued share capital of our Company was HK0.01, with one Share of HK$0.01 and held by the initial subscriber, an Independent Third Party. On the same date, the said one Share was transferred to TEK Assets Management for a consideration at par value.

Immediately following completion of the Capitalisation Issue and the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised, our authorised share capital will be HK$100,000,000 divided into 10,000,000,000 Shares, of which **[REDACTED]** Shares will be issued fully paid or credited as fully paid, and **[REDACTED]** Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "A. Further Information about our Company — 4. Written resolutions of the then shareholder of our Company passed on 24 December 2019 and 8 June 2020" in this Appendix, our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meetings, no issue of Shares will be made which would effectively alter the control of our Company.

3. Changes in share capital of our subsidiaries

There has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Written resolutions of the then shareholder of our Company passed on 24 December 2019 and 8 June 2020

Pursuant to the written resolutions of the then shareholder of our Company entitled to vote at general meetings of our Company, which were passed on 24 December 2019:

(a) our Company approved and adopted the Memorandum of Association with immediate effect; and

(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$100,000,000 divided into 10,000,000,000 Shares of HK$0.01 each by the creation of 9,962,000,000 Shares of HK$0.01 each, which shall rank *pari passu* in all respects with the Shares in issue as at the date of the resolution.

Pursuant to the written resolutions of the then shareholder of our Company entitled to vote at general meetings of our Company, which were passed on 8 June 2020:

Conditional upon (i) the Listing Committee granting the **[REDACTED]** of, and permission to deal in, on the Main Board, our Shares in issue and to be issued (pursuant to the Capitalisation Issue, the **[REDACTED]**, the **[REDACTED]** and the Share Option Scheme) as mentioned in this document; and (ii) the obligations of the **[REDACTED]** under the **[REDACTED]** becoming unconditional (including, if relevant, as a result of the waiver of any condition(s)) by the **[REDACTED]** (on behalf of the **[REDACTED]**) and not being terminated in accordance with the terms of the **[REDACTED]** or otherwise:

(i) our Company approved and adopted the Articles of Association with effect from the **[REDACTED]**;

(ii) conditional on the share premium account of our Company being credited as a result of the **[REDACTED]**, the sum of HK$**[REDACTED]** be capitalised and applied in paying up in full at par value **[REDACTED]** Shares for allotment and issue to our Shareholders whose names were on the register of members of our Company immediately prior to the **[REDACTED]** and such Shares (or as they may direct) to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respect with the existing issued Shares;

(iii) the **[REDACTED]** and the **[REDACTED]** were approved and our Directors were authorised to allot and issue the **[REDACTED]** and the Shares as may be required to be allotted and issued upon the exercise of the **[REDACTED]** on and subject to the terms and conditions stated in this document and in the relevant application forms;

(iv) the rules of the Share Option Scheme were approved and adopted, and our Directors or any committee thereof established by the Board were authorised, at their sole discretion, to: (i) administer the Share Option Scheme; (ii) modify/amend the Share Option Scheme from time to time as requested by the Stock Exchange; (iii) grant options to subscribe for Shares under the Share Option Scheme up to the limits referred to in the Share Option

Scheme; (iv) allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under the Share Option Scheme; (v) make application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may hereafter from time to time be issued and allotted pursuant to the exercise of the options granted under the Share Option Scheme; and (vi) take all such actions as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme;

(v) a general unconditional mandate was given to our Directors to exercise all the powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might require Shares to be allotted and issued), otherwise than by way of Rights Issue (as defined below), or pursuant to any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Associations or pursuant to the issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of options granted under the Share Option Scheme or any other option scheme(s) or similar arrangement for the time being adopted for the grant or issue to Directors and/or officers and/or employees of our Group or rights to acquire Shares or pursuant to a specific authority granted by our Shareholders in general meeting, the Shares with an aggregate nominal amount not exceeding 20% of the total number of Shares of our Company in issue immediately following completion of the Capitalisation Issue and the **[REDACTED]** but before any exercise of the **[REDACTED]** and any options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within the next annual general meeting of our Company is required by the Articles of Association or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in general meetings of our Company varying or revoking the authority given to our Directors, whichever occurs first;

For the purpose of this paragraph, "Rights Issue" means an offer of shares in our Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by our Directors to holders of shares in our Company on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as our Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to our Company, or any recognised regulatory body or any stock exchange applicable to our Company);

(vi) a general unconditional mandate be and is hereby given to our Directors to exercise all powers of our Company to repurchase on the Stock Exchange, 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, such number of Shares with an aggregate nominal value not exceeding 10% of the total number of Shares of our Company in issue immediately following completion of the Capitalisation Issue and the **[REDACTED]** but before the exercise of the **[REDACTED]** and any options which may be granted under the Share Option Scheme, until the conclusion of the next annual general meeting of our Company, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions or the expiration of the period within which the next annual general meeting of our Company is required by the Article of Association of our Company or any applicable law of the Cayman Islands to be held or the passing of an ordinary resolution by our Shareholders in a general meeting of our Company varying or revoking the authority given to our Directors, whichever occurs first;

(vii) the extension of the general mandate to allot, issue and deal with Shares as mentioned in paragraph (c)(v) above by the addition to the aggregate number of Shares of our Company which may be allotted or agreed conditionally or unconditionally to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to paragraph (c)(vi) above, provided that such extended amount shall not exceed 10% of the aggregate number of Shares of our Company in issue immediately following completion of the Capitalisation Issue and the **[REDACTED]** but before the exercise of the **[REDACTED]** and any options which may be granted under the Share Option Scheme be and is approved; and

Each of the general mandates referred to in paragraphs (c)(v), (c)(vi) and (c)(vii) above will remain in effect until whichever is the earliest of:

(1) the conclusion of our next annual general meeting, unless renewed by an ordinary resolution of our Shareholders in a general meeting, either unconditionally or subject to conditions;

(2) the expiration of the period within which our Company is required by any applicable law or the Articles of Association to hold our next annual general meeting; or

(3) the time when such mandate is varied or revoked by an ordinary resolution of our Shareholders in a general meeting.

5. Repurchase of our Shares

This section includes information relating to the repurchases of securities, including information required by the Stock Exchange to be included in this document concerning such repurchase.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important restrictions are summarised below:

(i) *Shareholders' approval*

All proposed repurchases of Shares must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval in relation to a particular transaction.

Pursuant to the written resolutions of the then shareholder of our Company passed on 8 June 2020, a general unconditional mandate (the "**Repurchase Mandate**") was given to our Directors to exercise all powers of our Company to repurchase Shares (Shares which may be listed on the Stock Exchange) with a total nominal value of not more than 10% of the aggregate number of Shares in issue or to be issued immediately following completion of the **[REDACTED]** (excluding Shares which may be issued pursuant to the exercise of the **[REDACTED]** and any options which may be granted under the Share Option Scheme), further details of which have been described above in the paragraph headed "A. Further information about our Company — 4. Written resolutions of the then shareholder of our Company passed on 24 December 2019 and 8 June 2020" in this Appendix.

(ii) *Source of funds*

Any repurchases of Shares by us must be paid out of funds legally available for the purpose in accordance with our Articles of Association, the Listing Rules and the Companies Law. We are not permitted to repurchase our Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(iii) *Shares to be repurchased*

The Listing Rules provide that the Shares which are proposed to be repurchased by us must be fully-paid up.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable them to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) ***Funding of repurchases***

In repurchasing Shares, we may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of our Company's current financial position as disclosed in this document and taking into account its current working capital position, our Directors consider that, if the Repurchase Mandate is exercised in full, it might have a material adverse effect on our working capital and/or gearing position as compared with the position disclosed in this document. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as it would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(d) ***General***

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) currently intends to sell any Shares to us.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

If, as a result of any repurchase of Shares, a shareholder's proportionate interest in the voting rights is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

We have not made any repurchases of our own securities in the past six months.

No core connected person (as defined in the Listing Rules) has notified us that he/she has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. CORPORATE REORGANISATION

In order to streamline the corporate structure and rationalise our corporate structure for the **[REDACTED]**, our Group underwent the Reorganisation. Please see the sub-section headed "History, Reorganisation and Group Structure — Reorganisation" in this document for details.

C. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of the material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this document and are or may be material:

(1) a share purchase and sale agreement dated 25 April 2019 entered into between Ms. Kanya Moosophin and EL Holding, pursuant to which Ms. Kanya Moosophin agreed to transfer 20,500 shares in Eng Leng Thailand to EL Holding for a consideration of THB2,050,000;

(2) a share purchase and sale agreement dated 25 April 2019 entered into between Mr. Palawut Phuawade and EL Holding, pursuant to which Mr. Palawut Phuawade agreed to transfer 5,000 shares in Eng Leng Thailand to EL Holding for a consideration of THB500,000;

(3) a share transfer form dated 4 June 2019 entered into between Mr. Toh and Eng Leng BVI, pursuant to which Mr. Toh transferred 3,000,000 ordinary shares in Eng Leng to Eng Leng BVI for a consideration of one (1) fully paid share in the capital of Eng Leng BVI (equivalent to S$1.00);

(4) a share transfer form dated 4 June 2019 entered into between Mr. Toh and Titan BVI, pursuant to which Mr. Toh transferred 1,500,000 ordinary shares in Titan to Titan BVI for a consideration of one (1) fully paid share in the capital of Titan BVI (equivalent to S$1.00);

(5) a share transfer agreement in relation to all the issued shares of Eng Leng BVI and Titan BVI dated 10 June 2019 entered into among Mr. Toh, TEK Assets Management and our Company, pursuant to which Mr. Toh agreed to transfer all the issued shares of each of Eng Leng BVI and Titan BVI to our Company for a consideration of our Company procuring TEK Assets Management to credit one nil-paid share held by Mr. Toh as fully-paid;

(6) the Deed of Indemnity; and

(7) the **[REDACTED]**.

2. Intellectual property rights of our Group

Trademarks

As at the Latest Practicable Date, we have registered the following trademarks which, in the opinion of our Directors, are material to our business:

No.	Trademark	Place of registration	Registered owner	Class	Trademark number	Date of registration	Expiration date
1		Hong Kong	Eng Leng	37	304812796	24 January 2019	23 January 2029
2		Singapore	Eng Leng	37, 39, 40, 44	40201908208Q	16 October 2019	16 April 2029
3		Singapore	Titan	37, 39, 40, 44	40201908210P	10 October 2019	16 April 2029

As at the Latest Practicable Date, we have applied for registration of the following trademark which, in the opinion of our Directors, is material to our business:

No.	Trademark	Place of application	Applicant	Class	Application number
1		Thailand	Eng Leng	37, 39, 40, 44	190117918, 190117919, 190117920, 190117921

Domain Names

As at the Latest Practicable Date, we have registered the following domain names which, in the opinion of our Directors, are material to our business:

Registrant	Domain name	Date of registration	Expiration date
Eng Leng	www.engleng.com	1 April 2016	1 April 2021
Eng Leng	www.titanfm.net	24 May 2018	24 May 2021
Company	www.hygieiagroup.com	10 December 2018	10 December 2021

D. FURTHER INFORMATION ABOUT OUR DIRECTORS

1. Directors' service contracts

Each of our executive Directors has entered into a service contract with us for an initial fixed term of three years commencing from the **[REDACTED]** and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other, which notice shall not expire until after the fixed term.

Each of our independent non-executive Directors has entered into a service contract with us for an initial fixed term of one year commencing from the **[REDACTED]** and will continue thereafter until terminated by not less than three months' notice in writing by served by the independent non-executive Director to our Company or with immediate effect following the notice in writing served by our Company to the independent non-executive Director.

The current basic annual salaries of our Directors are as follows:

Name of Director	Annual Amount
Mr. Toh Eng Kui	S$240,000
Mr. Hong Rui Sheng	S$186,000
Mr. Peh Poon Chew	S$180,000
Mr. Koh How Thim	S$42,105
Mr. Tan Wu Hao	S$42,105
Mr. Wong Yuk	S$42,105

Save as aforesaid, none of our Directors has or is proposed to have a service contract or a letter of appointment with us or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

2. Directors' remuneration during the Track Record Period

For the three years ended 31 December 2017, 2018 and 2019, the aggregate of the remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was S$498,000, S$612,000 and S$539,000, respectively. Details of our Directors' remuneration are also set out in note 8 of the Accountant's Report set out in Appendix I to this document.

Save as disclosed in this section above, no other emoluments have been paid or are payable, in respect of the three years ended 31 December 2017, 2018 and 2019 by us to our Directors.

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 the year ending 31 December 2020 will be approximately S$0.7 million.

E. DISCLOSURE OF INTERESTS

1. Disclosure of interests

(a) *Interests and short positions of our Directors or our chief executive officer in our share capital and our associated corporations following the Capitalisation Issue and the [REDACTED]*

Immediately following completion of the Capitalisation Issue and the **[REDACTED]** and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the **[REDACTED]**, the interests or short positions of our Directors and the chief executives of our Company in our Shares, underlying Shares and debentures of our 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 which he is 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 recorded in the register referred to therein or which will be required to be notified to us 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 our Company

		Immediately after the Capitalisation Issue and the [REDACTED](1)	
Name	**Capacity/Nature of interest**	**Number of Shares**	**Percentage of shareholding in our Company**
Mr. Toh	Interest in a controlled corporation(2)	**[REDACTED]**	**[REDACTED]**

Notes:

(1) Assuming the **[REDACTED]** is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme.

(2) TEK Assets Management is owned as to 100% by Mr. Toh. Accordingly, Mr. Toh is deemed to be interested in all the Shares held by TEK Assets Management under the SFO.

(ii) *Long position in associated corporations*

EL Holding

Name	Capacity/Nature of interest	Immediately after the Capitalisation Issue and the [REDACTED]	
		Number of shares	Approximate percentage of shareholding in ordinary class
Mr. Hong Rui Sheng	Beneficial owner	1	0.02%

Eng Leng Thailand

Name	Capacity/Nature of interest	Immediately after the Capitalisation Issue and the [REDACTED]	
		Number of shares	Exact percentage of shareholding
Mr. Toh	Beneficial owner	250	0.5%
Mr. Hong Rui Sheng	Beneficial owner	250	0.5%

(b) ***Interests and short positions discloseable under Divisions 2 and 3 of Part XV of the SFO***

Immediately following completion of the Capitalisation Issue and the **[REDACTED]** and taking no account of any Shares which may be allotted and issued pursuant to the Share Option Scheme or the exercise of the **[REDACTED]**, so far as our Directors are aware, the following persons (not being our Director or chief executives of our Company) are expected to have interests or short positions in our Shares or underlying Shares which are required to be disclosed to our Company under the

provisions of Divisions 2 and 3 of Part XV of the SFO, or interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Long position in our Company

		Immediately after the Capitalisation Issue and the [REDACTED][1]	
Name	**Capacity/Nature of Interest**	**Number of Shares**	**Percentage of shareholding in our Company**
TEK Assets Management	Beneficial owner	**[REDACTED]**	**[REDACTED]**
Ms. Chua Seok Joo	Interest of spouse[2]	**[REDACTED]**	**[REDACTED]**

Notes:

(1) Assuming the **[REDACTED]** is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme.

(2) Ms. Chua Seok Joo is the spouse of Mr. Toh and she is thus deemed to be interested in all the Shares held by Mr. Toh under the SFO.

2. Disclaimers

(a) save as disclosed in the paragraph headed "E. Disclosure of interests — 1. Disclosure of interests" in this section, our Directors are not aware of any person (not being our Director or chief executives of our Company) who will, immediately after completion of the Capitalisation Issue and the **[REDACTED]** (without taking into account Shares which may be issued upon the exercise of the **[REDACTED]** or the Shares which may be issued upon the exercise of options granted under the Share Option Scheme and the Capitalisation Issue), have an interest or a short position in Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the issued voting shares of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group;

(b) save as disclosed in the paragraph headed "E. Disclosure of interests — 1. Disclosure of interests" in this section, none of our Directors has any interest or short position in any of our Shares, underlying Shares or debentures or any shares, underlying shares or debentures of any associated corporation within the meaning of Part XV of the SFO, which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is 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 referred to therein or which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, in each case once our Shares are **[REDACTED]**;

(c) none of our Directors nor any of the parties listed in "G. Other Information — 10. Consents of experts" in this Appendix is interested in the promotion of our Company, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries;

(d) none of our Directors nor any of the parties listed in "G. Other Information — 10. Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(e) save in connection with the **[REDACTED]**, none of the parties listed in the paragraph headed "G. Other Information — 10. Consents of experts" in this Appendix:

(i) is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries;

(f) save as disclosed in the section headed "Business — Suppliers and subcontractors — Top five suppliers and subcontractors", none of our Directors or their close associates (as defined in the Listing Rules) or the existing Shareholders (who, to the knowledge of our Directors, owns more than 5% of our issued share capital) has any interest in any of the five largest customers or the five largest suppliers of our Group.

F. SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of the then Shareholder passed on 8 June 2020 and adopted by a resolution of the Board on 8 June 2020 (the "**Adoption Date**"). The terms of the Share Option Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

1. Purpose

The purpose of the Share Option Scheme is to give the Eligible Persons (as defined in the following paragraph) an opportunity to have a personal stake in our Company and help motivate them to optimise their future contributions to our Group and/or to reward them for their past contributions, to attract and retain or otherwise maintain on-going relationships with such Eligible Persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of our Group, and additionally in the case of Executives (as defined below), to enable our Group to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

2. Who may join

The Board may, at its absolute discretion, offer options ("**Options**") to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to:

(a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of our Group ("**Executive**"), any proposed employee, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of our Group ("**Employee**");

(b) a director or proposed director (including an independent non-executive director) of any member of our Group;

(c) a direct or indirect shareholder of any member of our Group;

(d) a supplier of goods or services to any member of our Group;

(e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of our Group;

(f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of our Group;

(g) an associate of any of the persons referred to in paragraphs (a) to (f) above; and

(h) any person involved in the business affairs of our Company whom our Board determines to be appropriate to participate in the Share Option Scheme (the person referred above are the "**Eligible Persons**").

3. Maximum number of Shares

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the Shares in issue as at the **[REDACTED]** (such 10% limit representing **[REDACTED]** Shares) excluding Shares which may fall to be issued upon the exercise of the **[REDACTED]** granted by our Company (the "**Scheme Mandate Limit**") provided that:

(a) our Company may at any time as our Board may think fit seek approval from our Shareholders to refresh the Scheme Mandate Limit, save that the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of our Shares in issue as at the date of approval by our Shareholders in general meeting where the Scheme Mandate Limit is refreshed. Options previously granted under the Share Option Scheme and any other schemes of our Company (including those outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other schemes of our Company) shall not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. Our Company shall send to our Shareholders a circular containing the details and information required under the Listing Rules;

(b) our Company may seek separate approval from our Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. Our Company shall issue a circular to our Shareholders containing the details and information required under the Listing Rules; and

(c) the maximum 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 schemes of our Group shall not exceed 30% of our Company's issued share capital from time to time. No Options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

4. Maximum entitlement of each participants

No Option may be granted to any one person such that the total number of Shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period exceeds 1% of our Company's issued share capital from time to time. Where any further grant of Options to such an Eligible Person would result in our Shares issued and to be issued upon exercise of all Options granted and to be granted to such Eligible Person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of our Shares in issue, such further grant shall be separately approved by our Shareholders in general meeting

with such Eligible Person and his close associates (or his associates if such Eligible Person is a connected person) abstaining from voting. Our Company shall send a circular to our Shareholders disclosing the identity of the Eligible Person, the number and terms of the Options to be granted (and Options previously granted) to such Eligible Person, and containing the details and information required under the Listing Rules. The number and terms (including the subscription price) of the Options to be granted to such Eligible Person must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such grant shall be taken as the offer date for the purpose of calculating the subscription price of those Options.

5. Offer and grant of Options

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years from the Adoption Date to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of Shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the Shares on the Stock Exchange or an integral multiple thereof).

6. Granting Options to connected persons

Subject to the terms in the Share Option Scheme, only insofar as and for so long as the Listing Rules require, where any offer of an Option is proposed to be made to a director, chief executive or a substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates, such offer must first be approved by the independent non-executive directors of our Company (excluding the independent non-executive Director who or whose associates is the grantee of an Option).

Where any grant of Options to a substantial shareholder (as defined in the Listing Rules) or an independent non-executive director of our Company, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the relevant class of securities in issue; and

(b) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK$5.0 million,

such further grant of Options must be approved by our Shareholders (voting by way of a poll). Our Company shall send a circular to our Shareholders containing the information required under the Listing Rules. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

Approval from our Shareholders is required for any change in the terms of Options granted to a participant who is a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates. The grantee, his associates and all core connected persons of our Company must abstain from voting in favour at such general meeting.

7. Restriction on the time of grant of Options

The Board shall not grant any Option under the Share Option Scheme after inside information has come to its knowledge until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no Option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and the deadline for our Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements.

8. Minimum holding period, vesting and performance target

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by our Company and/or the grantee, the satisfactory performance or maintenance by the grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of any of the Shares shall vest provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the grantee before the Option can be exercised.

9. Amount payable for Options and offer period

An offer of the grant of an Option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the offer date provided that no such grant of an Option may be accepted after the expiry of the effective period of the Share Option Scheme. An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of our Company of

HK$1.00 by way of consideration for the grant thereof is received by our Company on or before the date upon which an offer of an Option must be accepted by the relevant Eligible Person, being a date no later than 28 days after the offer date (the "**Acceptance Date**"). Such remittance shall in no circumstances be refundable.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in respect of board lots for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer letter comprising acceptance of the offer of the Option. To the extent that the offer of the grant of an Option is not accepted by the Acceptance Date, it will be deemed to have been irrevocably declined.

10. Subscription price

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the highest of:

(a) the nominal value of a Share;

(b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and

(c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days (as defined in the Listing Rules) immediately preceding the offer date.

11. Exercise of Option

(a) An Option shall be exercised in whole or in part (but if in part only, in respect of a board lot or any integral multiple thereof) within the Option period in the manner as set out in this Share Option Scheme by the grantee (or his or her legal personal representative(s)) by giving notice in writing to our Company stating that the Option is thereby exercised and specifying the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given. Within 28 days after receipt of the notice and, where appropriate, receipt of a certificate from our auditors pursuant to the Share Option Scheme, our Company shall accordingly allot and issue the relevant number of Shares to the grantee (or his or her legal personal representative(s)) credited as fully paid with effect from (but excluding) the relevant exercise date and issue to the grantee (or his or her legal personal representative(s)) share certificate(s) in respect of the Shares so allotted.

(b) The exercise of any Option may be subject to a vesting schedule to be determined by the Board in its absolute discretion, which shall be specified in the offer letter.

(c) The exercise of any Option shall be subject to the members of our Company in general meeting approving any necessary increase in the authorised share capital of our Company.

(d) Subject as hereinafter provided and subject to the terms and conditions upon which the Option was granted, an Option may be exercised by the Grantee at any time during the Option Period, provided that:

(i) in the event that the grantee dies or becomes permanently disabled before exercising an Option (or exercising it in full) and none of the events for termination of employment or engagement pursuant to the terms of the Share Option Scheme exists with respect to such grantee, he or she (or his or her legal representative(s)) may exercise the Option up to the grantee's entitlement immediately prior to the death or permanently disability (to the extent not already exercised) within a period of 12 months following his or her death or permanent disability or such longer period as the Board may determine;

(ii) in the event that the grantee ceases to be an Executive for any reason (including his or her employing company ceasing to be a member of our Group) other than his or her death, permanent disability, retirement pursuant to such retirement scheme applicable to our Group at the relevant time or the transfer of his or her employment to an affiliate company or the termination of his or her employment with the relevant member of our Group by resignation or culpable termination, the Option (to the extent not already exercised) shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such cessation;

(iii) if a general offer is made to all holders of Shares and such offer becomes or is declared unconditional (in the case of a takeover offer) or is approved by the requisite majorities at the relevant meetings of our Shareholders (in the case of a scheme of arrangement), the grantee shall be entitled to exercise the Option (to the extent not already exercised) at any time (in the case of a takeover offer) within one month after the date on which the offer becomes or is declared unconditional or (in the case of a scheme of arrangement) prior to such time and date as shall be notified by our Company;

(iv) if a compromise or arrangement between our Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company, our Company shall give notice thereof to the grantees who have Options

unexercised at the same time as it dispatches notices to all members or creditors of our Company summoning the meeting to consider such a compromise or arrangement and thereupon each grantee (or his or her legal representatives or receiver) may until the expiry of the earlier of:

(1) the Option period;

(2) the period of two months from the date of such notice; or

(3) the date on which such compromise or arrangement is sanctioned by the court, exercise in whole or in part his or her Option.

(v) in the event a notice is given by our Company to its 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 dispatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or his or her legal personal representative(s)) shall be entitled to exercise all or any of his or her options at any time not later than two Business Days (as defined in the Listing Rules) 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 (as defined in the Listing Rules) immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

12. Life of Share Option Scheme

Subject to the terms of this Share Option Scheme, the Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such expiry and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

13. Lapse of Share Option Scheme

An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

(a) the expiry of the Option period;

(b) the expiry of any of the period referred to paragraphs related to exercise of the Option;

(c) subject to the terms of the period mentioned in the paragraph headed "F. Share Option Scheme — 11. Exercise of Option" in this Appendix, the date of the commencement of the winding-up of our Company;

(d) there is an unsatisfied judgment, order or award outstanding against the grantee or the Board has reason to believe that the grantee is unable to pay or to have no reasonable prospect of being able to pay his/her/its debts;

(e) there are circumstances which entitle any person to take any action, appoint any person, commence proceedings or obtain any order of the type mentioned in this Share Option Scheme with respect to the exercise of the Option;

(f) a bankruptcy order has been made against any director or shareholder of the grantee (being a corporation) in any jurisdiction.

No compensation shall be payable upon the lapse of any Option, provided that the Board shall be entitled in its discretion to pay such compensation to the grantee in such manner as it may consider appropriate in any particular case.

14. Adjustment

In the event of any alteration to the capital structure of our Company while any Option remains exercisable, whether by way of capitalisation of profits or reserves, right issue, consolidations, reclassification, reconstruction, sub-division or reduction of the share capital of our Company, the Board may, if it considers the same to be appropriate, direct that adjustments be made to:

(a) the maximum number of Shares subject to the Share Option Scheme; and/or

(b) the aggregate number of Shares subject to the Option so far as unexercised; and/or

(c) the subscription price of each outstanding Option.

Where the Board determines that such adjustments are appropriate (other than an adjustment arising from a capitalisation issue), the auditors appointed by our Company shall certify in writing to the Board that any such adjustments are in their opinion fair and reasonable, provided that:

(a) any such adjustments shall give the Eligible Persons the same proportion of equity capital as they were previously entitled to. In respect of any such adjustments, other than any made on a capitalisation issue, the auditors shall confirm to the Board in writing that the adjustments satisfy this requirement;

(b) any such adjustments shall be made on the basis that the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as practicable same as (but shall not be greater than) it was before such event;

(c) no such adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(d) any such adjustments shall be made to in accordance with the provisions as stipulated under Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time; and

(e) the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustments.

15. Cancellation of options not exercised

The Board shall be entitled for the following causes to cancel any Option in whole or in part by giving notice in writing to the grantee stating that such Option is thereby cancelled with effect from the date specified in such notice (the "**Cancellation Date**"):

(a) the grantee commits or permits or attempts to commit or permit a breach of restriction on transferability of Option or any terms or conditions attached to the grant of the Option;

(b) the grantee makes a written request to the Board for the Option to be cancelled; or

(c) if the grantee has, in the opinion of the Board, conducted himself in any manner whatsoever to the detriment of or prejudicial to the interests of our Company or its subsidiary.

16. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles of Association and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue commencing from (i) the allotment date or, (ii) if that date falls on a day when the register of members of our Company is closed, the first date of the re-opening of the register of members. Accordingly, it will entitle the holders to participate in all dividends or other distributions paid or made on or after (i) the allotment date or, (ii) if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the allotment date.

Share issued upon the exercise of an Option shall not carry rights until the registration of the grantee (or any other person) as the holder thereof.

17. Termination

Our Company may by resolution in general meeting at any time terminate the operation of the Share Option Scheme. Upon termination of the Share Option Scheme as aforesaid, no further Options shall be offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All Options granted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

18. Transferability

The Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt to do so (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding Option or part thereof granted to such grantee.

19. Alteration of Share Option Scheme

The Share Option Scheme may be altered in any respect by a resolution of the Board except that the following shall not be carried out except with the prior sanction of an ordinary resolution of our Shareholders in general meeting:

(a) any material alteration to its terms and conditions or any change to the terms of Options granted (except where the alterations take effect under the existing terms of the Share Option Scheme);

(b) any alteration to the provisions of the Share Option Scheme in relation to the matters set out in Rule 17.03 of the Listing Rules to the advantage of grantee;

(c) any change to the authority of the Board or any person or committee delegated by the Board pursuant to the Share Option Scheme to administer the day-to-day running of the Scheme; and

(d) any alteration to the aforesaid alteration provisions provided always that the amended terms of the Share Option Scheme shall comply with the applicable requirements of the Listing Rules.

20. Conditions of the Share Option Scheme

The Share Option Scheme shall come into effect on the date on which the following conditions are fulfilled:

(a) the approval of our Shareholders for the adoption of the Share Option Scheme;

(b) the approval of the Stock Exchange for the **[REDACTED]** of and permission to deal in, a maximum of **[REDACTED]** Shares to be allotted and issued pursuant to the exercise of the Options in accordance with the terms and conditions of the Share Option Scheme;

(c) the commencement of dealing in our Shares on the Stock Exchange; and

(d) the obligations of the **[REDACTED]** under the **[REDACTED]** becoming unconditional and not being terminated in accordance with the terms thereof or otherwise.

If the permission referred to in paragraph (b) above is not granted within two calendar months after the Adoption Date:

(i) the Share Option Scheme will forthwith terminate;

(ii) any Option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect;

(iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any Option; and

(iv) the Board may further discuss and devise another share option scheme that is applicable to a private company for adoption by our Company.

Application has been made to the Stock Exchange for the **[REDACTED]** of **[REDACTED]** Shares which may be issued pursuant to the exercise of Options under the Share Option Scheme.

G. OTHER INFORMATION

1. Deed of Indemnity

Our Controlling Shareholders have entered into the Deed of Indemnity with and in favour of our Company for itself and as trustee for its subsidiaries, to provide indemnities in respect of, among other things:

(a) certain estate duty which might be payable by any companies in our Group by virtue of or under the provisions of the Estate Duty Ordinance (Chapter 111 of Laws of Hong Kong); and

(b) any liability of any or all of the members of our Group to any form of taxation and duty whenever created or imposed, whether of Hong Kong, Singapore or of any other part of the world, and without prejudice to the generality of the foregoing includes profits tax, provisional profits tax, business tax on gross income, income tax, value added tax, interest tax, salaries tax, property tax, land appreciation tax, lease registration tax, estate duty, capital gains tax, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, import, customs and excise duties and generally any tax duty, impost, levy or rate or any amount payable to the revenue, customs or fiscal authorities of local, municipal, provincial, national, state or federal level whether of Hong Kong, Singapore or of any other part of the world falling on any of the members of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the date on which the conditions stated in the paragraph headed "Conditions of the Share Offer" under the section headed "Structures and Conditions of the Share Offer" in this document are being fulfilled (the "**Effective Date**") or any event on transaction on or before Effective Date whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

The Deed of Indemnity does not cover any claim and our Controlling Shareholders shall be under no liability under this Deed of Indemnity in respect of below:

(a) to the extent that provision or allowance has been made for such taxation in the consolidated financial statements of our Group as set out in Appendix I to this document or in the audited accounts of the relevant members of our Group for the years ended 31 December 2017, 2018 and 2019 (the "**Accounts**"); or

(b) for which any company 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 in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 31 December 2019 up to and including the Effective Date or consisting of any company of our Group ceasing, or being deemed to cease, to be a company in our Group for the purposes of any matter of the taxation; or

(c) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice by the Inland Revenue Authority of Singapore, the Hong Kong Inland Revenue Department or the tax authorities or any other authority in any part of the world coming into force after the Effective Date or to the extent such claim arises or is increased by an increase in the rates of taxation after the Effective Date with retrospective effect; or

(d) to the extent that any provision or reserve made for such taxation in the Accounts is finally established to be an over-provision or an excessive reserve as certified by a firm of accountants acceptable to our Company then the liability of our Controlling Shareholders (if any) in respect of such taxation shall be reduced by an amount not exceeding such over-provision or excess reserve.

Under the Deed of Indemnity, our Controlling Shareholders have also undertaken to indemnify, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages, penalties, fines or other liabilities which any member of our Group may incur or suffer arising from the non-compliances as disclosed in the paragraph headed "Business — Environmental, Health and Workplace Safety — Workplace safety and health non-compliance" in this document.

2. Litigation

As at the Latest Practicable Date, neither we nor any of our subsidiaries were/was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on its results of operations or financial condition.

3. Preliminary expenses

Our estimated preliminary expenses are approximately US$5,800 and have been paid by us.

4. Promoter

There are no promoters of our Company.

5. Sole Sponsor

The Sole Sponsor made an application on our behalf to the Listing Committee for **[REDACTED]** of, and permission to deal in, the Shares in issue as mentioned herein, the Shares to be issued pursuant to the Capitalisation Issue and any Shares falling to be issued pursuant to the exercise of the **[REDACTED]**, and the Shares that may be issued upon the exercise of options that may be granted under the Share Option Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS. The Sole Sponsor confirms that it satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

Our Company has entered into an engagement agreement with the Sole Sponsor, pursuant to which our Company agreed to pay the Sole Sponsor a fee of HK$5.8 million to act as sponsor to our Company in the **[REDACTED]**.

6. No material adverse change

Our Directors confirm that, save as disclosed in the section headed "Financial Information — No material adverse change", there has been no material adverse change in our Company's financial or trading position or prospects since 31 December 2019 (being the date to which our latest audited consolidated financial statements were made up).

7. Binding effect

This document shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

8. Miscellaneous

(1) Save as disclosed in the section headed "History, Reorganisation and Group Structure" in this document:

(a) within the two years immediately preceding the date of this document, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration other than cash;

(b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) neither our Company nor any of our subsidiaries have issued or agreed to issue any founder shares, management shares or deferred shares;

(d) within the two years immediately preceding the date of this document, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of our Group;

(e) within the two years preceding the date of this document, no commission has been paid or payable (except commissions to the **[REDACTED]**) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in our Company;

(f) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought; and

(g) we have no outstanding convertible debt securities.

(2) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the twelve (12) months immediately preceding the date of this document.

9. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this document:

Name	Qualification
Fortune Financial Capital Limited	A corporation licensed to conduct Type 6 (advising on corporate finance) regulated activity under the SFO
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Conyers Dill & Pearman	Legal advisers as to Cayman Islands laws to our Company
Morgan Lewis Stamford LLC	Legal advisers as to the laws of Singapore to our Company
R&T Asia (Thailand) Limited	Legal advisers as to the laws of Thailand to our Company
Frost & Sullivan Limited	Independent industry consultant
Baker Tilly Consultancy (Singapore) Pte Ltd	Independent internal control consultant

10. Consents of experts

Each of the experts named in paragraph 9 of Part G of this Appendix has given and has not withdrawn their respective consent to the issue of this document with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

11. Bilingual document

The English language and the Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

1. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were (a) copies of each of the **[REDACTED]**; (b) the written consents referred to in the section headed "Statutory and General Information — G. Other Information — 10. Consents of experts" in Appendix IV to this document; and (c) copies of each of the material contracts referred to in the paragraph headed "Statutory and General Information — C. Further information about our business — 1. Summary of the material contracts" in Appendix IV to this document.

2. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Luk & Partners In Association with Morgan, Lewis & Bockius at Suites 1902–09, 19/F, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this document:

(a) our Memorandum and the Articles;

(b) the Accountant's Report from PricewaterhouseCoopers, our reporting accountants, the text of which is set out in Appendix I to this document;

(c) the audited consolidated financial statements of our Group for the years ended 31 December 2017, 2018 and 2019;

(d) the report from PricewaterhouseCoopers, our reporting accountants, relating to the unaudited pro forma financial information, the text of which is set out in Appendix II to this document;

(e) the material contracts referred to in the paragraph headed "Statutory and General Information — C. Further information about our business — 1. Summary of the material contracts" in Appendix IV to this document;

(f) the service contracts entered into between our Company and each of our Directors;

(g) the written consents referred to in the paragraph headed "Statutory and General Information — G. Other Information — 10. Consents of experts" in Appendix IV to this document;

(h) the letter issued by Conyers Dill & Pearman, our legal advisers as to Cayman Islands law, summarising certain aspects of the Cayman Islands Companies Law as referred to in Appendix III to this document;

(i) the Singapore legal opinion issued by Morgan Lewis Stamford LLC, our legal advisers as to the laws of Singapore, in respect of certain aspects of Eng Leng and Titan;

(j) the Thailand legal opinion issued by R&T Asia (Thailand) Limited, our legal advisers as to the laws of Thailand, in respect of certain aspects of Eng Leng Thailand and EL Holding;

(k) the industry report prepared by Frost & Sullivan;

(l) the internal control report prepared by Baker Tilly Consultancy (Singapore) Pte Ltd, our internal control consultant;

(m) the Companies Law; and

(n) the rules of the Share Option Scheme.