

Beng Soon Machinery Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1987

GLOBAL OFFERING



Sole Sponsor



Joint Global Coordinators and Joint Bookrunners



平安證券
PINGAN SECURITIES



港利資本
GLAM Capital



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SHANXI SECURITIES INTERNATIONAL

IMPORTANT

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

Beng Soon Machinery Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Global Offering

Number of Offer Shares : 250,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares : 25,000,000 Shares (subject to re-allocation)
Number of International Placing Shares : 225,000,000 Shares (subject to re-allocation and the Over-allotment Option)
Maximum Offer Price : HK\$0.7, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full upon application in Hong Kong dollars and subject to refund)
Nominal value : HK\$0.01 per Share
Stock code : 1987

Sole Sponsor



Joint Global Coordinators and Joint Bookrunners



Joint Lead Managers



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

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VI to this prospectus, has been registered with 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 as to the contents of this prospectus or any other documents referred to above.

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

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or about Monday, 28 October 2019, or such later date as may be agreed by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company. The Offer Price will be not more than HK\$0.7 per Offer Share and is currently expected to be not less than HK\$0.5 per Offer Share, unless otherwise announced. The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may reduce the indicative Offer Price range stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, a notice of the reduction of the indicative Offer Price range will be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.bsm.com.sg. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold, pledged or transferred within the United States or to, or for the account or benefit of any U.S. persons.

22 October 2019

EXPECTED TIMETABLE

We will issue an announcement on the website of our Company at www.bsm.com.sg and the website of the Stock Exchange at www.hkexnews.hk if there is any change in the following expected timetable of the Hong Kong Public Offering.

Event	Date	
	2019 ⁽¹⁾	
Latest time to complete electronic applications through the HK eIPO White Form service through the designated website at www.hkeipo.hk ⁽²⁾	11:30 a.m. on Friday, 25 October	
Application lists open ⁽³⁾	11:45 a.m. on Friday, 25 October	
Latest time for lodging WHITE and YELLOW Application Forms and giving electronic application instructions to HKSCC ⁽⁴⁾	12:00 noon on Friday, 25 October	
Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s).....	12:00 noon on Friday, 25 October	
Application lists close ⁽³⁾	12:00 noon on Friday, 25 October	
Expected Price Determination Date ⁽⁵⁾	Monday, 28 October	
 (1) Announcement of		
<ul style="list-style-type: none"> ● the Offer Price; ● the level of indication of interest in the International Placing; ● the level of applications in the Hong Kong Public Offering; ● the basis of allotment under the Hong Kong Public Offering, to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.bsm.com.sg on ⁽¹³⁾	Thursday, 7 November	
 (2) Announcement of results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus from ⁽¹³⁾		Thursday, 7 November
 (3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.bsm.com.sg from ⁽¹³⁾		Thursday, 7 November

EXPECTED TIMETABLE

Event	Date 2019 ⁽¹⁾
Results of allocations for the Hong Kong Public Offering will be available at www.tricor.com.hk/ipo/result (or www.hkeipo.hk/IPOResult) with a “search by ID” function ⁽¹³⁾	Thursday, 7 November
Despatch/collection of share certificates or deposit of share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before ⁽⁶⁾⁽⁸⁾⁽¹³⁾	Thursday, 7 November
Despatch of White Form e-Auto Refund payment instructions/refund cheque(s) in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before ^{(7) to (13)}	Thursday, 7 November
Dealings in Shares on the Stock Exchange to commence at 9:00 a.m. on ⁽¹³⁾	Friday, 8 November

Notes:

- (1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus.
- (2) Applicants will not be permitted to submit applications through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If applicants have already submitted applications and obtained a payment reference number from the designated website prior to 11:30 a.m., they will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 25 October 2019, the application lists will not open or close on that day. Further information is set out in the section headed “How to Apply for Hong Kong Offer Shares — 10. Effect of bad weather and/or extreme conditions on the opening of the application lists” in this prospectus. If the application lists do not open and close on Friday, 25 October 2019, the dates mentioned in the “Expected Timetable” in this section may be affected. An announcement will be made by us in such event.
- (4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to Apply for Hong Kong Offer Shares — 6. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
- (5) The Price Determination Date is expected to be on or about Monday, 28 October 2019, or such later date as may be agreed by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company by the Price Determination Date, the Global Offering will not proceed and will lapse.
- (6) Our Company will not issue any temporary documents of title in respect of the Shares. Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, 8 November 2019 (Hong Kong time), provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

EXPECTED TIMETABLE

- (7) e-Auto Refund payment instructions/refund cheque(s) will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the price payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to a delay in encashment of, or may invalidate, the refund cheque.
- (8) Applicants who apply on **WHITE** Application Forms or through **HK eIPO White Form** service for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all required information may collect their refund cheque(s) (where applicable) and Share certificate(s) (where applicable) in person from our Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 7 November 2019 or any other place or date as notified by our Company as the place or date of collection/despatch of e-Auto Refund payment instructions/refund cheque(s)/Share certificate(s). Identification and (where applicable) authorization documents acceptable to our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, must be produced at the time of collection.
- (9) Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all required information may collect their refund cheque(s) (where applicable) in person but may not elect to collect their share certificate(s) (where applicable), which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedure for collection of refund cheque(s) for applicants who apply on **YELLOW** Application Forms for Hong Kong Offer Shares are the same as those for **WHITE** Application Form applicants specified in note (8) above.

Applicants who opt for personal collection must not authorize any person to make collection on their behalf. Applicants being corporations which opt for personal collection must attend by their authorized representatives with letters of authorization of their corporations stamped with the corporation's chops (being the name of the corporations). Both individuals and authorized representatives of corporations (as applicable) must produce, at the time of collection, evidence of identity and authority (as applicable) acceptable to our Company's Hong Kong Branch Share Registrar.

- (10) Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC, their refund (if any) will be credited to their designated bank account or the designated bank account of the designated CCASS Participant through which they made their application on Thursday, 7 November 2019. Applicants who have instructed their designated CCASS Participant (other than CCASS Investor Participant) to give **electronic application instructions** on their behalf, they can check the amount of refund (if any) payable to them with that designated CCASS Participant. Applicants who have applied as CCASS Investor Participant, they can check the amount of refund (if any) payable to them via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 7 November 2019 or in the activity statement showing the amount of refund money credited to their designated bank account made available to them by HKSCC immediately after the credit of refund money to their bank account. Please refer to the section headed "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus for details.
- (11) Applicants who apply through the **HK eIPO White Form** service and paid their applications monies through single bank accounts may have refund monies (if any) despatched to the application payment account, in the form of e-Auto Refund payment instructions on Thursday, 7 November 2019. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) in the form of refund cheque(s) despatched on or before Thursday, 7 November 2019 by ordinary post at their own risk. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.
- (12) Uncollected share certificate(s) and refund cheque(s) will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant applications. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

EXPECTED TIMETABLE

- (13) In case a typhoon warning signal number 8 or above, a “black” rainstorm warning signal and/or extreme conditions is/are in force in any days between Thursday, 7 November 2019 to Friday, 8 November 2019, then the day of (i) announcement of results of allocations in the Hong Kong Public Offering; (ii) despatch of share certificates and refund cheques; and (iii) dealings in the Shares on the Stock Exchange will be postponed according to the number of business days affected by the bad weather and/or extreme conditions.

For details of the structure of the Global Offering, including the conditions thereof, please refer to the sections headed “Underwriting”, “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” in this prospectus.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell, or a solicitation of an offer to subscribe for or buy, any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective affiliates, directors, officers, employees or agents or any other persons or parties involved in the Global Offering.

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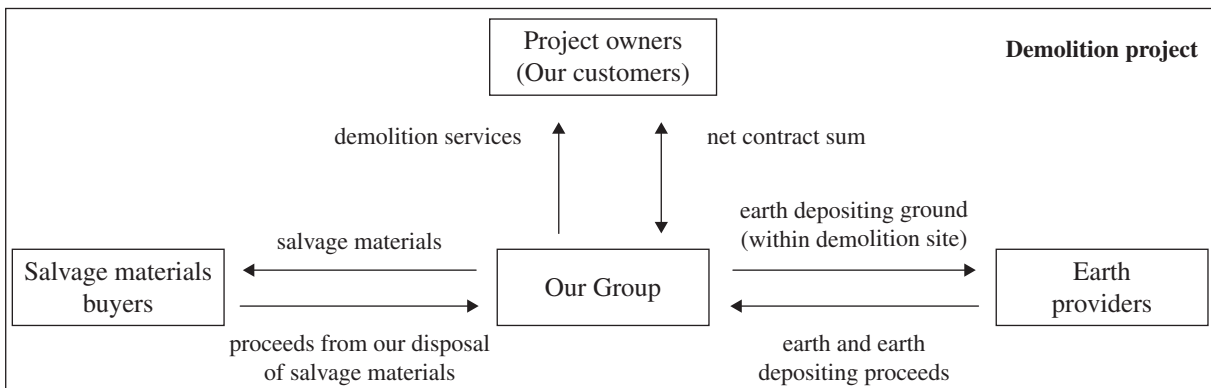
SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

BUSINESS OVERVIEW

We are the largest demolition services provider in Singapore with a market share of approximate 33.2% in terms of revenue in 2018, according to the Industry Report. We have been operating demolition services business in Singapore for more than 26 years in both the public and private sectors through Beng Soon Machinery, our principal operating subsidiary, and we have experience in demolition of various types of buildings and structures including power stations, chemical plants, high rise commercial and residential properties, bridges and marine structures. According to the Industry Report, we are among the few demolition services providers in Singapore with experience in demolition of power plants and large-scale chemical plants and is a preferred services provider for demolition of the aforementioned structures.

We principally provide demolition services through undertaking demolition projects. To a lesser extent, we also lease and sell machinery. Our demolition projects are non-recurring in nature and we undertake projects in the capacity as main contractor or subcontractor. In undertaking demolition projects for the project owners, we are engaged by project owners to carry out various demolition works on the designated sites. These demolition works, which include structural demolition, disposal of salvage materials, excavation and earthworks, and land reinstatement works, are a series of contiguous and inseparable works with an aim to demolish the relevant structures in accordance with the specifications contained in the contract with the project owners. During the process of undertaking demolition projects, we derive contract revenue from three parties, namely (i) the project owners; (ii) the salvage materials buyers; and (iii) the earth providers. The following table demonstrates the business relationship amongst our Group, our customers, the salvage materials buyers and the earth providers:



SUMMARY

Project owners: The project owners are our customers and award us demolition projects. We carry out demolition works on the specified site according to the specifications contained in the contract with the project owners. Generally, pursuant to the contract with the project owners, we are required to demolish the relevant structures, remove the salvage material generated by us from the demolition sites and return the site to a bare land status. According to the industry norm, the project owners expect us to dispose the salvage materials derived from the demolition project by selling them to third parties; and in cases where earthworks is required, to receive earth from third party earth providers from which we would receive earth depositing proceeds. In most cases, we will receive contract sum from the project owners for our demolition services. According to the Industry Report, it is the industry norm that the contract sum of our Group's demolition projects are determined after taking into consideration the discounted estimated value of the salvage materials to be derived from the projects. In cases where large structures are involved and thus large quantity of salvage materials are expected to be derived from the demolition projects, we may be required to pay contract tender fees to the project owners to secure the demolition projects, while we may at the same time receive contract sum from the project owners for the same demolition projects.

Salvage materials buyers: We are required by the project owners to remove and dispose the salvage materials generated by us from the demolition sites. According to the industry norm, the project owners expect us to dispose by selling the salvage materials to third parties and it is also the industry norm for demolition works contractors to derive a large portion of their revenue from the disposal of salvage materials. Salvage materials are continuously generated throughout our demolition works and are sold by us continuously to relevant third party salvage materials buyers. During the Track Record Period, all proceeds derived from the disposal of salvage materials were for the sale of salvage material removed from our demolition projects.

Earth providers: Depends on the requirements of the project owners pursuant to the demolition contract, we are usually required to restore the demolition sites to bare land status by carrying out excavation and earthworks. According to the industry norm, the project owners expect us to receive earth from third party earth providers which we would receive from them earth depositing proceeds. During the Track Record Period, all proceeds derived from earth providers were for depositing earth at our demolition sites for landfilling purpose for our demolition projects.

With more than 26 years of experience in taking up demolition projects in Singapore, we hold various licences and registrations for our business operations in Singapore. In particular, Beng Soon Machinery, our principal operating subsidiary, obtained Class 2 General Builder Licence which allows us to carry on business as a general builder in both public and private projects with the estimated final price for each contract or engagement of no more than S\$6 million. We had also registered with the CRS administered by BCA, which is the pre-requisite to tender for construction or construction related projects in the public sector in Singapore. As at the Latest Practicable Date, we have registered three kinds of licences under the CRS, namely (i) single grade under CR03 "Demolition" workhead which allows us to undertake general public demolition projects with unlimited tendering amount; (ii) C3 grade under CW01 "General Building" workhead which allows us to undertake all types of public building work with different structures with tendering amount up to S\$0.65 million; and (iii) C1 grade under CW02 "Civil Engineering" workhead which allows us to tender public projects with civil engineering work with tendering amount up to S\$4 million. With the current licences held by our Group, we shall not carry out (i) general demolition works in public and private projects with the estimated final price for each contract or engagement of more than S\$6 million; (ii) civil engineering work in public projects

SUMMARY

with tendering amount of more than S\$4 million; and (iii) all types of building work for different structures in public projects with tendering amount of more than S\$0.65 million. Please refer to the section headed “Regulatory overview — Licensing regime for contractors in Singapore” on page 81 in this prospectus for further details.

During the Track Record Period, our revenue was mainly derived from our demolition projects from the private sector. We determine our pricing based on a cost-plus pricing model with a certain percentage of markup for each project. The following table sets out a breakdown of our total revenue during the Track Record Period by source:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Contract revenue	23,646	95.6	26,054	93.5	33,906	99.8	10,094	99.7	11,473	99.2
— Net contract sum	3,268	13.2	5,204	18.7	8,462	24.9	1,577	15.6	4,037	34.9
— Proceeds from disposal of salvage materials	19,054	77.0	18,178	65.2	20,423	60.1	5,709	56.4	6,352	54.9
— Earth depositing proceeds	1,324	5.4	2,672	9.6	5,021	14.8	2,808	27.7	1,084	9.4
Others ^(Note)	1,096	4.4	1,812	6.5	81	0.2	34	0.3	91	0.8
Total	24,742	100.0	27,866	100.0	33,987	100.0	10,128	100.0	11,564	100.0

Note: Other revenue are principally income derived from leasing and sale of machinery to third parties.

Net contract sum represented the net amount of contract sum we received from project owners for our projects after deducting the contract tender fees we incurred to project owners in certain projects during the year/period. The table below sets forth the breakdown of our net contract sum by nature for the periods indicated:

	For the year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)				
Contract sum	6,319	6,184	9,502	2,274	5,080
Less: Contract tender fees ^(Note)	(3,051)	(980)	(1,040)	(697)	(1,043)
Total net contract sum	3,268	5,204	8,462	1,577	4,037

Note: During the Track Record Period, the amount of contract tender fees were incurred from ten demolition projects, ranging from approximately S\$29,000 to S\$2.0 million for each project.

SUMMARY

The proceeds from disposal of salvage materials represented the proceeds from selling them to third party salvage materials buyers during the course of execution of demolition projects. The salvage materials removed from the demolition sites vary among different types of projects and in general, they are principally ferrous and non-ferrous metal, and recycled concrete aggregate. The following table shows the breakdown of proceeds from disposal of salvage materials during the Track Record Period by types of salvage materials:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Types of salvage materials disposed										
— Ferrous and non-ferrous metals	16,508	86.6	15,799	86.9	18,152	88.9	4,355	76.3	5,663	89.2
— Recycled concrete aggregate and others	<u>2,546</u>	<u>13.4</u>	<u>2,379</u>	<u>13.1</u>	<u>2,271</u>	<u>11.1</u>	<u>1,354</u>	<u>23.7</u>	<u>689</u>	<u>10.8</u>
Total	<u><u>19,054</u></u>	<u><u>100.0</u></u>	<u><u>18,178</u></u>	<u><u>100.0</u></u>	<u><u>20,423</u></u>	<u><u>100.0</u></u>	<u><u>5,709</u></u>	<u><u>100.0</u></u>	<u><u>6,352</u></u>	<u><u>100.0</u></u>

Our contract revenue comprised of (i) the net contract sum from the project owners; (ii) the proceeds from our disposal of salvage materials removed from the demolition sites to salvage materials buyers; and (iii) the proceeds from earth providers for depositing earth at our demolition sites for landfilling purpose. During the Track Record Period, we had a total of 79 projects which contributed to our contract revenue and such projects include demolition of large-scale and complex structures, such as demolition of power stations and chemical plants. Depending on the scale and complexity of the project, during the Track Record Period, the duration of a project from practical commencement to completion of our work at the work site ranged from approximately one to 22 months. Please refer to the section headed “Business — Our projects” on page 160 in this prospectus for further details of our projects. Our other revenue include revenue derived from leasing and sale of machinery to third party. We occasionally lease machinery, such as articulated dump trucks and excavators, to third party construction contractors when the machinery is not being used by us. We also sell machinery such as cranes when the machinery buyers request and when it is economically attractive to do so. For further details of our leasing and sale of machinery, please refer to the section headed “Business — Our business model and operation — Leasing and sale of machinery” on page 150 in this prospectus.

SUMMARY

OUR PROJECTS

Set forth below is an analysis of our contract revenue derived from 79 projects which contributed to our contract revenue during the Track Record Period by (i) sector; (ii) our role in the projects; and (iii) types of building and structure respectively:

	For the year ended 31 December 2017						For the four months ended 30 April 2019													
	No. of projects	Aggregate contract revenue \$'000	% of total contract revenue	Gross profit margin %	No. of projects (Note 1)	Aggregate contract revenue \$'000	No. of projects (Note 2)	Aggregate contract revenue \$'000	% of total contract revenue	Gross profit margin %	No. of projects (Note 3)	Aggregate contract revenue \$'000	% of total contract revenue	Gross profit margin %						
Public sector	4	2,170	9.0	4.9	2	4,111	15.8	654	15.9	8	13,592	40.0	3,346	24.6	6	5,765	50.2	2,202	38.2	
Private sector	21	21,476	91.0	48.9	27	21,943	84.2	10,553	48.1	22	20,314	60.0	10,285	50.6	11	5,708	49.8	1,741	30.5	
Total (Note 4)	25	23,646	100.0	44.9	29	26,054	100.0	11,207	43.0	30	33,906	100.0	13,631	40.2	17	11,473	100.0	3,943	34.4	
Main contractor	12	13,033	55.1	32.1	14	8,657	33.2	2,083	24.1	15	27,574	81.3	10,470	38.0	8	5,596	48.8	1,305	23.3	
Subcontractor	13	10,613	44.9	60.6	15	17,397	66.8	9,124	52.4	15	6,332	18.7	3,161	49.9	9	5,877	51.2	2,638	44.9	
Total (Note 4)	25	23,646	100.0	44.9	29	26,054	100.0	11,207	43.0	30	33,906	100.0	13,631	40.2	17	11,473	100.0	3,943	34.4	
Plant building and structure	6	17,928	75.8	9.520	53.1	12,500	48.0	7,146	57.2	3	13,775	40.6	6,923	50.3	5	1,835	16.0	517	28.2	
Factory building	7	1,381	5.8	271	19.6	7,195	27.6	2,559	35.6	9	8,133	24.0	2,103	25.9	3	3,373	29.4	1,320	39.1	
Residential building	2	1,549	6.6	9	0.6	1	23	0.1	11	48.3	4	7,884	23.3	2,031	25.8	4	4,687	40.9	1,444	30.8
Others	10	2,788	11.8	818	29.3	16	6,336	24.3	1,491	23.5	14	4,114	12.1	2,574	62.6	5	1,578	13.7	662	42.0
Total (Note 4)	25	23,646	100.0	44.9	29	26,054	100.0	11,207	43.0	30	33,906	100.0	13,631	40.2	17	11,473	100.0	3,943	34.4	

Notes:

1. Out of the 29 projects which contributed contract revenue for the year ended 31 December 2017, 6 projects also contributed contract revenue for the year ended 31 December 2016.
2. Out of the 30 projects which contributed contract revenue for the year ended 31 December 2018, 7 projects also contributed contract revenue for the year ended 31 December 2017.
3. Out of the 17 projects which contributed contract revenue for the four months ended 30 April 2019, 9 projects also contributed contract revenue for the year ended 31 December 2018.
4. The total contract revenue recognised in each of the three years ended 31 December 2018 and the four months ended 30 April 2019 also included contract revenue generated from small jobs carried out by us during the Track Record Period of approximately S\$115,000, S\$78,000, S\$607,000 and nil, respectively.

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For the four months ended 30 April 2019, our gross profit margin of public projects increased to approximately 38.2%, which was mainly due to the undertaking of a sizable project involved in demolition of school building (which produced comparatively more salvage materials of high economic value), namely project no. 17 (project reference number corresponds with that in the table disclosed in the section headed “Financial Information — Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this prospectus), having a relatively high cumulative gross profit margin of approximately 48% for the Track Record Period. On the other hand, for the four months ended 30 April 2019, our gross profit margin of private projects decreased to approximately 30.5%, which was mainly due to (i) a majority of the revenue of a sizable private project, namely project no. 3, having a relatively high cumulative gross profit margin of approximately 51% for the Track Record Period, was recognised for the year ended 31 December 2018. Such project, which was completed in February 2019, involved in demolition of cement plant which produced comparatively more salvage materials of high economic value such as ferrous metals and non-ferrous metals and therefore our Group derived a relatively high gross profit margin from such project for the year ended 31 December 2018; and (ii) the undertaking of two sizable private projects involved in demolition of residential buildings for the four months ended 30 April 2019 (which produced comparatively less salvage materials of high economic value), namely projects no. 9 and no. 12, having relatively low cumulative gross profit margin of approximately 36% and 35% for the Track Record Period.

Our projects were awarded either by way of tender or quotation invitations. For the three years ended 31 December 2018 and the four months ended 30 April 2019, the tender/quotation success rate was 31.3%, 32.1%, 34.0% and 28.6%, respectively. The gradual increase of our tender/quotation success rate over the three years ended 31 December 2018 was mainly due to the increase in our service capacity resulted from our capital expenditure for acquisition of machinery and equipment during the three years ended 31 December 2018. For the years ended 31 December 2016, 2017 and 2018, we maintained our strategy to be responsive to our customers’ tender/quotation invitations and submitted more tenders and quotations with more competitive pricing. Our tender/quotation success rate decreased by approximately 5.4% from 34.0% for the year ended 31 December 2018 to 28.6% for the four months ended 30 April 2019 principally because we were occupied with various projects which took up most of our machinery and equipment as well as labour resources during the four months ended 30 April 2019. Nevertheless, we did not reduce the number of tenders/quotations submitted for the four months ended 30 April 2019 given that it is our strategy to be responsive to our customers’ tender/quotation invitations. Under such circumstances, we took a relatively cautious approach in costs estimation by factoring in a higher profit margin which may render our tender/quotation price less competitive during the four months ended 30 April 2019. Please refer to the section headed “Business — Our operation flow — Tender or quotation — Award of contract — Tender/quotation success rate” on page 154 in this prospectus for the detailed analysis of our tender/quotation success rates during the Track Record Period.

It is our strategy to be responsive to our customers’ tender and quotation invitations, and actively provide to our customers our fee quotations or tender submissions upon receipt of their invitations. Our Directors believe that this can enable us to (i) maintain our relationship with customers; (ii) maintain our presence in the market; and (iii) be informed of the latest market developments and pricing trends which are useful for tendering projects in the future. Due to such strategy and subject to the tender strategy of our competitors from time to time, we may experience fluctuations in our overall tender/quotation success rates from period to period.

SUMMARY

Project movement

Set out below is a table showing the number and details of projects completed and awarded to us during the Track Record Period and as at the Latest Practicable Date:

	Number of projects	Contract sum <i>S\$'000</i>	Contract tender fee <i>S\$'000</i>	Aggregate net contract sum <i>S\$'000</i>
As at 1 January 2016				
Projects on hand	8	2,930	(3,380)	(450)
For the year ended 31 December 2016				
Projects completed	19	2,726	(3,443)	(717)
New projects awarded	22	<u>5,572</u>	<u>(1,033)</u>	<u>4,539</u>
As at 31 December 2016				
Projects on hand	11	5,776	(970)	4,806
For the year ended 31 December 2017				
Projects completed	26	9,099	(1,511)	7,588
New projects awarded	22	<u>6,736</u>	<u>(1,740)</u>	<u>4,996</u>
As at 31 December 2017				
Projects on hand	7	3,413	(1,200)	2,213
For the year ended 31 December 2018				
Projects completed	17	3,424	(1,379)	2,045
New projects awarded	21	<u>9,375</u>	<u>(1,332)</u>	<u>8,043</u>
As at 31 December 2018				
Projects on hand	11	9,364	(1,152)	8,212
For the four months ended 30 April 2019				
Projects completed	9	6,270	(150)	6,120
New projects awarded	13	<u>10,764</u>	<u>—</u>	<u>10,764</u>
As at 30 April 2019				
Projects on hand	15	13,858	(1,002)	12,856
For the period from 1 May 2019 to the Latest Practicable Date				
Projects completed	11	8,568	(1,002)	7,566
New projects awarded	12	<u>11,640</u>	<u>(650)</u>	<u>10,990</u>
As at the Latest Practicable Date				
Projects on hand	16	16,930	(650)	16,280

The net contract sum in respect of each contract in the above table represents the contract sum stated in the contract, net of the contract tender fees we incurred to the project owners (if any) to secure the relevant contract. The aggregate net contract sum of new projects awarded increased significantly from approximately S\$5.0 million for the year ended 31 December 2017 to approximately S\$8.0 million for the year ended 31 December 2018, which was mainly attributable to a sizeable project awarded during the year ended 31 December 2018, namely project no. 3 (project reference number corresponds

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with that in the table disclosed in the section headed “Financial Information — Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this prospectus) with an aggregate net contract sum of approximately S\$4.0 million. The aggregate net contract sum of new projects awarded further increased from approximately S\$8.0 million for the year ended 31 December 2018 to approximately S\$10.8 million for the four months ended 30 April 2019, which was mainly attributable to two sizeable projects awarded in the four months ended 30 April 2019, namely projects no. 6 and 7 with an aggregate net contract sum of approximately S\$6.4 million.

As at the Latest Practicable Date, we had a total of 16 projects on hand (including projects in progress and projects awarded to us but had not yet commenced) with an aggregate net contract sum of approximately S\$16.3 million, of which approximately S\$1.7 million was recognised during the Track Record Period and approximately S\$11.1 million, S\$3.2 million and S\$0.3 million is expected to be recognised for the years ending 31 December 2019, 2020 and 2021 respectively. The total contract revenue of such 16 projects on hand is estimated to be approximately S\$30.7 million (comprising (i) net contract sum of approximately S\$16.3 million; (ii) proceeds from disposal of salvage materials of approximately S\$12.4 million; and (iii) earth depositing proceeds of approximately S\$2.0 million), of which approximately S\$9.6 million was recognised during the Track Record Period and approximately S\$16.3 million, S\$4.5 million and S\$0.3 million is expected to be recognised for the years ending 31 December 2019, 2020 and 2021 respectively. Based on the contractual agreement with our customers and our management’s best estimation taking into account the actual work progress and current market conditions, 15 out of 16 projects on hand as at the Latest Practicable Date is expected to be substantially completed within one year after the Latest Practicable Date, while one project with estimated contract sum of approximately S\$0.3 million is expected to commence and complete in the year of 2021.

OUR CUSTOMERS

Our customers include statutory bodies and private companies, being main contractors or subcontractors of building projects and owners of demolition objects. For the three years ended 31 December 2018 and the four months ended 30 April 2019, revenue from our five largest customers (by aggregate contract revenue contributed to us from the relevant projects) amounted to approximately S\$19.7 million, S\$21.8 million, S\$26.3 million and S\$9.7 million, representing approximately 79.6%, 78.2%, 77.5% and 83.7% of our total revenue, respectively; and the revenue derived from our largest customer (by aggregate contract revenue contributed to us from the relevant projects) amounted to approximately S\$8.9 million, S\$10.6 million, S\$8.6 million and S\$3.3 million, representing approximately 36.1%, 38.1%, 25.3% and 28.2% of our total revenue, respectively. Save for two customers, one of which is also our supplier of office equipment rental services for the years ended 31 December 2016 and 2017; and the other of which is our landlord of our leased land on which our headquarters in Singapore locates during the Track Record Period, none of the five largest customers in each of the years/period during the Track Record Period is also our supplier during the Track Record Period and all of them are Independent Third Parties. For further details of our customers, please refer to the section headed “Business — Customers” on page 170 in this prospectus.

OUR SALVAGE MATERIALS BUYERS

Our salvage materials buyers are usually recycling companies engaged in the trading of salvage materials business and/or salvage materials processing plants. For the three years ended 31 December 2018 and the four months ended 30 April 2019, proceeds from our disposal of salvage materials

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accounted for approximately S\$19.1 million, S\$18.2 million, S\$20.4 million and S\$6.4 million, representing approximately 77.0%, 65.2%, 60.1% and 54.9% of our total revenue, respectively. For the three years ended 31 December 2018 and the four months ended 30 April 2019, the aggregate proceeds derived from our five largest salvage materials buyers for our disposal of salvage materials amounted to approximately S\$15.8 million, S\$14.5 million, S\$12.6 million and S\$5.5 million, representing approximately 83.2%, 79.7%, 61.8% and 86.0% of our total proceeds received from our disposal of salvage materials, respectively; and the proceeds received from our largest salvage materials buyer was approximately S\$5.8 million, S\$6.2 million, S\$7.4 million and S\$2.7 million, representing approximately 30.3%, 34.3%, 36.0% and 43.2% of our total proceeds received from our disposal of salvage materials, respectively. Save for two salvage materials buyers, (i) one of which is also our subcontractor of scaffolding works during the Track Record Period who purchased from our Group mainly steel i-beams and other steel metals in one of our projects for its scaffolding works in its other projects; and (ii) the other of which, who also engages in, to a lesser extent, the provision of loose fitting-out removal services, is also our subcontractor of scrap removal service for the year ended 31 December 2018 and the four months ended 30 April 2019 in our projects, our Directors confirm that none of our five largest salvage materials buyers in each of the years/period during the Track Record Period is also our supplier or subcontractor during the Track Record Period, and all of them are Independent Third Parties. For further details of our salvage materials buyers, please refer to the section headed “Business — Salvage materials buyers” on page 178 in this prospectus.

OUR SUPPLIERS

During the Track Record Period, our suppliers include: (i) suppliers of diesel fuels, machinery parts and site and safety equipment; (ii) our subcontractors; and (iii) suppliers of other miscellaneous services such as transportation services of machinery. We engage subcontractors for some of our works such as hoarding, scaffolding, disposal of hazardous waste and turfing for better allocation of our human resources and cost efficiency. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we incurred subcontracting costs of approximately S\$1.5 million, S\$1.4 million, S\$4.6 million and S\$1.9 million, which represented approximately 11.7%, 8.5%, 22.5% and 25.4% of our total cost of sales in the same years/period respectively. The percentage of subcontracting costs to our total cost of sales increased significantly for the year ended 31 December 2018, which was mainly attributable to the increase in sizeable projects undertaken by us during the year which involved more scaffolding and drainage works which we generally subcontracted to our subcontractors. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we incurred approximately S\$2.7 million, S\$4.6 million, S\$5.7 million and S\$2.5 million from our five largest suppliers including subcontractors, representing approximately 36.2%, 51.4%, 41.0% and 48.9% of our total direct cost of sales, respectively; and we incurred approximately S\$0.9 million, S\$1.7 million, S\$1.6 million and S\$744,000 from our largest supplier, representing approximately 12.2%, 19.4%, 11.8% and 14.5% of our total direct cost of sales in the relevant year, respectively. Save for two suppliers, one of which is also our customer for the years ended 31 December 2016 and 2017; and the other of which is our salvage materials buyer for the year ended 31 December 2018 and the four months ended 30 April 2019, our Directors confirm that none of our five largest suppliers (including subcontractors) in each of the years/period during the Track Record Period is also our customer or salvage materials buyer during the Track Record Period, and all of them are Independent Third Parties. For further details of our suppliers, please refer to the section headed “Business — Suppliers” on page 184 in this prospectus.

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OUR MACHINERY AND EQUIPMENT

We believe our established fleet of specialised machinery and equipment is a vital element of our continuous business growth and success. Our major machinery and equipment include hydraulic excavators of various capacities, different types of excavator attachments, mobile crushers, cranes, articulated dump trucks and screeners. According to the Industry Report, we are amongst the first batch of demolition contractors using high-reach excavators (up to 40-metre high) for demolition works in Singapore. We believe that our investments in machinery and equipment involving continuing replacement and additions of specialised machinery and equipment enable us to undertake demolition works of different scales and complexities efficiently and to meet the expected growing demand in the demolition industry in Singapore. For further information regarding our machinery and equipment, please refer to the section headed “Business — Machinery and equipment” on page 191 in this prospectus.

OUR COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our historical success and potential for future growth:

- Well-established presence and proven track record in the demolition industry in Singapore;
- An established fleet of machinery and equipment;
- In-house maintenance team to repair and maintain our machinery and equipment;
- Experienced and dedicated management team; and
- Long-term business relationships with our key business partners.

For details, please refer to the section headed “Business — Competitive strengths” on page 123 in this prospectus.

OUR BUSINESS STRATEGIES

The primary business objective of our Group is to strengthen our position as one of the leading demolition services providers in Singapore and achieve sustainable growth. We intend to achieve our business objective by pursuing the following key strategies:

- Continue to strengthen our market position in the industry and expand our business operations by undertaking more demolition projects in Singapore;
- Strengthen our fleet of machinery and equipment; and
- Enhance our manpower.

For details, please refer to the section headed “Business — Business strategies” on page 125 in this prospectus.

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COMPETITIVE LANDSCAPE

According to the Industry Report, the demolition market in Singapore is concentrated with the top five demolition contractors accounted for approximately 80.5% of the total market share by revenue in 2018. While there were approximately 200 registered contractors under CR03 “Demolition” workhead in Singapore as in August 2019, there were less than 30 contractors principally engaged in demolition services. Factors of competition in the demolition market in Singapore include (i) timely delivery of services; (ii) quality and safety of work; (iii) track record and reputation; and (iv) project pricing. Our Directors consider that these factors will remain as the main factors of competition in the near future.

According to the Industry Report, the prices of recycled concrete aggregate and recycled ferrous metal generated from demolition works in Singapore are expected to experience a minimal growth from 2019 to 2023 at a CAGR of 1.1% and 1.8%, respectively. As the price of salvage materials directly affect our revenue to be derived from disposal of salvage materials, our Directors are of the view that our growth in profitability and financial performance may be encumbered in view of the estimated minimal growth of prices of salvage materials from 2019 to 2023. For details of how the price of salvage materials may affect us, please refer to the section headed “Risk factors — Risks relating to our business — We derived a significant portion of our revenue from the disposal of salvage materials and the fluctuation of the price of salvage materials could materially and adversely affect our results of operations and financial performance” on page 35 in this prospectus.

For details of the competitive landscape of the demolition market in Singapore, please refer to the sections headed “Industry Overview — Competitive landscape of Singapore demolition services market” on page 77 in this prospectus.

LEGAL PROCEEDINGS

During the Track Record Period and as at the Latest Practicable Date, our Group was involved in (i) three civil litigations in relation to two traffic accidents in October 2016 and February 2017 in which Beng Soon Machinery was sued as the owner of the relevant vehicles; and (ii) one civil litigation in relation to a traffic accident in July 2018 in which Beng Soon Machinery brought action against the owner of another motor vehicle as plaintiff in August 2019. Our Directors confirm that these civil claims are covered by the insurance policies and would not have any material adverse effect on our financial position or results of operation. For further details, please refer to the section headed “Business — Compliance and legal proceedings” on page 206 in this prospectus.

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FINANCIAL INFORMATION

The table below sets forth a summary of our audited consolidated financial information during the Track Record Period. You should read the following financial information together with the financial information included in the accountant's report set out in Appendix I to this prospectus, including the notes thereto.

Selected items in our consolidated statements of comprehensive income

	For the year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	(unaudited)				
Revenue	24,742	27,866	33,987	10,128	11,564
Cost of sales	(13,073)	(16,417)	(20,275)	(6,589)	(7,530)
Gross profit	11,669	11,449	13,712	3,539	4,034
Profit/(loss) before income tax	6,452	5,427	4,394	(1,075)	209
Profit/(loss) for the year	5,626	4,539	3,078	(1,172)	59

Our Group's total revenue increased by approximately 12.6% for the year ended 31 December 2017 which was mainly attributable to the increase of our contract revenue due to: (i) the increase in the number of projects undertaken with revenue contribution; (ii) the contract revenue contributed from four sizeable projects with an aggregate amount recognised of approximately S\$17.7 million; (iii) increase of earth depositing proceeds which was in line with our number of projects undertaken during the year; and (iv) the decrease in the contract tender fees we incurred during the year. Our Group's total revenue continued to increase by approximately 22.0% for the year ended 31 December 2018 which was mainly attributable to the increase of our contract revenue due to (i) the contract revenue contributed from four sizeable projects with an aggregate amount recognised of approximately S\$20.6 million; and (ii) increase of earth depositing proceeds of approximately S\$2.3 million which primarily derived from one of our projects which involved substantial land reinstatement works. Our Group's total revenue increased by approximately S\$1.5 million or 14.9% from approximately S\$10.1 million for the four months ended 30 April 2018 to approximately S\$11.6 million for the four months ended 30 April 2019 which was mainly attributable to (i) the increase in the number of projects undertaken with revenue contribution; (ii) the contract revenue contributed from three sizeable projects with an aggregate amount recognised of

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approximately S\$6.6 million; and (iii) the increase of net contract sum and proceeds from disposal of salvage materials. The table below sets forth a breakdown of our cost of sales by nature and percentage contribution to the total cost of sales for the years/periods indicated:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Direct labour costs	2,727	20.9	3,037	18.5	3,271	16.1	1,253	19.0	1,261	16.7
Depreciation	2,616	20.0	2,813	17.1	3,139	15.5	997	15.1	1,128	15.0
Raw materials, consumables and other overheads	2,795	21.4	4,651	28.3	4,912	24.2	2,151	32.6	2,001	26.6
Subcontractor charges	1,529	11.7	1,394	8.5	4,556	22.5	908	13.8	1,915	25.4
Maintenance expenses	1,188	9.1	1,271	7.7	1,217	6.0	399	6.1	352	4.7
Contract commissions	121	0.9	—	—	—	—	—	—	—	—
Transportation expenses	747	5.7	812	4.9	1,173	5.8	460	7.0	410	5.5
Cost of inventories sold	46	0.4	1,569	9.6	—	—	—	—	—	—
Others	1,304	9.9	869	5.4	2,007	9.9	421	6.4	463	6.1
Total cost of sales	13,073	100.0	16,416	100.0	20,275	100.0	6,589	100.0	7,530	100.0

Our Group's net profit decreased by approximately S\$1.1 million or 19.6% from approximately S\$5.6 million for the year ended 31 December 2016 to approximately S\$4.5 million for the year ended 31 December 2017, such decrease was mainly due to (i) the decrease in other gains by approximately S\$425,000 or 46.4% which was primarily due to the decrease in gain on disposal on property, plant and equipment and the net currency exchange loss incurred for the year ended 31 December 2017 as compared to the net gain for the year ended 31 December 2016, mainly due to the fact that Singapore dollars strengthened during the year, which resulted in loss from the settlement of non-Singapore dollar denominated receivables; and (ii) the increase in administrative expenses by approximately S\$0.2 million or 3.6% which was primarily due to the increase in staff costs. Our Group's net profit further decreased by approximately S\$1.4 million or 31.1% from approximately S\$4.5 million for the year ended 31 December 2017 to approximately S\$3.1 million for the year ended 31 December 2018, such decrease was mainly due to the increase in administrative expenses by approximately S\$3.6 million or 62.1% which was mainly due to the non-recurring listing expenses of approximately S\$3.3 million incurred for the year ended 31 December 2018. Our Group recorded a net loss of approximately S\$1.2 million for the four months ended 30 April 2018, which was mainly due to (i) the annual employee bonus of approximately S\$1.5 million distributed in the four months ended 30 April 2018. Such annual employee bonus was distributed to our employees once every year on or around Chinese New Year, which adversely affected our financial performance for the beginning of each financial year; and (ii) non-recurring listing expenses of approximately S\$1.6 million incurred for the four months ended 30 April 2018. Our Group recorded a net profit of approximately S\$59,000 for the four months ended 30 April 2019 as compared to a loss of approximately S\$1.2 million for the four months ended 30 April 2018. Such increase of net profit was mainly due to (i) the increase in revenue of approximately S\$1.5 million or 14.9% as discussed above; and (ii) the decrease in administrative expenses of approximately S\$0.7 million or 15.9% mainly due to the decrease of non-recurring listing expenses recognised during the period.

Please refer to the section headed "Financial information — Principal components of consolidated statements of comprehensive income" on page 240 in this prospectus for further details.

SUMMARY

Selected items in our consolidated statements of financial position

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Current assets	16,133	12,917	19,779	19,961
Current liabilities	12,527	9,859	14,563	14,140
Net current assets	3,606	3,058	5,216	5,821
Net assets	27,069	25,608	30,078	30,137

During the Track Record Period, our current assets mainly consisted of contracts related assets and costs, trade receivables and cash and cash equivalents, whereas our current liabilities mainly consisted of trade and other payables, borrowings, lease liabilities and amount due to a director. Our net current assets decreased to approximately S\$3.1 million as at 31 December 2017 primarily due to the decrease of our current assets as a result of (i) a decrease in cash and cash equivalents mainly due to dividends paid in the amount of approximately S\$6.0 million and repayment of obligation under leases of approximately S\$3.3 million; and (ii) a decrease in inventories mainly due to the sales of three cranes of approximately S\$1.6 million during the year. Our net current assets increased to approximately S\$5.2 million as at 31 December 2018 and further increased to approximately S\$5.8 million as at 30 April 2019 primarily due to the increase of our current assets as a result of (i) the increase in contract related assets and costs due to an increase of on-going projects as at 31 December 2018 and as at 30 April 2019 which have made substantial progress of the contract activity ahead of the total amount of progress billings; and (ii) an increase in deposits, prepayment and other receivables due to the listing expenses prepaid.

As at 31 December 2016, 2017, 2018 and 30 April 2019, we had net assets of approximately S\$27.1 million, S\$25.6 million, S\$30.1 million and S\$30.1 million, respectively. Our net assets decreased by approximately S\$1.5 million from approximately S\$27.1 million as at 31 December 2016 to approximately S\$25.6 million as at 31 December 2017, which was mainly due to (i) the decrease in cash and cash equivalents mainly as a result of dividends paid in the amount of approximately S\$6.0 million and repayment of obligation under leases of approximately S\$3.3 million; (ii) the decrease in inventories mainly due to the sales of three cranes of approximately S\$1.6 million during the year; and (iii) the decrease in property, plant and equipment of approximately S\$1.7 million, which was primarily due to the depreciation provided for the year of approximately S\$2.6 million. We had a higher net assets as at 31 December 2018 and 30 April 2019 mainly due to (i) higher net current assets for the reasons explained above; and (ii) an increase in our property, plant and equipment primarily due to additions of plant and machinery during the year/period. For further details, please refer to the section headed “Financial information — Liquidity and capital resources — Net current assets” on page 277 in this prospectus.

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Selected items in the consolidated cash flow statements

	For the year ended 31 December			For the four months ended
	2016	2017	2018	30 April 2019
	S\$'000	S\$'000	S\$'000	S\$'000
Net cash generated from operating activities	8,066	10,973	3,180	2,260
Net cash generated from/(used in) investing activities	2,043	(2,016)	(1,262)	10
Net cash used in financing activities	(6,200)	(11,655)	(2,505)	(1,532)
Net increase/(decrease) in cash and cash equivalent	3,909	(2,698)	(587)	738

Change in our cash and cash equivalents during the Track Record Period was primarily affected by our net cash generated from operating activities and net cash used in financing activities. For the year ended 31 December 2017, the net decrease in cash and cash equivalent of approximately S\$2.7 million was primarily attributable to the net cash used in financing activities of approximately S\$11.7 million which principally representing (i) payment of dividend of approximately S\$6.0 million; (ii) repayment of obligation under leases of approximately S\$3.3 million; and (iii) repayment to director of approximately S\$1.8 million. For the year ended 31 December 2018, the net decrease in cash and cash equivalent of approximately S\$587,000 was primarily attributable to the net cash used in financing activities of approximately S\$2.5 million which principally representing the net impact of (i) payment of dividend of approximately S\$2.0 million; (ii) repayment of obligation under leases of approximately S\$3.5 million; and (iii) proceeds from borrowings of approximately S\$3.0 million. For the four months ended 30 April 2019, the net increase in cash and cash equivalent of approximately S\$738,000 was primarily attributable to (i) the net cash generated from operating activities of approximately S\$2.3 million, partially offset by the net cash used in financing activities of S\$1.5 million which principally representing repayment of obligation under leases of approximately S\$1.1 million. For details of our cash flows during the Track Record Period, please refer to the section headed “Financial information — Liquidity and capital resources — Cash flows” on page 278 in this prospectus.

SUMMARY

Key financial ratios

	Year ended 31 December or as at 31 December			Four months ended 30 April 2019
	2016	2017	2018	or as at 30 April 2019
	2016	2017	2018	2019
Gross profit margin (%)	47.2	41.1	40.3	34.9
Profit margin (%)	22.7	16.3	9.1	0.5
Current ratio (times)	1.3	1.3	1.4	1.4
Quick ratio (times)	1.2	1.3	1.4	1.4
Gearing ratio (%)	86.5	74.3	67.5	64.9
Interest coverage ratio (times)	14.1	12.1	9.7	2.2
Net debt to equity ratio (times)	0.6	0.6	0.6	0.5
Return on total assets (%)	10.2	9.0	5.2	0.1
Return on equity (%)	20.8	17.7	10.2	0.2

Our profit margin decreased from approximately 22.7% for the year ended 31 December 2016 to approximately 16.3% for the year ended 31 December 2017. The decrease was mainly attributable to the decrease in gross profit margin for the year ended 31 December 2017 which principally due to (i) a majority of the revenue of a sizable project having a relatively high cumulative profit margin of approximately 65% for the Track Record Period was recognised in the year ended 31 December 2016; (ii) the undertaking of a sizable project in the public sector for the year ended 31 December 2017 having a relatively low cumulative gross profit margin of approximately 12% for the Track Record Period; and (iii) the relatively higher increase in cost of sales which was attributable to (a) the increase of unit price of diesel; and (b) the increase in sale of inventories, the gross profit of which was relatively lower as compared to that of undertaking demolition services. Our profit margin further decreased to approximately 9.1% for the year ended 31 December 2018, which was primarily due to the non-recurring listing expenses of approximately S\$3.3 million incurred during the year. Our profit margin decreased to approximately 0.5% for the four months ended 30 April 2019, which was primarily due to (i) the annual employee bonus of approximately S\$1.4 million distributed in the four months ended 30 April 2019. Such annual employee bonus was distributed to our employees once every year on or around Chinese New Year, which usually leads to a lower profit margin for the beginning of each financial year compared with the profit margin for the same full financial year; (ii) non-recurring listing expenses of approximately S\$758,000 incurred for the four months ended 30 April 2019; and (iii) the undertaking of two sizable projects involving the demolition of residential and factory buildings for the four months ended 30 April 2019, namely projects no. 6 and 12 (project reference number corresponds with that in the table disclosed in the section headed “Financial Information — Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this prospectus) which produced comparatively less salvage materials of high economic value such as ferrous metals and non-ferrous metals and therefore having a relatively low cumulative profit margin of approximately 32% and 35%, respectively, for the Track Record Period.

SUMMARY

Our gearing ratio decreased from approximately 86.5% as at 31 December 2016 to approximately 74.3% as at 31 December 2017. The decrease was mainly attributable to the decrease in our lease liabilities and amount due to a director as a result of our repayment during the year ended 31 December 2017. Our gearing ratio decreased from approximately 74.3% as at 31 December 2017 to approximately 67.5% as at 31 December 2018 which was primarily due to the increase in total equity as at 31 December 2018 as a result of the net profit recognised during the year. Our gearing ratio remained stable at approximately 67.5% and 64.9% as at 31 December 2018 and 30 April 2019 respectively.

For the detailed analysis of our key financial ratios during the Track Record Period, please refer to the section headed “Financial information — Key financial ratios” on page 287 in this prospectus.

PROPERTY VALUATION

Jones Lang LaSalle, an independent property valuer, has valued the head office building owned by our Group as at 31 July 2019 and is of the opinion that the value of our head office building as of such date was approximately S\$6.2 million. Please refer to the property valuation report issued by Jones Lang LaSalle as set out in Appendix III to this prospectus for details. In connection with the valuation, the Jones Lang LaSalle applied the direct comparison approach assuming sale of the property interests in their existing state, subject to the existing tenancies and occupancy arrangement and have made reference to comparable sales transactions as available in the relevant market in carrying out the assessment. In conducting its valuation, the Jones Lang LaSalle has made certain assumptions. You are advised that the appraised value of our property interests should not be taken as their actual realisable value or a forecast of their realizable value. Please refer to the section headed “Risk factors — Risks relating to our business — The appraised value of our property may be different from its actual realizable value and is subject to uncertainty or change” on page 43 in this prospectus for details.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Reorganisation, the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), TCB and its beneficial shareholder Mr. Tan will be interested in 49.17% of our Company’s issued shares, and K Luxe and its beneficial shareholder Ms. Lee will be interested in 16.39% of our Company’s issued shares. By virtue of Mr. Tan and Ms. Lee’s relationship of being spouses, they are entitled to, through TCB and K Luxe, control the exercise of a total of 65.56% of the voting power at the general meetings of our Company. Therefore, Mr. Tan, Ms. Lee, TCB and K Luxe will form and remain as a group of controlling shareholders of our Company within the meaning of the Listing Rules upon Listing. Our Controlling Shareholders have confirmed that none of them and their respective close associates is interested in any business which competes or is likely to compete, directly or indirectly, with the business of our Group. Our Directors are satisfied that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates after the Listing. For further details, please refer to the section headed “Relationship with Controlling Shareholders” on page 208 in this prospectus.

SUMMARY

PRE-IPO INVESTMENT

On 13 March 2018, T&B Holding and Mr. Tan entered into a subscription agreement with Prosperity Delight Limited, our Pre-IPO Investor, pursuant to which the Pre-IPO Investor agreed to subscribe and T&B Holding agreed to allot and issue to the Pre-IPO Investor 144 shares in T&B Holding, representing 12.59% of the then issued share capital of T&B Holding, at the consideration of HK\$15.0 million. Pursuant to the subscription agreement, the shareholders of T&B Holding shall procure the transfer of the entire shareholding interests of T&B Holding to the Company. On 17 April 2018, the Pre-IPO Investor entered into a share swap agreement with Mr. Tan, Ms. Lee, TCB, K Luxe, the Company and Five Elements, pursuant to which the Pre-IPO Investor was allotted and issued 1,259 Shares in the Company.

Immediately following the completion of the Reorganisation, the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), the Pre-IPO Investor will hold 9.44% of the issued share capital of our Company. Save for the Pre-IPO Investment and Mr. Cheung Kam Fai's directorship in our Company, as at the Latest Practicable Date, the Pre-IPO Investor and its ultimate beneficial owners do not have any other relationship with our Group, our Directors, members of our senior management, any connected persons of our Company and any of their respective associates. For details regarding the background of the Pre-IPO Investor, please refer to the section headed "History, reorganisation and corporate structure — Pre-IPO Investment" on page 114 in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

The aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK\$0.6 per Share, being the mid-point of the indicative Offer Price range) will be approximately HK\$100.0 million. We intend to apply the net proceeds from the Global Offering as follows:

- Approximately HK\$66.0 million (equivalent to approximately 66.0% of the net proceeds) will be used for enhancing our machinery fleet by acquiring excavators with different capacities including one unit of 48.5-metre high-reach excavator and attachments to excavators;
- Approximately HK\$17.4 million (equivalent to approximately 17.4% of the net proceeds) will be used for repaying our bank borrowing bearing interest rate at approximately 2.9% per annum and maturing in 2019, the proceeds from borrowing was used as working capital;
- Approximately HK\$11.8 million (equivalent to approximately 11.8% of the net proceeds) will be used for expanding our labour force by recruiting additional staff, including project management and project execution staff in the three years ending 31 December 2021;
- Approximately HK\$2.9 million (equivalent to approximately 2.9% of the net proceeds) will be used for engagement of professional consultant to review our internal management systems for the purpose of our registration for B1 grade under the CW02 "Civil Engineering" workhead; and
- Approximately HK\$1.9 million (equivalent to approximately 1.9% of the net proceeds) will be used as our general working capital.

SUMMARY

Please refer to the section headed “Future plans and use of proceeds — Use of proceeds” on page 294 in this prospectus for further details.

OFFERING STATISTICS

	Based on the minimum indicative Offer Price of HK\$0.5 per Offer Share	Based on the maximum indicative Offer Price of HK\$0.7 per Offer Share
Market capitalisation of our Shares at Listing ^(Note 1)	HK\$500 million	HK\$700 million
Unaudited pro forma adjusted net tangible assets per Share ^(Note 2)	S\$0.047 (equivalent to approximately HK\$0.27)	S\$0.055 (equivalent to approximately HK\$0.32)

Notes:

1. The calculation of the market capitalisation of our Shares is based on 1,000,000,000 Shares expected to be in issue immediately after completion of the Global Offering and the Capitalisation Issue, but does not take into account any Shares which may be allotted or issued pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme and any Share which may be issued or repurchased by the Company pursuant to the general mandate to issue Shares or the general mandate to repurchase Shares.
2. Please refer to the section headed “Unaudited pro forma financial information” in Appendix II to this prospectus for further details.

LISTING EXPENSES

We expect that our total listing expenses, which are non-recurring in nature, will amount to approximately HK\$50.0 million (equivalent to approximately S\$8.6 million) (assuming an Offer Price of HK\$0.6 per Offer Share (being the mid-point of the indicative Offer Price range)), of which approximately HK\$27.2 million (equivalent to approximately S\$4.7 million) has been/will be charged to the consolidated statement of comprehensive income as expenses and approximately HK\$22.8 million (equivalent to approximately S\$3.9 million) is directly attributable to the issue of new Shares in the Listing and to be accounted for as a deduction from equity upon completion of the Global Offering in the year ending 31 December 2019. For the three years ended 31 December 2018 and the four months ended 30 April 2019, listing expenses of nil, nil, S\$3.3 million and S\$0.8 million was charged to our consolidated statement of comprehensive income, respectively. The remaining listing expenses of approximately S\$0.6 million will be charged to the consolidated statement of comprehensive income for the year ending 31 December 2019 upon Listing.

DIVIDENDS

For the three years ended 31 December 2018 and the four months ended 30 April 2019, aggregate tax-exempt dividends of S\$4.8 million, S\$6.0 million, S\$2.0 million and nil, respectively, have been declared and paid. The declaration and payment of any future 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 and other factors which our Directors deem relevant. We do not have any dividend policy nor a pre-determined dividend payout ratio. Dividends declared and paid in the past should not be regarded as an indication of the dividend policy to be adopted by our Company following the Listing. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

SUMMARY

As advised by our legal adviser on Cayman Islands laws, Appleby, a position of accumulated losses does not necessarily restrict us from declaring and paying dividends to our Shareholders, as dividend may still be declared and paid out of our share premium account if immediately following the date on which the dividend is proposed to be paid, our Company shall be able to pay our debts as they fall due in the ordinary course of business.

PRINCIPAL RISK FACTORS

We believe that there are certain risks involved in our operation which are beyond our control. The following highlights some of the risks which our Directors consider to be material:

- We derived a significant portion of our revenue from the disposal of salvage materials and the fluctuation of the price of salvage materials could materially and adversely affect our results of operations and financial performance;
- Our demolition projects are non-recurring in nature and failure of our Group to secure new projects could materially and adversely affect our results of operations and financial performance;
- We have not entered into long-term agreements with our customers or salvage materials buyers and we cannot assure that our customers will continue to engage our services or our salvage materials buyers will continue to purchase our salvage materials;
- Incorrect estimation of our project operating costs and value of salvage materials to be derived in determining the tender or quotation price will materially and adversely affect our profitability and financial performance; and
- Our Group is dependent on our key personnel and there is no assurance that we can retain them.

Please refer to the section headed “Risk factors” on page 35 in this prospectus for further details.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

Subsequent to the Track Record Period and up to the Latest Practicable Date, we had continued to focus on our business of undertaking demolition works in Singapore, and we had completed 11 projects with an aggregate net contract sum of approximately S\$7.6 million, nine of which were awarded during the Track Record Period. From 1 May 2019 and up to the Latest Practicable Date, we had submitted a total of 39 tenders/quotations with an aggregate net contract sum of approximately S\$25.6 million and 12 new projects with an aggregate net contract sum of approximately S\$11.0 million had been awarded to us. As at the Latest Practicable Date, 73 tenders/quotations with an aggregate net contract sum of approximately S\$66.4 million the results of which were still pending. As at the Latest Practicable Date, we had 16 projects on hand (including projects in progress and projects awarded to us but had not yet commenced) with an aggregate net contract sum of approximately S\$16.3 million, six of which were awarded during the Track Record Period. Please refer to the section headed “Business — Our projects — Projects on hand as at the Latest Practicable Date” on page 167 in this prospectus for further details. As at the Latest Practicable Date, all existing projects have continued to contribute revenue to our Group and none of them had any material interruption.

SUMMARY

In April 2019, one of our five largest customers during the Track Record Period has appointed our Group as its subcontractor for demolishing works for seven potential demolition projects with an aggregate estimated contract revenue of approximately S\$21.7 million. Three of the seven potential projects with such major customer are our projects on hand, namely projects no. 4, no. 10 and no. 11 (project reference number corresponds with that in the table disclosed in the section headed “Business — Our Projects — Projects on hand as at the Latest Practicable Date” in this prospectus). The other four potential projects, which were yet to be awarded to such major customer as at the Latest Practicable Date, will be private projects involving demolition of factory buildings and are expected to commence by the end of 2019 or during the year of 2020. The aggregate contract revenue of the four potential projects is estimated to be approximately S\$12.1 million (comprising (i) net contract sum of approximately S\$8.6 million; (ii) proceeds from disposal of salvage materials of approximately S\$3.5 million; and (iii) earth depositing proceeds of approximately S\$24,000) and the estimated net contract sum of individual project ranges from approximately S\$0.5 million to S\$3.5 million.

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, save for the listing expenses to be incurred as stated in the section headed “Financial information — Listing expenses” in this prospectus, (i) there were no material adverse changes in the market conditions or the industry environment in which we operate that materially and adversely affect our financial or operating position since 30 April 2019 and up to the date of this prospectus; (ii) there was no material adverse change in the trading and financial position or prospects of our Group since 30 April 2019 and up to the date of this prospectus; and (iii) no event had occurred since 30 April 2019 and up to the Latest Practicable Date that would materially and adversely affect the information shown in the accountant’s report set out in Appendix I to this prospectus.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the meanings set out below. Certain other terms are defined in the section headed “Glossary” in this prospectus.

“affiliate(s)”	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or, where the context so requires, any of them, relating to the Hong Kong Public Offering
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company, conditionally adopted on 15 October 2019 and taking effect upon Listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set forth in Appendix IV to this prospectus
“Beng Soon Machinery”	Beng Soon Machinery Services (Singapore) Pte Ltd, a company incorporated in Singapore on 8 January 1993 with limited liability, which is an indirect wholly-owned subsidiary of our Company
“BCA”	Building and Construction Authority of Singapore
“Board”	our board of Directors
“BSM (Myanmar)”	BSM (Myanmar) Co., Ltd., a company incorporated in Myanmar on 30 July 2015 with limited liability, which is wholly owned by two Independent Third Parties
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the allotment and issue of 749,990,000 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed “Statutory and general information — A. Further information about our Company and our subsidiaries” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“CHF”	Swiss franc, the lawful currency of Switzerland
“China” or “PRC”	the People’s Republic of China, but for the purpose of this prospectus only and except where the context requires otherwise, references in this prospectus to “China” or the “PRC” do not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Sole Sponsor”	Honestum International Limited, a licensed corporation under the SFO and permitted to carry out Type 6 (advising on corporate finance) of the regulated activity as defined under the SFO, acting as the sole sponsor to the Listing
“Companies Law” or “Cayman Companies Law”	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Beng Soon Machinery Holdings Limited, an exempted company incorporated in the Cayman Islands under the Companies Laws with limited liability on 6 April 2018

DEFINITIONS

“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules. In the context of this prospectus, means the group of controlling shareholders of the Company, being Mr. Tan, Ms. Lee, TCB and K Luxe
“Deed of Indemnity”	the deed of indemnity dated 15 October 2019 executed by the Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries stated therein)
“Director(s)”	the director(s) of our Company
“Five Elements”	Five Elements Investment Holdings Limited, a company incorporated in the BVI on 10 April 2018 with limited liability, which is a direct wholly owned subsidiary of our Company
“Frost & Sullivan”	Frost & Sullivan Limited, an Independent Third Party and an independent market research expert
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Global Offering”	the Hong Kong Public Offering and the International Placing
“ GREEN Application Form(s)”	the application form(s) to be completed by HK eIPO White Form Service Provider, designated by our Company
“Group”, “Our Group”, “we” or “us”	our Company and its subsidiaries or, where the context refers to any time prior our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses carried on by such subsidiaries or (as the case may be) their predecessors or any of them
“ HK eIPO White Form ”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting application online through the designated website at www.hkeipo.hk
“ HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at www.hkeipo.hk
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of our Company
“Hong Kong dollars” or “HK\$” or “cents”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Offer Shares”	the 25,000,000 new Shares being initially offered by our Company for subscription under the Hong Kong Public Offering, subject to re-allocation as described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the conditional offer of the Hong Kong Offer Shares for subscription by members of the public in Hong Kong at the Offer Price, and on the terms and subject to the conditions described in this prospectus and the Application Forms
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering, whose names are set out in the section headed “Underwriting” in this prospectus
“Hong Kong Underwriting Agreement”	the conditional underwriting agreement dated 21 October 2019 relating to the Hong Kong Public Offering entered into between, among others, our Company and the Hong Kong Underwriters, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“IFRS”	International Financial Reporting Standards, which include standards, amendments and interpretations issued by the International Accounting Standards Board
“Independent Third Party(ies)”	individual(s) or company(ies) that is or are independent of, and not connected (within the meaning of the Listing Rules) with, any directors, chief executive or substantial shareholders of our Company or any of its subsidiaries or any of their respective associate(s)
“Industry Report”	a commissioned industry research report prepared by Frost & Sullivan for use in part in this prospectus
“INR”	Indian rupees, the lawful currency of India
“International Placing”	the conditional placing of International Placing Shares at the Offer Price to selected professional, institutional and other investors, as set out in the section headed “Structure of the Global Offering” in this prospectus

DEFINITIONS

“International Placing Shares”	the 225,000,000 new Shares being initially offered by our Company for subscription under the International Placing, subject to re-allocation and the Over-allotment Option as described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Placing, who are expected to enter into the International Underwriting Agreement
“International Underwriting Agreement”	the conditional underwriting agreement relating to the International Placing and expected to be entered into between, among others, our Company and the International Underwriters on or about the Price Determination Date
“Joint Global Coordinators” and “Joint Bookrunners”	Ping An Securities Limited, GLAM Capital Limited and Shanxi Securities International Limited, being the joint global coordinators and the joint bookrunners of the Global Offering
“Joint Lead Managers”	Ping An Securities Limited, GLAM Capital Limited, Shanxi Securities International Limited, Pacific Challenge Securities Limited, China Rich Securities Limited, Enlighten Securities Limited and Sheng Yuan Securities Limited, being the joint lead managers of the Global Offering
“Jones Lang LaSalle”	Jones Lang LaSalle Property Consultants Pte Ltd, our independent property valuer
“JPY”	Japanese yen, the lawful currency of Japan
“K Luxe”	K Luxe Holdings Limited, a company incorporated in the BVI on 4 April 2018 with limited liability which is wholly owned by Ms. Lee and is one of our Controlling Shareholders
“Latest Practicable Date”	13 October 2019, being the latest practicable date prior to the publication of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing sub-committee of the board directors of the Stock Exchange
“Listing Date”	the date on which the dealings in our Shares first commence on the Stock Exchange, which is expected to be on or about 8 November 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Macau”	the Macau Special Administrative Region of the PRC
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding options market) and which stock market continues to be operated by the Stock Exchange in parallel with Growth Enterprise Market and which, for the avoidance of doubt, excludes Growth Enterprise Market
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company adopted on 15 October 2019 and taking effect upon Listing, as amended, supplemented or otherwise modified from time to time, a summary of which is set forth in Appendix IV to this prospectus
“MOM”	Ministry of Manpower of Singapore
“Mr. Alvin Tan”	Mr. Tan Wei Leong, an executive Director and son of Mr. Tan and Ms. Lee
“Mr. Tan”	Mr. Tan Chee Beng, the chief executive officer, chairman and an executive Director, one of our Controlling Shareholders and the spouse of Ms. Lee and the father of Mr. Alvin Tan
“Ms. Lee”	Ms. Lee Peck Kim, one of our Controlling Shareholders and the spouse of Mr. Tan and the mother of Mr. Alvin Tan
“Ms. Lo”	Ms. Lo Kim Fong, the company secretary of our Company
“Ms. Tang”	Ms. Tang Ling Ling, an executive Director
“Myanmar”	the Republic of the Union of Myanmar
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering, to be determined as further described in the section headed “Structure of the Global Offering — Determination of the Offer Price” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, any additional Shares to be issued pursuant to the exercise of the Over-allotment Option

DEFINITIONS

“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters (exercisable by the Joint Global Coordinators for themselves and on behalf of the International Underwriters), pursuant to which our Company may be required to issue and allot up to an aggregate of 37,500,000 additional new Shares, representing 15% of the Shares initially available under the Global Offering at the Offer Price, to cover over-allocations in the International Offering, if any, as further described in the section headed “Structure of the Global Offering” in this prospectus
“Pre-IPO Investment”	the Pre-IPO investment in the Company undertaken by the Pre-IPO Investor pursuant to the subscription agreement of T&B Holding entered into by the Pre-IPO Investor, Mr. Tan and T&B Holding dated 13 March 2018 pursuant to which the Pre-IPO Investor, subject to certain terms and conditions, agreed to subscribe for 144 ordinary shares of T&B Holding, details of which are set out in the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investment” in this prospectus
“Pre-IPO Investor” or “Prosperity Delight”	Prosperity Delight Limited (鑫悦有限公司), a company incorporated in BVI on 22 February 2018 with limited liability. Details of our relationship with the Pre-IPO Investor is set out in the section headed “History, Reorganisation and Corporate Structure — Pre-IPO Investment — Information on the Pre-IPO Investor” in this prospectus
“Price Determination Agreement”	the agreement to be entered into between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about 28 October 2019, or such later date as the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company may agree, on which the Offer Price is fixed for the purpose of the Global Offering
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing, the particulars of which are set forth in the section headed “History, Reorganisation and Corporate Structure” in this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the capital of our Company
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 15 October 2019, the principal terms of which are set out in the section headed “Statutory and general information — D. Share Option Scheme” in Appendix V to this prospectus
“Shareholder(s)”	holder(s) of the Share(s)
“Singapore”	the Republic of Singapore
“Singapore Government”	the government of Singapore
“Singapore Legal Advisers”	Allen & Gledhill LLP, the legal advisers to our Company as to Singapore laws in connection with the Listing
“Stabilising Manager”	Ping An Securities Limited, being the stabilising manager in connection with the Global Offering
“Stock Borrowing Agreement”	a stock borrowing agreement expected to be entered into between TCB and the Stabilising Manager on or about the Price Determination Date, pursuant to which TCB will agree to lend up to 37,500,000 Shares to the Stabilising Manager on the terms set forth therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“S\$” or “SGD”	Singapore dollars, the lawful currency of Singapore
“T&B Holding”	T&B Holding Limited, a company incorporated in Hong Kong on 2 January 2018 with limited liability, which is an indirect wholly-owned subsidiary of our Company
“Takeovers Code”	The Code on Takeovers and Mergers and Share Repurchases issued by the SFC as amended, supplemented or otherwise modified from time to time
“TCB”	TCB Investment Holdings Limited, a company incorporated in BVI on 4 April 2018 with limited liability which is wholly owned by Mr. Tan and is one of our Controlling Shareholders
“Track Record Period”	the period comprising the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2019
“Underwriters”	the Hong Kong Underwriters and the International Underwriters

DEFINITIONS

“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$”	United States dollars, the lawful currency of the United States
“United States” or “U.S.”	the United States of America, including its territories and possessions
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“WHITE Application Form(s)”	the form(s) of application for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be issued in an applicant’s/applicants’ own name
“YELLOW Application Form(s)”	the form(s) of application for the Hong Kong Offer Shares for use by the public who require(s) such Hong Kong Offer Shares to be deposited directly into CCASS
“£”	British pound, the lawful currency of the United Kingdom
“%”	per cent

In this prospectus:

- *The terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected person(s) at the subsidiary level”, “core connected person(s)”, “connected transaction(s)”, “substantial shareholder(s)” and “subsidiary(ies)” shall have the meanings ascribed thereto under the Listing Rules, unless the context otherwise requires.*
- *Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus is as at Latest Practicable Date.*
- *Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*
- *Unless otherwise specified, all references to “2016”, “2017” and “2018” are to the years ended 31 December 2016, 2017 and 2018 respectively.*
- *All times refer to Hong Kong time. Unless otherwise specified, reference to years in this prospectus are to calendar years.*
- *Certain figures used in this prospectus that are expressed in S\$ are translated in HK\$ at the rate of S\$1.0 = HK\$5.8.*

GLOSSARY

This glossary contains explanation of certain technical terms used in this prospectus in connection with our Company and our business. The terminology and their meanings may not correspond to standard industry meanings or usage of those terms.

“CAGR”	compound annual growth rate
“CRS”	Contractors Registration System of BCA, which serves the construction and construction-related procurement needs of the public sector in Singapore including Singapore Government ministries and statutory bodies or statutory boards in Singapore. Companies are required to register under this system in order to participate in construction tenders or to carry out construction projects (as main contractor or subcontractor) for public sector projects
“high-rise building(s)”	structure(s) or building(s) that are above 25 metres of height or more than 8-storey of height
“ISO”	an acronym for a series of quality management and quality assurance standards published by International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO 9001”	quality management systems model published by ISO for quality assurance in design, development, production, installation and servicing, where ISO 9001:2015 is the current version of ISO 9001
“ISO 14001”	environmental management system requirements published by ISO, where ISO 14001:2015 is the current version of ISO 14001
“main contractor(s)”	in respect of a demolition project, a contractor who is appointed by the ultimate project employer and who generally oversees the progress of the entire demolition project and delegate different work tasks of the demolition to subcontractors
“OHSAS”	Occupational Health and Safety Assessment Specification, an international assessment specification for occupational health and safety management systems
“OHSAS 18001”	the requirements for occupational health and safety management system developed for managing health and safety risks associated with a business, where OHSAS 18001:2007 is the current version of OHSAS 18001
“private sector project(s)”	works contracts that are not public sector projects

GLOSSARY

“public sector project(s)”	works contracts of which the ultimate project employer is the Singapore Government or a statutory body or statutory corporation in Singapore
“subcontractor”	in respect of a demolition project, a contractor who is appointed by the main contractor or by another subcontractor involved in the demolition and who generally carries out specific work tasks of the demolition
“workhead”	work category as sub-classified under the seven major categories of registration under the CRS; further details of which are set forth in the section headed “Regulatory overview” in this prospectus

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements are contained principally in the sections headed “Summary”, “Risk factors”, “Future plans and use of proceeds”, “Financial information”, “Industry overview” and “Business”. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under “Risk factors”, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

In some cases, these forward-looking statements can be identified by words or phrases such as “may”, “will”, “expect”, “anticipate”, “aim”, “estimate”, “intend”, “plan”, “believe”, “potential”, “continue”, “is/are likely to” or other similar expressions. These forward-looking statements include, among other things, statements relating to:

- our business strategies and initiatives as well as our business plans;
- our future business development, results of operations and financial condition;
- our capital expenditure and funding plans;
- expected changes in our revenues and certain cost or expense items;
- our expectations with respect to increased revenue growth and our ability to sustain profitability;
- our projects under development or planning;
- our dividend distribution plans;
- capital market development;
- future development, competitive environment and trends in our industry;
- margins, overall market trends, risk management and exchange rates;
- changes in general economic, regulatory and operating conditions in the markets in which we operate;
- other statements in this prospectus that are not historical fact.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond our control. In addition, these forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual outcomes may differ materially from the information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth in the section headed “Risk factors” in this prospectus.

FORWARD-LOOKING STATEMENTS

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus completely and with the understanding that our actual future results or performance may be materially different from what we expect.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

RISK FACTORS

Potential investors of the Offer Shares should carefully consider all of the information set out in this prospectus and, in particular, the following risks and special considerations associated with an investment in our Company before making any investment decisions in relation to our Company. If any of the possible events as described below materialises, our Group's business, financial position and prospects could be materially and adversely affected and the market price of the Offer Shares could fall significantly.

This prospectus contains certain forward-looking statements relating to our Group's plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results may differ materially from those as discussed in this prospectus. Factors that could contribute to such differences are set out below as well as in other parts in this prospectus.

RISKS RELATING TO OUR BUSINESS

We derived a significant portion of our revenue from the disposal of salvage materials and the fluctuation of the price of salvage materials could materially and adversely affect our results of operations and financial performance.

For the three years ended 31 December 2018 and the four months ended 30 April 2019, we derived approximately 77.0%, 65.2%, 60.1% and 54.9% of our total revenue from the disposal of salvage materials such as ferrous metal, non-ferrous metal and recycled concrete aggregate to third party salvage materials buyers, respectively. The prices of each type of salvage materials may be subject to fluctuation as a result of various factors beyond our control, such as the global economic and financial conditions, sourcing policies of the salvage materials buyers, import and export regulations, supply and demand conditions of the relevant materials and change in environmental and conservation regulations in Singapore and overseas countries. In addition, since our Group has not entered into any long-term contracts with the salvage materials buyers for our disposal of salvage materials, our selling prices of salvage materials are subject to market fluctuation from time to time. In the event there is a material decrease in the price of salvage materials, our profitability and financial performance will be materially and adversely affected.

Our demolition projects are non-recurring in nature and failure of our Group to secure new projects could materially and adversely affect our results of operations and financial performance.

Our demolition contracts are on a non-recurring and project basis. As our contracts are non-recurring in nature, we cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing projects. While we obtain new demolition projects through tender or quotation, a majority of our contract revenue during the Track Record Period was derived from projects secured by tender. Our tender/quotation success rates were approximately 31.3%, 32.1%, 34.0% and 28.6% for the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively. There is no assurance that we will be invited to or are made aware of the tendering process or our tenders will be selected by our customers. In addition, according to the Industry Report, most of the customers in the demolition industry in Singapore have maintained evaluation system to review their contractors' performance in terms of work quality and regulatory compliance, financial capability and reputation. If a contractor receives a poor safety performance review or a workplace accident occurs, the result of its evaluation and its tender/quotation success rate may be

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adversely affected. In serious cases, the contractor may be suspended from tendering for new contracts. There is no assurance that our overall performance is satisfactory to all of our customers. In the event that we are unable to maintain business relationship with our existing customers, or unable to secure new projects or obtain similar number of projects and maintain our tender/quotation success rate, our results of operations and financial performance will be materially and adversely affected.

We have not entered into long-term agreements with our customers or salvage materials buyers and we cannot assure that our customers will continue to engage our services or our salvage materials buyers will continue to purchase our salvage materials.

Our ability to maintain good business relationship with our customers and salvage materials buyers is crucial to our ongoing growth and profitability. Our demolition contracts are on a non-recurring and project basis. We may receive proceeds from disposal of salvage materials and/or earth depositing while we undertook demolition works at our demolition site. We have not entered into any long-term agreements with our customers, as well as salvage materials buyers and earth providers. The demand for our demolition services and salvage materials may change due to a number of factors, some of which may be beyond our control such as changes in their businesses, personnel, sourcing policies, economic conditions, import and export regulations, market supply and demand conditions of demolition services and/or recyclable demolition wastes and change in environmental and conservation regulations. Furthermore, we cannot control the demand of excavation and earthworks required from our customers in our projects, as such, the amount of earth depositing proceeds to be received from us is beyond our control.

In the event that there was a decrease in the demand for our demolition services or salvage materials and we are unable to identify new customers and/or salvage materials buyers, our Group's results of operations and financial performance will be materially and adversely affected.

Incorrect estimation of our project operating costs and value of salvage materials to be derived in determining the tender or quotation price will materially and adversely affect our profitability and financial performance.

During the Track Record Period, a majority of our contract revenue was derived from projects secured by tender. We determine our tender or quotation price primarily by estimating our operating costs with a certain percentage of markup. For projects involving removal of salvage materials services, our tendering or quotation price will also have taken into account the discounted estimated value of the salvage materials which would be derived from the project. Our contracts with customers typically have a fixed and pre-determined fee throughout the contract period and no price adjustment mechanism is provided. Please refer to the section headed "Business — Our operations flow — Tender or quotation — Preparation of tender proposal or quotation — Pricing strategy" in this prospectus for details of our pricing strategy. There is no assurance that we can make our estimation accurately. During the Track Record Period, based on the contract revenue derived and the costs incurred from the projects, there was one loss-making demolition project which made a cumulative loss of approximately S\$2.2 million. The loss was primarily due to a significant contract tender fees required by the project owner to secure the project as a result of an incorrect estimation of the proceeds from disposal of salvage materials which was contributed by (i) an over estimation of the quantity of salvage materials that could be produced; and (ii) the subsequent deterioration of the market price of certain salvage materials. We may make mistakes and errors in our tender proposal or quotation if there is inaccurate estimation of costs, errors

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in calculation of value of salvage materials to be derived, oversight of material tender or quotation terms or inaccurate assumptions. Our operating costs may increase due to inflation or unexpected price fluctuation of labour cost and material, changes in regulatory requirements, disputes with our employees, suppliers, subcontractors or other third parties such as salvage materials buyers and earth providers, delay, stringent technical issues or other unforeseeable factors. As such, unexpected delay and inaccurate estimation on operating costs and value of salvage materials to be derived will materially and adversely affect our Group's profitability and financial performance.

Our Group is dependent on our key personnel and there is no assurance that we can retain them.

Our Directors believe that our success and growth has been, to a large extent, attributable to our Directors and senior management. Our key personnel together with their operational and management experience in the demolition industry have provided significant contributions to various key aspects of our business, including maintenance of business relationship with our customers and other business partners, pricing strategy and technical skills involved in project execution. In particular, we rely on the leadership and management of Mr. Tan, our founder, our Chairman, chief executive officer, executive Director and a Controlling Shareholder, who had significant contributions to various key aspects of our business. Ms. Tang, our executive Director, also has over 19 years of experience in the demolition industry. We also rely on our experienced senior management team to ensure the smooth operations of our projects and day-to-day business. For details of the qualifications and experience of our Directors and senior management, please refer to the section headed "Directors and senior management" in this prospectus. Our success and growth therefore largely depends on our ability to identify, hire, train and retain experienced, skilled and qualified key personnel. If any of our key personnel ceases to be involved in our Group in the future and we are unable to find suitable replacements in a timely manner, there will be a material and adverse impact on our business operations and financial performance.

Majority of our workforce is made up of foreign employees and any difficulties in recruiting and/or retaining foreign labour could materially and adversely affect our business operations and financial performance.

As at the Latest Practicable Date, approximately 71.1% of our workforce is made up of foreign employees. On this basis, our business operations and financial performance may be adversely affected in case of any shortage in the supply of foreign workers or any increase in the cost of foreign labour. There is no assurance that we can continually recruit sufficient foreign labour to support our business operation if there is shortage in the supply of foreign labour, increase in the salaries and wages of foreign labour or changes in the relevant laws and regulations relating to the employment of foreign labours in Singapore, such as substantial increase in foreign worker levy and security bond, decrease in dependency ceilings ratio for our industry and more stringent approval process for work passes by foreign labour. The employment of foreign labour in Singapore is subject to the laws and regulations summarised in the section headed "Regulatory overview — Employment laws — Employment of foreign manpower" in this prospectus. Any material difficulties in recruiting and/or retaining foreign labour or any material adverse change in the relevant laws and regulations in relation to the employment of foreign labour in Singapore could significantly increase our recruitment and employment costs and hinder our recruitment of foreign labour, thereby materially and adversely affect our business operations and financial performance.

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Our top five customers accounted for over 77.0% of our total revenue in each of the three years ended 31 December 2018 and the four months ended 30 April 2019 and any decrease in projects secured from any one of them could materially and adversely affect our results of operations and financial results.

Our five largest customers (by aggregate contract revenue contributed to us from the relevant projects) accounted for approximately 79.6%, 78.2%, 77.5% and 83.7% of our total revenue for the three years ended 31 December 2018 and the four months ended 30 April 2019 respectively. There is no assurance that these major customers will continue to use our services at fees acceptable to our Group or our Group can maintain our relationship with them in the future. In the event that our Group is unable to retain these customers, or seek replacement customers, our business, results of operations, profitability, financial performance and liquidity will be materially and adversely affected.

Our top five salvage materials buyers accounted for over 61.0% of our total proceeds from disposal of salvage materials in each of the three years ended 31 December 2018 and the four months ended 30 April 2019 and any decrease in demand of our salvage materials from any one of them could materially and adversely affect our result of operations and financial performance.

Our five largest salvage materials buyers (by proceeds from disposal of salvage materials contributed to us) accounted for approximately 83.2%, 79.7%, 61.8% and 86.0% of our total proceeds from disposal of salvage materials for the three years ended 31 December 2018 and the four months ended 30 April 2019 respectively. There is no assurance that these major salvage materials buyers will continue to purchase salvage materials from our Group or our Group can maintain our relationship with them in the future. In the event that our Group is unable to retain these salvage materials buyers, or seek replacement salvage materials buyers, our business, results of operations, profitability, financial performance and liquidity may be adversely affected.

Our historical revenue and profitability may not be indicative of our long-term and future financial performance.

For the three years ended 31 December 2018 and the four months ended 30 April 2019, our total revenue amounted to approximately S\$24.7 million, S\$27.9 million, S\$34.0 million and S\$11.6 million, respectively; while we recorded net profit amounted to approximately S\$5.6 million, S\$4.5 million, S\$3.1 million and S\$59,000 for the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively. We did not enter into any long-term agreement with our customers and/or other third parties such as salvage materials buyers and earth providers in respect of our demolition services, disposal of salvage materials, earth disposal by the earth providers and leasing or sale of machinery services. Revenue from our demolition services is recognised over time as the project owners simultaneously receives and consumes the benefits provided by the Group as the demolition services are performed. The measure of demolition progress is determined based on the proportion of costs incurred to-date to the estimated total costs for each service. Thus, revenue from our demolition services projects may be recognised across financial years. Revenue and profitability of our demolition services vary for different projects depending on, among others, the scale and complexity of the projects, amount and type of salvage materials available for disposal, price of the salvage materials, and the resources such as machinery and labour deployed by us. Revenue and profitability of our machinery leasing services vary

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based on, among others, the type of machinery provided for leasing and the term of the lease. Revenue and profitability of our sale of machinery vary bases on, among others, the type of machinery sold and the percentage of markup determined by us.

As such, our historical revenue and profitability are a mere analysis of our past performance and may not be indicative of our long-term and future financial performance which may depend on, among others, the nature of demolition projects we undertake, our capacity to secure new business opportunities, ability to control our costs and the availability of the machinery offered for leasing or sale. There is no assurance that our profit margin will not fluctuate in the future and that we will be able to achieve the performance as we did during the Track Record Period. Investors should not solely rely on our historical financial information as an indication of our future financial or operating performance.

Our historical profitability was affected by gains from disposal of property, plant and equipment and changes in fair value of financial assets at fair value through profit or loss which may not recur in the future.

We recognised gains of approximately S\$0.9 million, S\$0.5 million, S\$0.6 million and S\$66,000 for the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively, from disposal of property, plant and equipment. During the Track Record Period, we disposed our used machinery such as excavators to third party used-machinery buyers.

We recognised a loss of approximately S\$22,000 for the year ended 31 December 2016 and gains of approximately S\$17,000, S\$4,000 and S\$1,000 for the years ended 31 December 2017, 2018 and the four months ended 30 April 2019, respectively, from the changes in fair value of financial assets at fair value through profit or loss. Our financial asset at fair value through profit or loss represents the loss or gain we received in respect of the change of fair value of the life insurance policy for a key management of our Company.

Both gains from disposal of property, plant and equipment and the gains from changes in fair value of our financial asset at fair value through profit or loss depends on factors including market conditions which are beyond our control. Gains from disposal of property, plant and equipment also depends on our policy of disposal of used machinery and equipment. We cannot assure you that the gains from the disposal of property, plant and equipment or the changes in fair value of financial asset at fair value through profit or loss will recur, or that we will not incur losses in the future. Our results of operations would be materially and adversely affected as a result.

Our cash flows may fluctuate or deteriorate due to the potential mismatch in the timing between the receipt of payment from our customers and salvage materials buyers, and payment to our suppliers or subcontractors.

We generally do not receive any sums as prepayment for our demolition projects from our customers. For our demolition projects, we generally incur net cash outflows at the early stage of the projects for purchasing materials, setting up site office if required, arranging transportation of our machinery and providing our services before payments are received from our customers. We may even incur substantial amount of contract tender fees before the commencement of the project for securing some of our projects. Our customers normally pay progress payments after our works commence and we receive proceeds after we dispose salvage materials removed from our demolition works (if applicable). We receive proceeds from the disposal of salvage materials and earth depositing (if any) at a later stage

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of our projects. Therefore, the cash flows of a particular project will turn from net outflows at the early stage into accumulative net inflows gradually as the works progress and when we receive proceeds from dispose of salvage materials and/or earth depositing.

Since our cash flows may vary depending on the progress, nature and number of projects which we undertake and the services we provide, there is no assurance that we can maintain a stable cash flow in each financial year/period nor is there any assurance that our cash outflow of a particular project or service could always be compensated by the cash inflows of other projects or income.

In addition, we rely on cash inflow from our customers or salvage materials buyers to meet our payment obligations to our suppliers and subcontractors. Our cash inflow is dependent on the prompt settlement from our customers or salvage materials buyers upon our provision of services and/or salvage materials. However, even if our customers settle our invoices in a timely manner and in full, there is no assurance that we will not experience any significant cash flow mismatch. Cash flow mismatch could result in net cash used in operating activities, and if the mismatch becomes significant, we will have to rely on bank facilities in order to meet our payment obligations. If we are unable to do so, we will be in default of our payment obligations and may not be able to expand our business. Thus, our business, results of operations and financial performance may be materially and adversely affected.

If we are unable to meet our payment obligations, our business, financial condition and results of operations may be materially and adversely affected.

We cannot assure you that we will be able to generate positive net cash flows from operating activities in the future. Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. For example, if we do not have sufficient net cash flow to fund our future capital requirements, pay our trade and other payables or repay our outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. We will incur additional financing costs and we cannot guarantee that we will be able to obtain financing on terms acceptable to us, or at all. If no adequate funds are available, whether on satisfactory terms or at all, we may be forced to delay or curtail our operations, our development and expansion plans or to raise funds at terms that are not favorable to our Company. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We are subject to delays or defaults in collecting our trade or other receivables which may materially and adversely affect our credit risk and financial position.

For our demolition projects, we normally make progress claims to our customers according to our work done which is subject to our customers' approval. We generally receive proceeds from disposal of salvage materials or earth depositing after our issuance of invoice and income from leasing of our machinery monthly or at the end of the lease term (assuming the lease term is less than a month).

As at 31 December 2016, 2017, 2018 and 30 April 2019, we recorded trade receivables of approximately S\$3.0 million, S\$5.2 million, S\$6.7 million and S\$5.0 million respectively. Our trade receivables turnover days were approximately 45 days, 68 days, 72 days and 52 days for the three years ended 31 December 2018 and the four months ended 30 April 2019 respectively. There is no assurance

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that payment will be made to us on a timely and full basis. If our customers or third parties fail to pay us on time or in full, our cash flow, working capital and financial performance may be materially and adversely affected.

We may not be able to bill and receive the full amount of contract assets, and our liquidity and financial position may be materially and adversely affected.

Contract assets are recognised if our right to payment for services transferred to our customer exceed the billings issued. Our right to payment for services transferred to our customer is determined based on (i) the estimated total transaction price; and (ii) the progress of the demolition project (which is determined based on the proportion of costs incurred to-date to the estimated total costs for each demolition project). Due to the contiguous and inseparable demolition works performed by us, the estimated total transaction price includes not only the fixed amount of net contract sum received or receivable directly from the project owners, but also a variable consideration in the form of proceeds from (i) disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (ii) earth providers for depositing earth at demolition sites for landfilling purpose on behalf of the project owners, and we normally issue the progress billings to the project owners after our works commence and we generally receive proceeds from the disposal of salvage materials and earth depositing (if any) at a later stage of our projects after our demolition works at the demolition sites. As a result, depending on the different working stages of our projects as at the end of each financial period, we may recognise significant amount of contract assets before billings have been made to our customers. As at 30 April 2019, the amount of contract assets which remained unbilled was approximately S\$9.7 million. As we may not be able to reach an agreement with the customers on the total value of our work done or there may be an incorrect estimation of the proceeds from disposal of salvage materials and earth depositing to be derived, there is no assurance that we will be able to bill and receive the full amount of contract assets. If we are not able to do so, our results of operation, liquidity and financial position may be materially and adversely affected. Additionally, we cannot assure you that the financial position of our customers will remain solvent or that our customers will settle our bill on time or that we will be able to recover our contract assets in full or at all in the future.

Inability to complete our projects on a timely basis could materially and adversely affect our financial performance and reputation and could lead to claims from customers.

Delay in project can be due to various factors, including but not limited to, adverse weather conditions, workplace accidents, delays by our subcontractors, shortage of manpower, malfunctioning of machinery, other unforeseeable factors and factors beyond our control. If there is a delay in our projects, not only may we have delay in invoicing, but we may also be unable to receive proceeds from our disposal of salvage materials from demolition. As our revenue from demolition services is recognised over time as the project owners simultaneously receives and consumes the benefits provided by our Group as the demolition services are performed. The measure of demolition progress is determined based on the proportion of costs incurred to-date to the estimated total costs for each service. Therefore, delay in our demolition project will affect our financial performance in terms of revenue and operational cash flows. Furthermore, our contracts with customers of our demolition services normally include payment of liquidated damages by us in the event of project delay. If such a claim for liquidated damages arises, it may materially and adversely affect our business operations, financial performance and reputation.

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

Demolition market is a highly regulated industry in Singapore. Demolition contractors shall be registered with BCA under specific workhead and obtain relevant approval and permit from BCA prior to commencement of demolition works. We hold various licences and registrations for our business operations in Singapore. In particular, Beng Soon Machinery, our principal operating subsidiary, obtained (i) Class 2 General Builder Licence; (ii) the single grade under CR03 “Demolition” workhead; (iii) the C1 grade under CW02 “Civil Engineering” workhead; and (iv) the C3 grade under CW01 “General Building” workhead. The BCA and other regulatory bodies stipulate the requirements such as qualified personnel with the necessary professional qualifications and experience and the necessary performance track records to be satisfied before our registrations or licences are granted and/or renewed. The maintenance and renewal of our registrations and licences are also subject to compliance with the relevant regulations. For details of the relevant requirements, please refer to the section headed “Regulatory overview” in this prospectus.

Our ability to maintain our registrations are crucial to our business operations as the relevant registrations and grading directly affect our ability to tender and undertake public sector projects and our private customers may take our registrations and grading under the CRS into consideration. There is no assurance that we will be able to maintain and/or renew our registration and licences and the requirements laid down by the BCA may change from time to time. If we fail to comply with the relevant requirements or conditions, our qualifications and licences may be downgraded, suspended or cancelled. If we are unable to renew or maintain our registrations or licences, our business opportunities in terms of the nature and number of projects may be reduced or our demolition works may be suspended which materially and adversely affect our business operations, financial performance and prospects.

Our profitability may be materially and adversely affected by the potential increase in depreciation expenses.

Our business strategies and use of proceeds include purchase of new machinery and equipment such as hydraulic excavators and excavator attachments to improve our capacity. Please refer to the section headed “Future plans and use of proceeds” in this prospectus for the relevant details.

As a result of the intended purchase of additional machinery, it is expected that our depreciation expenses will be increased by approximately S\$105,000, S\$633,000, S\$1.0 million and S\$1.2 million for the years ending 31 December 2019, 2020, 2021 and 2022, respectively, which will be charged to our statements of comprehensive income and affect our financial performance after the Listing. Accordingly, our results of operation and financial performance will be adversely affected.

Any malfunctioning, damage or loss of our machinery and equipment and failure to invest in suitable machinery and equipment may materially and adversely affect our business operations and financial performance.

Most of our works are be carried out by specialised machinery and equipment. Machinery and equipment may break down normally due to wear and tear or other mechanical issues. There is no assurance that our machinery and equipment will be functional at all times, nor is there any assurance that the machinery and equipment will not be damaged or loss due to accidents, adverse weather

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conditions, theft or robbery, improper operations or other unforeseeable circumstances. In the event our machinery and equipment become malfunctioned or is damaged or loss, our ability to carry out demolition works may be affected and we may be liable for the delay or claim from our customers which materially and adversely affect our business operations, financial performance and reputation.

Furthermore, as a result of the growing demand of demolition services for different buildings and structures, customers' requirements and demand for different demolition techniques may change continuously. If we fail to keep track with the latest development in our industry and invest in the latest and/or suitable machinery and equipment to carry our work according to customers' requirement, our overall competitiveness and financial performance may be materially and adversely affected.

Unsatisfactory performance by our subcontractors or unavailability of subcontractors may adversely affect our profitability, financial performance and reputation.

Depending on the availability of our labour resources and the opportunity cost of undertaking the work by our own workers and resources, we may subcontract part of our works to our subcontractors. For further details, please refer to the section headed "Business — Suppliers — Reasons for subcontracting arrangement" in this prospectus. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we incurred subcontracting costs of approximately S\$1.5 million, S\$1.4 million, S\$4.6 million and S\$1.9 million, which represented approximately 11.7%, 8.5%, 22.5% and 25.4% of our total cost of sales in the same years/period respectively.

Subcontracting exposes us to certain risks such as delayed performance and substandard performance by subcontractors and potential shortage of qualified and experienced subcontractors. There is no assurance that we are able to supervise the performance of our subcontractors as directly and efficiently as with our own employees or to hire suitable subcontractors according to our business needs. If our subcontractors' works are delayed or substandard, we will be liable for our subcontractors' default and we may incur additional costs and time to supervise our subcontractors' work and subject to claims by our customers. Accordingly, our profitability, financial performance and reputation will be materially and adversely affected.

The appraised value of our property may be different from its actual realizable value and is subject to uncertainty or change.

The property valuation report set out in Appendix III to this prospectus with respect to the appraised value of our head office building is based on various assumptions, which are subjective and uncertain in nature. The assumptions that Jones Lang LaSalle used in the property valuation report include, among others, the seller sells the property interest in the market without the benefit of a deferred term contract, joint venture, management agreement or any similar arrangement which could affect the value of the property interests. Certain of the assumptions used by Jones Lang LaSalle in reaching the appraised value of our head office building may be inaccurate. Hence, the appraised value of our head office building should not be taken as its actual realizable value or a forecast of its realizable value. Unexpected changes to our head office building and to the local economic conditions may affect the values of our head office building. You should not place undue reliance on such values attributable to our head office building as appraised by Jones Lang LaSalle.

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Our operations may subject us to litigations, claims or other disputes.

Our Group may be involved in disputes arising from our business operations, which may lead to legal proceedings or claims. We may encounter disputes arising from contracts or transactions with customers, subcontractors, suppliers or other third parties, which may involve claims against them or us such as on quality, delay in payments, our services or damage caused to their properties. Claims against us by our customers may involve defective works, substandard works, unfinished works or delays in the completion of contracts, casualties, property damages which may result in us incurring liquidated damages under the terms of our contracts with our customers. We may also be liable for the injuries of our employees, our subcontractors' employees or third parties. There is no assurance that we will not be involved in any disputes or legal proceedings. Should any claims against us fall outside the scope and/or limit of our insurance coverage, our financial performance may be materially and adversely affected. Claims involving us could result in time-consuming and costly litigations, arbitration, administrative proceedings or other legal procedures and the expenses we incur in legal proceedings or arising from claims brought by or against us could have a material and adverse effect on our business operations, financial performance and prospects. Moreover, legal proceedings resulting in unfavourable judgment or findings may harm our reputation, cause financial losses and damage our prospects of winning future contracts, thereby materially and adversely affecting our business operations, financial performance, and prospects.

Our business plans and strategies may not be implemented successfully or be achieved within the expected time frame or within the estimated budget.

Our Directors consider that our future plans and business strategies have been prepared after due and careful enquiry by reference to, among others, the expected future prospects of the demolition industry in Singapore, our track record and competitive advantages and other factors considered relevant. Some of our future business plans are based on certain assumptions. The successful implementation of our business plan may be affected by various factors such as the government policies relevant to our industry, the economic conditions, availability of sufficient funds, our ability to maintain existing competitive advantages, our relationships with customers and other business partners and the threat of substitutes and new market entrants. Our business plans and strategies may be hindered by risks including but not limited to those mentioned in this section. There is no assurance we will be able to successfully maintain or increase our market share or expand our business operations successfully after deploying our management and financial resources. There is also no assurance our business plans can be successfully implemented or achieved within the expected time frame or within the estimated budget. Should there be any material adverse change in our operating environment which results in our failure to implement any part of our business plans, our prospects may be adversely affected.

Furthermore, the increase in cost as a result of the Listing (primarily attributable to compliance costs after Listing, such as costs for engaging compliance adviser, legal advisers and other professionals) and the additional costs for acquiring machinery and equipment and hiring additional staff as contemplated under our business plans and business strategies may outweigh the increase in revenue in the short term, which in turn, have an material adverse impact on our financial performance. Please refer to the paragraph headed "Our profitability may be materially and adversely affected by the potential increase in depreciation expenses" in this section for further details.

RISK FACTORS

We may be liable for damage caused to underground utilities, infrastructures or properties adjacent to our demolition sites when carrying our works.

When we undertake demolition works, we may encounter electrical cables, water piping, telephone line and other utilities or infrastructures laid underground or below carriageways and footways. Any such underground utilities and buildings, structures or infrastructures adjacent to our demolition sites may be affected or damaged during the implementation of our projects. If damage is made to those utilities or properties during our works, we may incur additional costs and time to arrange for and/or carry out remedial works. This may cause material delay in our project and we may face claims for losses and liquidated damages. In addition, we may also be subject to claims and disputes from third parties arising from the damage caused. If any of these events occurs, our business operations, financial performance and reputation will be materially and adversely affected.

Our insurance coverage may not be sufficient to cover all losses and/or potential claims.

We have maintained different insurance policies such as contractors' all risks insurance for our projects, motor vehicle insurance policy for our motor vehicles and the insurance policies for our staff and machinery. However, we cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. For example, insurance covering losses from acts of war, terrorism, or natural catastrophes is either unavailable or cost prohibitive. We may be subject to lawsuits and liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured such as our ability to secure new contracts, to maintain business relationship with our customers, to estimate and manage our cost accurately, to maintain our licenses and certifications and to recruit and retain key personnel of our Group. Should any significant property damage or personal injury occur in our facilities or to our employees due to accidents, natural disasters, or similar events which are not covered or inadequately covered by our insurance, our results of operations, business and financial performance will be materially and adversely affected.

Our business involves inherent industrial risks and occupational hazards and the occurrence of workplace accidents will affect our business operations, financial performance and reputation.

During our operations, we follow all applicable laws and regulations in relation to occupational health and safety as well as environmental protection. We require our employees and subcontractors to adhere to and implement all safety procedures and measures as detailed in our safety policies. However, our business involves inherent industrial risks and occupational hazards, which may not be completely eliminated through implementation of safety measures. Our operations involve activities such as handling and operating machinery and equipment, handling and removing of demolition waste and working at height at the demolition sites. We are exposed to risks such as equipment failure, industrial accidents and fire. We cannot guarantee that our employees or subcontractors will strictly follow and will not violate all safety rules and procedures, nor can we guarantee that risks of occurrence of fire, personal injuries, property damage or fatal accidents will be completely eliminated in the future. The materialisation of any of the risks mentioned above may affect our regulatory compliance record, disrupt our business operations and damage our reputation, which may also affect the validity of our relevant qualifications, materially and adversely our results of operations and financial performance.

RISK FACTORS

We are exposed to interest rate risks and our financial performance may be adversely affected.

As at 31 December 2016, 2017, 2018 and 30 April 2019, our Group had bank borrowings amounted to approximately S\$4.2 million, S\$3.6 million, S\$6.0 million and S\$5.8 million, respectively, which bore interest rate at 2.28% plus prevailing 1-month SIBOR per annum or between 3.02% and 3.23% fixed rate per annum. We also acquired machinery and equipment through finance lease which bore interest rates between 2.10% to 5.29%, 2.12% to 5.53%, 2.12% to 5.53% and 2.27% to 5.49% per annum during the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively. We have not hedged against interest rate risks. If there is any substantial increase in interest rate, our interest expenses, cash flows and financial performance may be adversely affected.

Cessation of government grants or schemes may adversely affect our financial performance.

Singapore Government provided various grants and schemes to encourage business organisations to support employers and improve productivity. For details of the government grants and schemes, please refer to the section headed “Regulatory overview — Government schemes” in this prospectus. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we received government grants which mainly include the Quieter Construction Fund, Wage Credit Scheme, the Temporary Employment Credit, the Special Employment Credit and the Mechanisation Credit Scheme in the aggregate sum of approximately S\$98,000, S\$40,000, S\$196,000 and S\$19,000, respectively. In addition, our effective tax rate was lower than the statutory tax rate for the years ended 31 December 2016 and 2017 mainly due to tax effect of enhanced allowances under the Productivity and Innovation Credit Scheme (“**PIC Scheme**”) in Singapore. The PIC Scheme is applicable until the year of assessment 2018 and has expired after the year of assessment 2018. If the Singapore Government do not provide similar grants or schemes after the expiry of the PIC Scheme or the applicable fundings have been exhausted, our financial performance will be adversely affected as our income from government grants will decrease while our tax expense and our operating costs may increase to maintain our productivity and capability.

Events such as epidemics, natural disasters, adverse weather conditions, political unrest and terrorist attacks could significantly delay or prevent us from completing our projects or services.

Our operations are mostly conducted outdoors and subject to uncertainties and contingencies beyond our control. If inclement weather conditions persist or serious epidemics, natural disaster, political unrest, wars and terrorist occurs, we may be forced to reduce or suspend our operations and may fail to meet specific time schedule. It is difficult to predict the potential effect of the uncertainties and contingencies and their materiality to our operations as well as the effects to our customers, suppliers and subcontractors. In such cases, we may continue to incur operating expenses while we experience reduced income and profitability.

RISKS RELATING TO THE DEMOLITION INDUSTRY IN SINGAPORE

We operate in a competitive industry.

According to the Industry Report, there were approximately 200 registered demolition services provider registered under the CR03 “Demolition” workhead in Singapore as in August 2019. New industry entrants entering our industry may need to possess the necessary machinery and equipment, requisite track record and management personnel with requisite experience, technical capability and qualifications. Some of our competitors may have certain advantages such as expertise in performing a

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particular type of projects, more aggressive pricing policies and established operation team. Any significant increase in new entrants or competition may result in lower operating margins and loss of market share, which may materially and adversely affect our results of operations, profitability and financial performance.

A reduction in the pipeline of redevelopment projects, demolition projects and construction projects in Singapore could materially affect our financial performance.

Our Group is highly dependent on the pipeline of redevelopment projects, demolition projects and new building construction projects in Singapore which are affected by various factors such as the general economic conditions, government spending and policies, the demolition industry and factors beyond our control. Fewer available projects will result in more intense competition and a downturn in our industry may lead to tighter liquidity and slower collection and/or recovery of trade receivables. In the event the number of redevelopment projects, demolition projects and new building construction projects in Singapore are reduced, our results of operations and financial performance will be materially and adversely affected.

Our financial performance is heavily dependent on the state of economy in Singapore and in particular the market trend in the demolition and construction industry.

During the Track Record Period, our revenue was derived from our operations in Singapore. Our financial performance is heavily dependent on the state of economy in Singapore. In the event of any unforeseen circumstances such as recession in the Singapore economy, natural disasters, terrorists attacks and any other incidents beyond our control occurring in Singapore, our business operations and financial performance may be materially and adversely affected.

Our Group is dependent on the construction industry in Singapore which is subject to cyclical fluctuations. A downturn in the construction industry in Singapore may have a material adverse impact on our business and profitability result from the possibility of postponement, delay or cancellation of demolition projects and delay in recovery of receivables.

There is a material shortage of skilled workers in the demolition industry in Singapore. If we are unable to retain or replace skilled workers, it may affect our business and there is no assurance that our labour costs will not increase.

According to the Industry Report, one of the challenges to the demolition industry in Singapore is the material shortage of skilled workers, which is attributable to factors such as the Singapore Government's policy measures restricting foreign manpower hiring. Even without such shortage, we generally compete with other players in the similar businesses for skilled workers. There is no assurance that we will be able to maintain a sufficient labour force necessary for us to execute our business, nor is there any assurance that our staff costs will not increase to attract or maintain workers. We rely on our workers (including site works and machinery and equipment operators) for our business operations, and if we are unable to retain or replace skilled workers, we may be forced to increase our reliance on subcontractors or otherwise be unable to maintain the quality of our services. If this occurs, it could have a material and adverse effect on our results of operations and inhibit our future growth and expansion plans.

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Changes in the rules and regulations governing the demolition industry, the licensing regime and other occupational health and safety and environmental responsibilities may materially and adversely affect our business operations, results of operations, financial performance and reputation.

The demolition industry is subject to various laws and regulations including laws and regulations in relation to environmental protection and occupational health and safety such as regulations governing the discharge and disposal of demolition waste, noise pollution and report of workplace accidents. In the event that there is any changes in the current regulatory regime in our industry, we may incur extra expenditures, time and effort to improve our operations in order to comply with any potential amendments to the applicable laws and regulations. If we fail to comply with the applicable laws and regulations, we may be subject to penalties such as fines and suspension of our operations which could adversely affect our business operations, results of operations, financial performance and reputation.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and there is no assurance of liquidity and possible price and trading volume volatility of our Shares.

Prior to the Global Offering, there has been no public market for our Shares. An active trading market for our Shares may not develop and the trading price of our Shares may fluctuate significantly. The Offer Price range has been determined through negotiation between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and the final Offer Price may not be indicative of the price at which our Shares will be traded following the completion of the Global Offering. 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 Global Offering, or that the trading price of our Shares will not decline below the Offer Price.

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;
- fluctuations of the market price of the salvage materials;
- 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 construction and demolition industries;
- changes in Singapore Government spending;
- changes in pricing made by us or our competitors;

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- fluctuations in market prices and trading volume of our 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, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, investors may not be able to sell our Shares at or above the Offer Price or at all.

There is no assurance that the Underwriting Agreements will not be terminated.

Prospective investors should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) by giving written notice to our Company upon the occurrence of any of the events stated in the section headed “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination of the Hong Kong Underwriting Agreement” in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. 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 the Joint Global Coordinators (for themselves and on behalf of the Underwriters) exercise its rights and terminate the Underwriting Agreements, the Global Offering will not proceed and will lapse.

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

Except for the Shares issued in the Global Offering, our Company has agreed with the Joint Global Coordinators (for themselves and on behalf of the Underwriters) not to issue any of the Shares or securities convertible into or exchangeable for the Shares during the period beginning from the date of this prospectus and continuing through the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, except with the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Underwriters). In addition, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this prospectus and up to 12 months from the Listing Date. There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the Listing. After the restrictions lapse, the market price of the Shares may decline as a result of sales of substantial amounts of the Shares or other securities relating to the Shares in the public market, the issuance of the new Shares or other securities relating to the 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.

Our Company may need to raise additional funds in the future to finance our operations or 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

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rights and privileges that take priority over those conferred by our Shares. Furthermore, the issuance of new equity or equity-linked securities of us may result in a dilution in the earnings per Share and net asset value per Share.

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 Global Offering (without taking into account any Shares that may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme and any Share which may be issued or repurchased by the Company pursuant to the general mandate to issue Shares or the general mandate to repurchase Shares), our Controlling Shareholders will in aggregate own approximately 65.56% of our enlarged issued share capital. Accordingly, 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. There is no assurance 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.

Investors may experience difficulties in enforcing their shareholders' rights because our Company is incorporated in the Cayman Islands, and the protection to minority shareholders under the Cayman Islands law may be different from that under the laws of Hong Kong or other jurisdictions.

Our Company is incorporated in the Cayman Islands and its affairs are governed by the Articles of Association, the Companies Law and common law applicable in the Cayman Islands. The laws of the Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located. As a result, minority Shareholders may not enjoy the same rights as pursuant to the laws of Hong Kong or such other jurisdictions. A summary of the Cayman Islands company law on protection of minority Shareholders is set out in Appendix IV to this prospectus.

Granting options under the Share Option Scheme may affect our Group's result of operations and dilute Shareholders' percentage of ownership.

Our Company has conditionally adopted the Share Option Scheme although no options have been granted thereunder as at the Latest Practicable Date. Our Company may grant share options under the Share Option Scheme in the future. Under the IFRS, the costs of the options to be granted under the Share Option Scheme will be charged to our statements of comprehensive income over the vesting period by reference to the fair value at the date on which the options are granted under the Share Option Scheme. As a result, our profitability and financial performance may be adversely affected. Furthermore, any exercise of the option to be granted under the Share Option Scheme in the future and issue of Shares thereunder would result in the reduction in the ownership percentage of the Shareholders and may result in a dilution in the earnings per share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issue.

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There can be no assurance that we will declare or distribute any dividend in the future.

There can be no assurance that we will be able to declare or distribute any dividend. Any decision to declare and pay any dividends would require the recommendations of our Board and approval of our Shareholders. Any decision to pay dividends will be made having regard to factors such as future operations and earnings, capital requirements and surplus, general financial condition and other factors which our Directors deem relevant. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations. Our future declarations of dividends will be at the absolute discretion of our Board.

Proceeds from the Global Offering 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 Global Offering will be denominated in HK dollars. Further, the Group's financial information is presented in Singapore dollars. 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 Global Offering.

RISKS RELATING TO INFORMATION CONTAINED IN THIS PROSPECTUS

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

Certain facts, statistics and data in this prospectus are derived from various sources including various publications, official government sources and the Industry Report commissioned by us 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 independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any of their respective directors, officers or representatives or any other person involved in the Global Offering (other than Frost & Sullivan) and no representation is given 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 prospectus 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.

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Investors should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the Global Offering.

There may be press and media coverage regarding us or the Global Offering, which may include certain events, financial information, financial projections and other information about us that do not appear in this prospectus. Neither we nor any of the Controlling Shareholders, the Sole Sponsor, nor any parties involved in the Global Offering or any of their respective directors, officers, employees, affiliates or advisers have authorized the disclosure of any other information not contained in this prospectus. We do not accept any responsibility for any such press or media coverage and 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 prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for them. Accordingly, prospective investors should not rely on any such information. In making your decision as to whether to subscribe for and/or purchase our Shares, you should rely only on the financial, operational and other information included in this prospectus.

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

This prospectus contains certain statements and information that are “forward-looking” and uses forward-looking terminology such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “may”, “ought to”, “should” or “will” or similar terms based on various assumptions. 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 risks and uncertainties such as those identified in this section, many of which are not within our Group’s control. Accordingly, the inclusion of forward-looking statements in this prospectus 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 prospectus for further details.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, our Company has sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE LISTING RULES

Pursuant to Rule 8.12 of the Listing Rules, our Company must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Given that our principal business operations are primarily located, managed and conducted in Singapore and that our management and operation which has been under the supervision of our executive Directors has proven to be effective, save for our non-executive Director, Mr. Cheung Kam Fai, our independent non-executive Directors, Mr. Leung Yau Wan John and Mr. Leung Kee Wai, who are Hong Kong residents based in Hong Kong, all our other Directors are based in Singapore, where the Group has its principal operations. The Board is of the view that the appointment of two additional executive Directors to reside in Hong Kong or the relocation of our executive Directors to Hong Kong would not only increase the administrative expenses of our Group, but would also reduce the effectiveness and responsiveness of the decision making process of the Board, especially when business decisions are required to be made within a short period of time. Therefore, our Company does not and will not in the foreseeable future have two executive Directors ordinarily residing in Hong Kong.

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

- (i) our Company will appoint two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. The two authorised representatives to be appointed are Mr. Tan Chee Beng, the chairman, chief executive officer of our Group and an executive Director; and Ms. Lo Kim Fong, the company secretary of our Group. Ms. Lo Kim Fong is ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange within a short notice upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email. Each of the two authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange;
- (ii) both of the authorised representatives have means to contact all members of the Board (including the independent non-executive Directors) and of the senior management team of our Company promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives and the Directors, our Company will implement a policy that (a) each executive Director, non-executive Director and independent non-executive Director will have to provide their respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses to the authorised representatives and his or her respective alternates; (b) in the event that an executive Director, non-executive Director or independent non-executive Director expects to travel and be out of office, he/she will have to provide the phone number of the place of his/her accommodation to the authorised representatives; and (c) all the executive Directors, non-executive Director, independent non-

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

executive Directors and authorised representatives will provide their office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses to the Stock Exchange;

- (iii) our Company will promptly inform the Stock Exchange of any changes on the authorized representatives;
- (iv) all Directors (including the independent non-executive Directors) who are not ordinarily resident in Hong Kong have confirmed that they possess valid travel documents to visit Hong Kong when so required and would be able to come to Hong Kong and meet the Stock Exchange within a reasonable period of time when required; and
- (v) our Company has appointed a compliance adviser to act as the additional channel of communication with the Stock Exchange for the period commencing on the date of the initial listing of the shares of the Company on the Main Board of the Stock Exchange and ending on the date on which the Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the date of its initial listing.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

INFORMATION ON THE GLOBAL OFFERING

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the relevant Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorised by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, agents, employees, advisers, representatives or any other person or party involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

Further information regarding the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus, and the procedures for applying for our Shares are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus and in the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants in the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering. The listing of, and permission to deal in, the Shares on the Stock Exchange is sponsored by the Sole Sponsor and the Global Offering is managed by the Joint Global Coordinators. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Placing is expected to be fully underwritten by the International Underwriters pursuant to the International Underwriting Agreement and are subject to our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price.

Further details about the Underwriters and the underwriting arrangements are set out in the section headed “Underwriting” in this prospectus.

INFORMATION ABOUT THE PROSPECTUS AND THE GLOBAL OFFERING

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the sections headed “Underwriting” and “Structure of the Global Offering” in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which is expected to be determined by our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date. The Price Determination Date is expected to be on or about Monday, 28 October 2019 or such later date as may be agreed by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company. If our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters) are unable to reach an agreement on the Offer Price by the Price Determination Date, the Global Offering will not become unconditional and will lapse.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Shares to, confirm that he/she is aware of the restrictions on offers and sales of the Shares described in this prospectus and the relevant Application Forms.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the approval for the listing of, and permission to deal in, the Shares in issue and the Offer Shares to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), any Shares to be issued under the Capitalisation Issue, and any Shares which may be issued upon exercise of any option granted or may be granted under the Share Option Schemes. No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company’s compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect

INFORMATION ABOUT THE PROSPECTUS AND THE GLOBAL OFFERING

from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second trading date after any trading date.

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

All necessary arrangements have been made for the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect your rights and interests.

HONG KONG BRANCH REGISTER AND STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Estera Trust (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong register of members will be maintained by our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, in Hong Kong.

All Offer Shares will be registered on the Hong Kong register of members of our Company in Hong Kong, and only securities registered on the Hong Kong register of members may be traded on the Stock Exchange unless the Stock Exchange otherwise agrees. Dealings in the Shares registered on our Hong Kong register of members will be subject to Hong Kong stamp duty. Unless our Company determines otherwise, dividends payable in HK\$ in respect of the Shares will be paid by cheque sent at the Shareholder's risk to each Shareholder's registered address, or in the case of joint holders, the first-named holder.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing or holding of and dealing in the Offer Shares. None of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters, any of their respective directors, officers, agents, employees, advisers, representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to, the Shares.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, 8 November 2019. The Shares will be traded in board lots of 4,000 Shares each.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

EXCHANGE RATE CONVERSION

For the purpose of illustration only, this prospectus contains translations among certain amounts denominated in Singapore dollars and Hong Kong dollars. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all. Unless indicated otherwise, the translations between Hong Kong dollars and Singapore dollars were made at the rate of S\$1.0 to HK\$5.8, being the prevailing market rate on 30 April 2019.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding. Where information is presented in thousands or millions of units, amounts may have been rounded up or down.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. Tan Chee Beng	75 Wolskel Road Singapore 357980	Singaporean
Ms. Tang Ling Ling	244 Tampines Street 21 #04-367 Singapore 521244	Singaporean
Mr. Tan Wei Leong	75 Wolskel Road Singapore 357980	Singaporean
<i>Non-executive Director</i>		
Mr. Cheung Kam Fai (張錦輝)	Flat/Room 04, 17/F Block Q Siu Lai House Siu Hong Court Tuen Mun New Territories Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Wee Chorng Kien	APT BLK 16 Ewe Boon Road #01-14 Singapore 259324	Singaporean
Mr. Leung Yau Wan John (梁又穩)	Flat D, 50/F, Block T6 Albany Cove Caribbean Coast PH 2 Tung Chung Lantau Hong Kong	Australian
Mr. Leung Kee Wai (梁基偉)	Flat B 15/F Block 2 Sunshine Grove 6 Tak Yi Street Shatin New Territories Hong Kong	Chinese

For further information, please refer to the section headed “Directors and senior management” in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor

Honestum International Limited

Room 3005, 30/F, West Tower, Shun Tak Centre
168 Connaught Road Central
Hong Kong

(a corporation licensed under the SFO and permitted to carry out Type 6 (advising on corporate finance) of the regulated activity as defined in the SFO)

Joint Global Coordinators and Joint Bookrunners

Ping An Securities Limited

18/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

GLAM Capital Limited

Rooms 908–911, 9/F
Nan Fung Tower
88 Connaught Road Central &
173 Des Voeux Road Central
Central, Hong Kong

Shanxi Securities International Limited

Unit A, 29/F, Admiralty Center, Tower 1
18 Harcourt Road
Admiralty, Hong Kong

Joint Lead Managers

Ping An Securities Limited

18/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

GLAM Capital Limited

Rooms 908–911, 9/F
Nan Fung Tower
88 Connaught Road Central &
173 Des Voeux Road Central
Central, Hong Kong

Shanxi Securities International Limited

Unit A, 29/F, Admiralty Center, Tower 1
18 Harcourt Road
Admiralty, Hong Kong

Pacific Challenge Securities Limited

Rooms 1707–1709, 17/F
Harbour Center, 25 Harbour Road
Wanchai, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

China Rich Securities Limited

Unit 1401, 14/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Enlighten Securities Limited

6/F, Jubilee Centre
18 Fenwick Street &
46 Gloucester Road
Wanchai, Hong Kong

Sheng Yuan Securities Limited

Room 2202, 22/F
No. 238 Des Voeux Road Central
Hong Kong

Legal advisers to the Company

as to Hong Kong laws

Wong, Wan & Partners in Association with Seyfarth Shaw

Suite 3701, Edinburgh Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

as to Singapore laws

Allen & Gledhill LLP

One Marina Boulevard
#28-00
Singapore 018989

as to Cayman Islands laws

Appleby

2206–19 Jardine House
1 Connaught Place
Central
Hong Kong

**Legal advisers to the Sole
Sponsor and Underwriters**

as to Hong Kong laws

Sidley Austin

39/F
Two International Finance Centre
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Auditor and reporting accountant	PricewaterhouseCoopers <i>Certified public accountants</i> 22/F, Prince's Building Central Hong Kong
Industry consultant	Frost & Sullivan Limited 1706 One Exchange Square 8 Connaught Place Central Hong Kong
Property valuer	Jones Lang LaSalle Property Consultants Pte Ltd 9 Raffles Place #39-00 Republic Plaza Singapore 048619
Internal control consultant	BT Corporate Governance Limited 2nd Floor, 625 King's Road North Point Hong Kong
Compliance adviser	Honestum International Limited Room 3005, 30/F, West Tower, Shun Tak Centre 168 Connaught Road Central Hong Kong <i>(a corporation licensed under the SFO and permitted to carry out Type 6 (advising on corporate finance) of the regulated activity as defined in the SFO)</i>
Receiving bank	Industrial and Commercial Bank of China (Asia) Limited 33rd Floor, ICBC Tower 3 Garden Road Central Hong Kong

CORPORATE INFORMATION

Registered office	PO Box 1350 Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Headquarters and principal place of business in Singapore	21 Tuas South Street 7 Singapore 637111
Principal place of business in Hong Kong registered under Part 16 of the Companies Ordinance	Room 2603A, 26/F., Tower 1, Lippo Centre 89 Queensway, Admiralty Hong Kong
Company secretary	Ms. Lo Kim Fong (盧劍芳) <i>ACIS, ACS</i> 7th Floor, Centre Point 181–185 Gloucester Road Wanchai Hong Kong
Authorized representatives	Mr. Tan Chee Beng 75 Wolskel Road Singapore 357980 Ms. Lo Kim Fong (盧劍芳) <i>ACIS, ACS</i> 7th Floor, Centre Point 181–185 Gloucester Road Wanchai Hong Kong
Audit committee of the Board	Mr. Leung Yau Wan John (梁又穩) (<i>Chairman</i>) Mr. Leung Kee Wai (梁基偉) Mr. Wee Chorng Kien
Remuneration committee of the Board	Mr. Leung Yau Wan John (梁又穩) (<i>Chairman</i>) Mr. Leung Kee Wai (梁基偉) Mr. Wee Chorng Kien Mr. Tan Chee Beng Ms. Tang Ling Ling
Nomination committee of the Board	Mr. Tan Chee Beng (<i>Chairman</i>) Mr. Leung Kee Wai (梁基偉) Mr. Wee Chorng Kien

CORPORATE INFORMATION

Principal share registrar and transfer office

Estera Trust (Cayman) Limited
PO Box 1350, Clifton House
75 Fort Street, Grand Cayman
KY1-1108
Cayman Islands

Hong Kong branch share registrar and transfer office

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

Principal banks

DBS Bank Ltd
12 Marina Boulevard
#43 MBFC Tower 3
Singapore 018982

United Overseas Bank Limited
325 Boon Lay Place #02-00
Singapore 649886

Company's website

<http://www.bsm.com.sg>
(information of this website does not form part of this prospectus)

INDUSTRY OVERVIEW

The information presented in this section, unless otherwise indicated, is derived from various official government publications and other publications and from the market research report prepared by Frost & Sullivan, which was commissioned by us. We believe that the information has been derived from appropriate sources and we have taken reasonable care in extracting and reproducing the information. We have no reason to believe that the information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. The information has not been independently verified by us, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering (other than Frost & Sullivan) nor is any representation given as to its accuracy or completeness.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on the Singapore demolition services market. The report prepared by Frost & Sullivan for us is referred to in this prospectus as the Industry Report. We paid Frost & Sullivan a fee of HK\$576,000 which we believe reflects market rates for reports of this type.

Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. Frost & Sullivan's services include technology research, independent market research, economic research, corporate best practices advising, training, client research, competitive intelligence and corporate strategy.

We have included certain information from the Industry Report in this prospectus because we believe this information facilitates an understanding of the Singapore demolition market for the prospective investors. The Industry Report includes information on the Singapore demolition services market as well as other economic data, which have been quoted in the prospectus. Frost & Sullivan's independent research consists of both primary and secondary research obtained from various sources in respect of the Singapore demolition services market. Primary research involved in-depth interviews with leading industry participants and industry experts. Secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database. Projected data were obtained from historical data analysis plotted against macroeconomic data with reference to specific industry-related factors. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Industry Report, various official government publications and other publications.

In compiling and preparing the research, Frost & Sullivan assumed that the social, economic and political environments in the relevant markets are likely to remain stable in the forecast period, which ensures the stable and healthy development of the Singapore demolition services market.

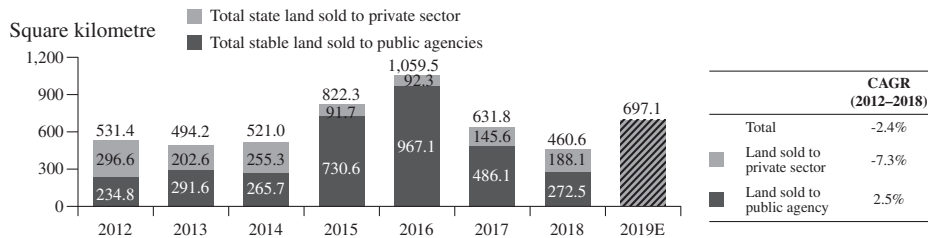
INDUSTRY OVERVIEW

OVERVIEW OF MACRO ECONOMY IN SINGAPORE

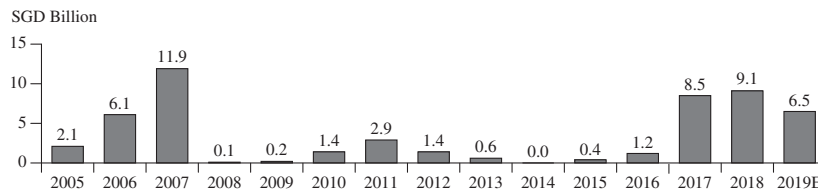
Land sales and en-bloc transaction in Singapore

According to Singapore Land Authority, the total area of state land sold registered a fluctuation with an overall decline at a CAGR of -2.4% during 2012 to 2018 while the state land sold to public agency increased at a CAGR of 2.5% during the same period. Based on past trend from 2016 to 2018, it is estimated that total state land sold would reach approximately 697.1 square kilometres in 2019. The total area of state land sold in Singapore is an indicator of the availability of land resources and decrease in state land sold may reflect that property developers may seek en-bloc transaction for land resources. On the other hand, the value of en-bloc transaction in Singapore also witnessed a robust growth from 2016 to 2018. The growth of en-bloc transaction reflected increasing demand for redevelopment and recovery of land resources, which can be translated into potential opportunities for demolition contractors. Despite the cooling measures of property market kicked in July 2018 and lengthy negotiation between property developers and sellers, it is estimated that the en-bloc sales may maintain at a high level of approximately SGD6.5 billion in 2019, as supported by mega transactions such as Braddell View and Horizon Towers with an estimated selling price of approximately SGD2.1 billion and SGD1.1 billion respectively. As (i) demolition is generally required prior to sales of land and (ii) properties sold under en-bloc transaction are likely demolished for redevelopment, the state land sold and value of en-bloc transaction serve as macroeconomic indicator for the demand of demolition service in Singapore. In particular, a significant portion of en-bloc sales sites during 2017 to 2018 are likely to be demolished by phases, leading to sustained demand for demolition works in the next few years.

Total Area of State Land Sold (Singapore), 2012–2019E



Value of En-bloc Transaction (Singapore), 2005–2019E



Note: En-bloc transaction is defined as a collective sales of two or more property units to a common property developer. Given the large variation and fluctuation of historical data and limited availability of information for estimation, the forecast data for the year from 2020 onwards is not available.

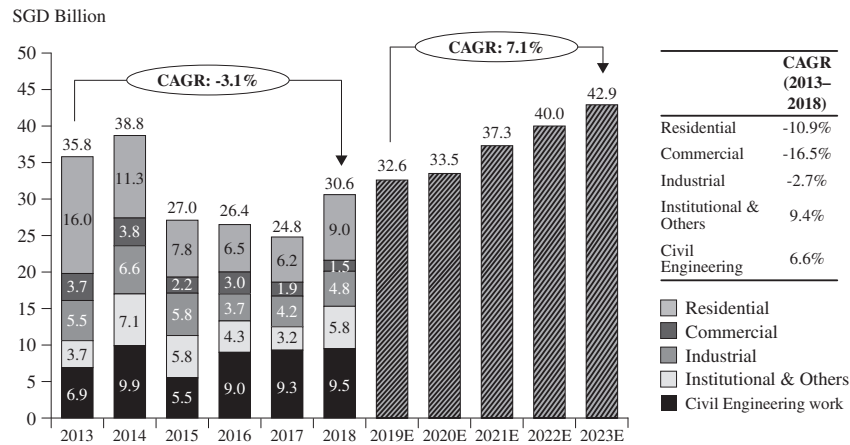
Source: Singapore Land Authority, Urban Redevelopment Authority, Frost & Sullivan

INDUSTRY OVERVIEW

Construction contracts awarded and progress payment certified in Singapore

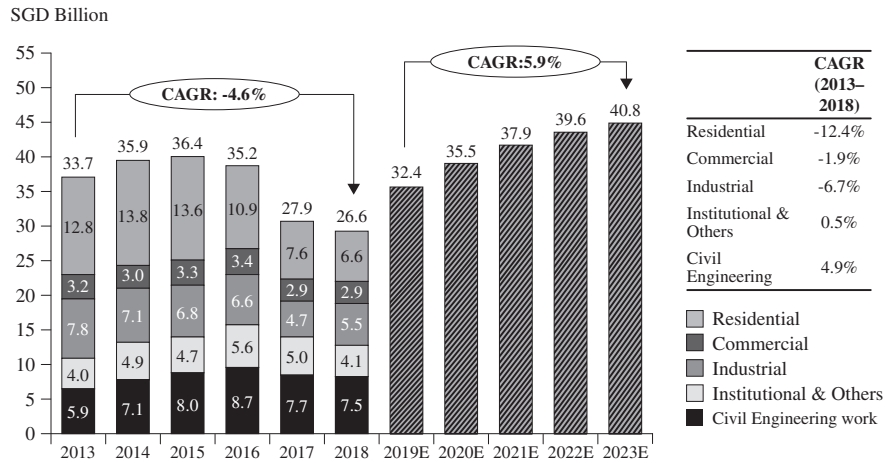
According to Singapore Department of Statistics, the construction contracts awarded in Singapore recorded a decline from approximately SGD35.8 billion in 2013 to approximately SGD30.6 billion in 2018, representing a CAGR of -3.1%. The decline was mainly attributable to the economic uncertainties in global and local environment, as well as slowdown in sales of private residential properties resulted from implementation of government’s cooling measures on property market, such as rising additional buyer’s stamp duty and sellers’ stamp duty on property transaction. On the other hand, construction contracts awarded and progress payment certified for civil engineering works witnessed a growth at a CAGR of 6.6% and 4.9% respectively from 2013 to 2018, primarily driven by the commencement of key infrastructure projects such as Mass Rapid Transit (MRT) in Singapore. Going forward, with the expected recovery of construction industry in Singapore indicated by the year-on-year growth of 23.4% in terms of contract awarded in 2018, the demand for demolition and site formation activities is expected to increase gradually, as demolition services are required at early stage of development and redevelopment construction projects. From 2019 to 2023, it is estimated that construction contracts awarded would grow at a CAGR of 7.1% while progress payment certified is expected to rise at a CAGR of 5.9% from 2019 to 2023.

Construction Contracts Awarded for Total Public & Private Sector (Singapore), 2013–2023E



INDUSTRY OVERVIEW

Progress Payment Certified for Total Public & Private Sector (Singapore), 2013–2023E



Source: Singapore Department of Statistics, Frost & Sullivan

OVERVIEW OF SINGAPORE DEMOLITION SERVICES MARKET

Introduction of demolition services

According to Workplace Safety and Health (Construction) Regulations 2007 promulgated by the Singapore government, demolition work refers to work incidental to or connected with the total or partial dismantling or razing of a building or any other structure, and includes the removing or dismantling of any machinery or other equipment, which is an irreversible process for aged building and structures, leading to remediation and recovery of valuable land resources for sales, redevelopment and expansion. Some demolition works are also carried out prior to site formation and new building construction while demolition contractors generally serve as subcontractor for this kind of construction projects.

Revenue of demolition work is mainly generated from (i) demolition contract and (ii) sales of salvaged materials from demolition such as metals, concrete, power cable, timber and plastic, etc. and (iii) earth disposal income. In Singapore, some demolition works contractors also provide leasing services and sale of machinery and other ancillary services such as site formation, which refers to the forming of land by cutting and levelling of an uneven land, as an additional income stream.

Demolition works are normally carried out as a measure for land remediation and considered as pre-construction works (i.e. construction works for new building are commenced after the completion of demolition works) due to constraints of space in Singapore. End-of-life buildings and structures may undergo demolition as part of recovery process for land resources. Meanwhile, salvage materials are collected and processed by recycler into green building materials.

INDUSTRY OVERVIEW

Income stream of demolition works contractors

Sets forth below are the description of major income stream of demolition works contractors in Singapore:

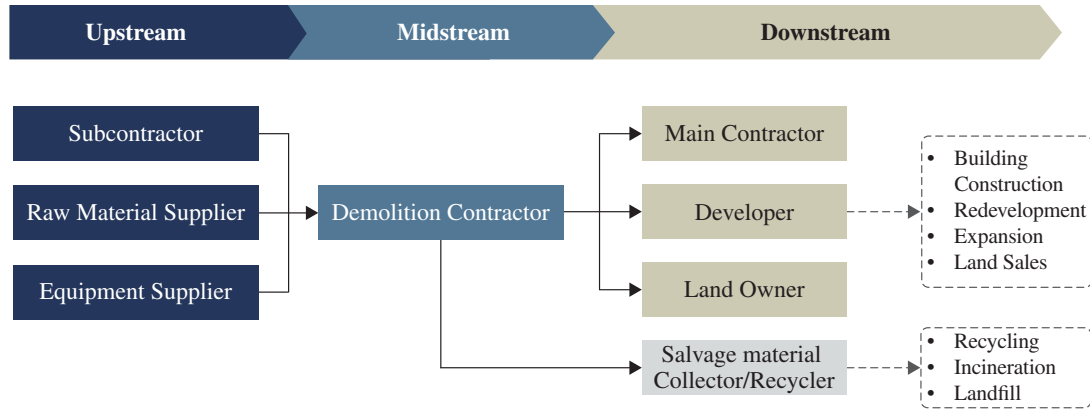
1. Demolition contract: Demolition works contractors receive payment from project owners for execution of demolition works and the expenses during demolition works. In general, the demolition contract sum could range from several thousand Singapore dollars to million Singapore dollars. It is the industry norm that the demolition contract sum would vary significantly from project to project, principally depending on the nature of the structure being demolished since the discounted estimated value of the salvage materials that would be derived from the demolition projects and the earth depositing proceeds to be received would have been taken into account in determining the contract sum for the demolition project.
2. Sales of salvaged materials from demolition: Demolition works contractors are generally required to dispose salvaged materials during demolition works and sell to downstream salvaged materials buyers and recycling companies. In terms of income stream, sales of salvaged materials accounted for a majority of the demolition market revenue in Singapore in 2018. It is an industry norm for demolition works contractors to derive a large portion of its revenue from the disposal of salvage materials due to demand for recycled materials used in green building development projects in Singapore and demolition is a major way to generate recycled construction materials. In sizeable demolition projects involving large structures and therefore high volume of salvaged materials and revenue generated from sales of salvage materials are expected to be derived from such demolition projects, demolition works contractors may be required to pay the project owners the contract tender fees to secure the projects, and such practice is considered as an industry norm.
3. Earth disposal: Earthworks and excavation are generally required for landfilling and restoration of the demolition site to bare land. Demolition works contractors then receive proceeds generated from earth disposal from earth providers.

Value chain analysis

In Singapore, demolition works shall be carried out by demolition contractor with demolition permit issued by BCA. Commencement of demolition requires supplies of a wide variety of equipment and materials such as generator, boom lift, scissor lift, diesel, noise and vibration monitoring instruments, as well as machinery such as excavator, crane, crusher, shearer and breaker. Demolition work contractor may also engage different specialised subcontractors for surveying, underground detection, metal scaffolding, turfing, pest control and asbestos removal while some specialised subcontractors are generally approved by authorities such as Ministry of Manpower (“**MOM**”). Based on the project type, demolition contractor may be engaged by project owners such as (i) main contractor for new building construction and requires demolition for existing buildings, (ii) developer such as Housing and Development Board (“**HDB**”), JTC Corporation (“**JTC**”), Singapore Land Authority (“**SLA**”) and Land Transport Authority (“**LTA**”) and private developer requires demolition for new building construction or land sales and (iii) owners of buildings that require demolition of buildings and return the land to land owners, for redevelopment or expansion. Salvage material generated from demolition works are pre-processed by demolition contractor and collected by salvage material collector and recycler.

INDUSTRY OVERVIEW

Demolition market in Singapore is relatively mature amongst countries in Southeast Asia region, given the fact that (i) Singapore is a well-developed economy in global market with highest number of urban population and (ii) smallest land area in Southeast Asia. Demolition is considered an essential process to sustain economic development prior to new construction in developed land in Singapore.



Source: Frost & Sullivan

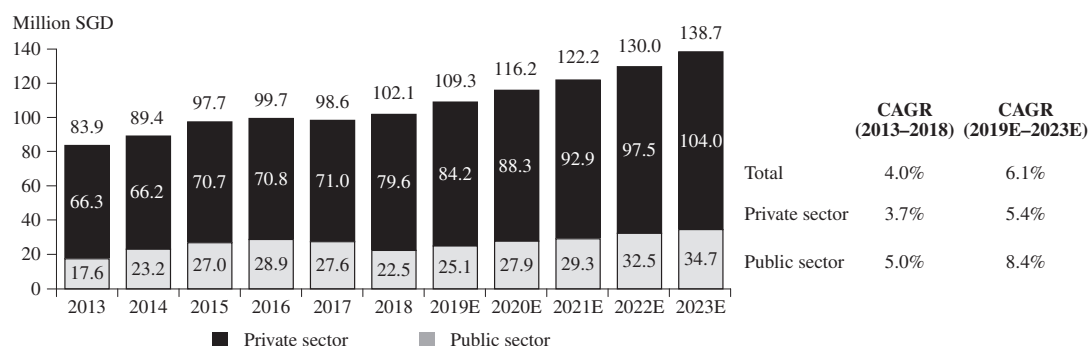
Market size of demolition services

Market size of demolition work by revenue of contractor in Singapore witnessed a growth from SGD83.9 million in 2013 to SGD102.1 million in 2018, representing a CAGR of 4.0%. The strong growth from 2013 to 2015 was primarily driven by commencement of new building construction on a developed land which requires demolition works, while the slowdown of economic growth as well as downturn of construction industry resulted in decrease in the growth of market size of demolition market from 2015 to 2017 due to the fact that the demolition works usually considered as pre-construction works while remediated land supply is essential for new construction works. With the on-going redevelopment as well as potential demolition projects driven by en-bloc transaction, the market size of demolition work by revenue of contractor recovered in 2018 and is expected to maintain a steady growth at a CAGR of 6.1% from 2019 to 2023.

Market size of demolition work by revenue of contractors in public sector recorded a growth at a CAGR of 5.0% during 2013 to 2018, which was mainly contributed by demolition projects owned by SLA and HDB. On the other hand, the market size of demolition work by revenue of contractors in

INDUSTRY OVERVIEW

private sector registered a growth at a CAGR of 3.7% from 2013 to 2018. The market size of demolition work by revenue of contractors in public sector and private sector is expected to increase at a CAGR of 8.4% and 5.4% respectively from 2019 to 2023.

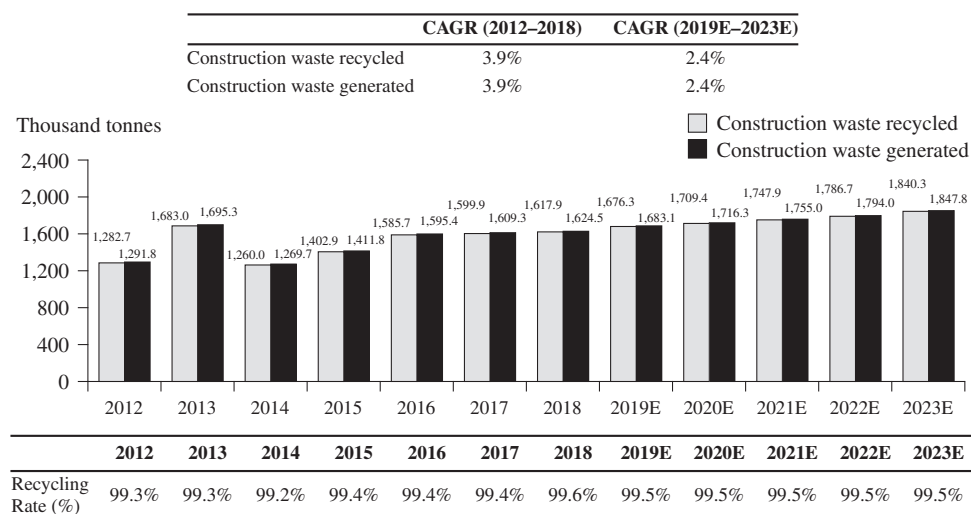


Source: Frost & Sullivan

Market size of construction waste recycled

According to Singapore National Environment Agency, the volume of construction waste recycled and generated recorded a growth from 1,282.7 thousand tonnes and 1,291.8 thousand tonnes in 2012 to 1,617.9 thousand tonnes and 1,624.5 thousand tonnes in 2018 respectively, representing a CAGR of 3.9%. The growth was primarily driven by growth of construction and demolition projects from 2012 to 2014. The volume of construction waste recycled and generated is expected to grow at a CAGR of 2.4% during 2019 to 2023, which is mainly attributable to the recovery of construction market.

Generated and Recycled Construction Waste by Volume (Singapore), 2012–2023E



Source: Singapore National Environment Agency, Frost & Sullivan

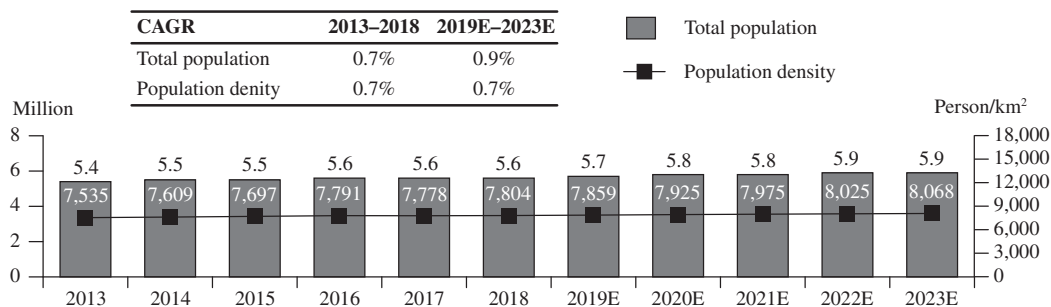
INDUSTRY OVERVIEW

Market driver

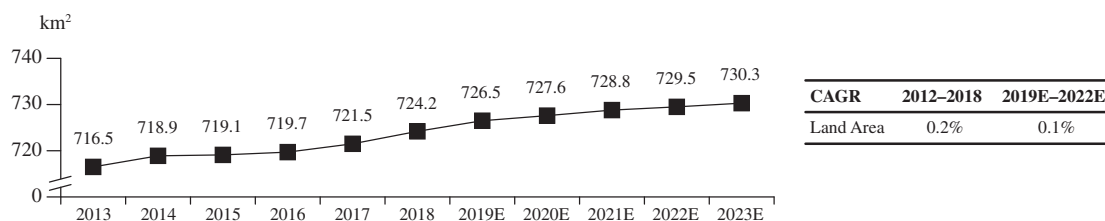
Increasing level of land scarcity in Singapore — Land scarcity in Singapore together with the economic development contributed to sustained demand for demolition works. According to SLA, the number of approved land lots recorded a decline from 2,448 in 2012 to approximately 1,632 as in September 2018, while the average utilization rate of State land managed registered a substantial growth from approximately 75.5% in 2012 to approximately 82.2% as in September 2018. Despite the development and reclamation plans had been put in place, the total area recorded a moderate growth from 716.5 km² in 2013 to 724.2 km² in 2018, representing a CAGR of 0.2%, while the total population and population density in Singapore both revealed a higher growth at a CAGR of 0.7% during the same period of time. The situation of land scarcity in Singapore is expected to be more serious in the coming years. Singapore ranked third in the world in terms of population density in 2018 and driven by the new born and immigrants in the country, the total population is expected to increase steadily from approximately 5.7 million in 2019 to 5.9 million in 2023, representing a CAGR of 0.9%. Meanwhile, it is estimated that the population density will further increase steadily from approximately 7,859 person per km² to 8,068 person per km², at a CAGR of 0.7% during 2019 to 2023. Furthermore, the total land area is expected to increase slightly from 726.5 km² to 730.3 km², representing a CAGR of only 0.1% during 2019 to 2023. In view of the accelerated population growth outpacing the increase in land area during 2019 to 2023, coupled with the needs for new building development, the demand for demolition works in Singapore is expected to increase in the coming five years.

The charts below set out the historical and forecast growth of the population, population density and total land area in Singapore for the period indicated.

Total Population and Population Density (Singapore), 2013–2023E



Land Area (Singapore), 2013–2023E



Source: International Monetary Fund, Singapore Department of Statistics, Frost & Sullivan

INDUSTRY OVERVIEW

Sustained redevelopment in Singapore — To allow relocation of land resources for urban and economic development, two national land sales programmes, namely Government Land Sales (“GLS”) programme and Industrial Government Land Sales (“IGLS”) programme had been launched to supply leasehold land to developers. According to Ministry of National Development (“MND”) and JTC, land sold under GLS and IGLS programme are typically on a 99-year tenure and 20-year to 30-year tenure respectively, where redevelopment are likely to take place upon expiry of leases. In particular, as a long established petrochemical hub in Singapore, Jurong Island is on the plan for long-term development under Jurong Island version 2.0 projects and potential redevelopment is expected in the next phase of planning. Furthermore, HDB had initiated the Selective En bloc Redevelopment Scheme (“SERS”) since 1995 with the aim to rejuvenate the old estates, introduce new buildings and facilities into the area and redevelop the land for better use. The SERS serves as part of the key initiatives for redevelopment of HDB flats through collective sales on a continuous basis and has seen a growth along with the en-bloc fever in recent years due to increasing number of aging buildings and the severity of land scarcity in Singapore. Given that HDB flat accounted for over 73% of the total stock level of building units in Singapore and driven by the growing population and demand for new residential units, the MND had set out the target to supply approximately 70,000 new residential units by 2030. Accordingly, the number of HDB flats and private residential units is expected to increase at a CAGR of 1.8% and 3.9% respectively during 2018 to 2022. Thus, the ongoing SERS is in place to drive the redevelopment process and demolition is required prior to development of new flat in order to achieve the target of housing supply. According HDB, as in March 2018, approximately 80 sites had been selected for redevelopment under SERS since the launch of the scheme and the latest SERS project is in the midst of replacement flat selection with an expected completion date in 2022. Meanwhile, as estimated, there were more than 1,000 buildings aged 30 years or above in Singapore in 2017 and approximately 40% of these aging buildings may undergo demolition process for redevelopment in the next five years since it is market norm that buildings aged between 25 to 40 years are likely to be demolished in Singapore. As in May 2019, there were approximately over 40 buildings covering over 5 million square feet of land area pending for demolition in the pipeline. In addition, upcoming demolition works of PSA Port & Terminal in Tanjong Pagar and Pasir Panjang, North-South Corridor and preparation works for construction of Jurong Region Line Project (J106) are the key projects in the pipeline that supports the growth of demolition market. In anticipation of the growing number of aging buildings in Singapore and the plan for rejuvenation of old districts and areas, the on-going redevelopment projects serve as key driver to demolition work in Singapore.

Growth of en-bloc sales and transaction for land resources — The growth of demolition work market is associated with the land sales and property market transaction as land supply in Singapore is primarily created from demolition works. According to SLA, the total area of state land being sold to public sector agencies recorded a significant growth from 234.8 km² in 2012 to 486.1 km² in 2017. In addition, it is expected that in the first half of 2019 GLS programme, a total 14 sites that can yield over 6,000 private residential units and approximately 86,000 square metres gross floor area of commercial space will be launched for sales, which reflects the increasing demand for land resources for further development. On the other hand, developers in Singapore are also active in acquisition of land resources through en-bloc transaction for existing properties. As estimated, the total value of en-bloc transaction in Singapore had reached SGD9.1 billion in 2018, which was the second highest year since 2007. En-bloc sales typically refer to collective sales of two or more property units to a common property developer for redevelopment and demolition works of existing properties is required prior to development of new buildings and facilities. Subject to the negotiation process between property developer with individual property owner, clearance and approval process from the authorities for redevelopment, the demolition

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works are generally taken place in around one to two years after the completion of the transaction. The total value of en-bloc transaction in Singapore witnessed a robust growth from 2016 to 2018 and is estimated to maintain at a high level of SGD6.5 billion in 2019. Furthermore, as unveiled in the Draft Master Plan 2019 issued by the Urban Redevelopment Authority (“URA”), the URA is expected to launch the CBD Incentive Scheme and the Strategic Development Incentive Scheme with a five-year trial period for rejuvenation of aging commercial buildings aged at least 20 years and provision of higher plot ratio of mixed use properties upon redevelopment, subsequently, owners of strata-titled, aging commercial buildings may witness the opportunity to sell their properties collectively to developer, which may further drive the growth of en-bloc transaction. The en-bloc fever in Singapore indicated by the surge of en-bloc transaction value during 2017 to 2019 is expected to drive the potential demolition works on the acquired properties for redevelopment in the coming few years.

Review of urban planning and green building development — Singapore has been a leading country in driving the green building construction. BCA has issued the 3rd Green Building Masterplan while incentives schemes had been implemented for Green Mark certified projects. According to BCA, the number of Green Mark building project has seen a growth from around 1,557 in 2012 to over 3,000 in 2018 with a total gross floor area of over 90 million m². Promotion of green building development is expected to drive the consumption of recycled materials such as recycled concrete, metals, bricks and timber, which are mostly generated from demolition of existing buildings. Meanwhile, the URA issues and reviews the Master Plan for statutory land use on a regular basis, allocate land resources and density for development and formulate long-term development strategies in Singapore. The urban development may drive the demand for demolition works which support to recovery of land resources in Singapore.

Market trend and outlook

Upgrade of demolition technology and productivity — With constant growing and changing legal and social conditions, the demolition industry has responded to manifold requirements. The demolition technology has been evolving to keep up with rising standards of the demolition work and thus encouraging the upgrading of the demolition machinery and parts by the manufacturers. For example, advanced high reach excavator has been used for demolition of high-rise buildings in Singapore. In general, most demolition work in Singapore is still conducted in old-fashioned ways, crushed with heavy machines from top down where the debris dropped to the ground with cranes which pose potential risks to the workers and surrounding area. Innovative demolition solution with advanced demolition machinery and equipment is expected to be the market trend for high-rises featuring safety, energy conservation and environmental protection, which reduces the noise and dirt generated from demolition.

Higher emphasis on environmental protection — In tandem with Singapore’s economic growth and increasing construction activities, the amount of construction debris recycled increase to 1.6 million tonnes in 2017, up by 0.3 million tonnes from 1.3 million tonnes in 2014. With the strong government effort on public waste-management system, the construction and demolition waste is usually sorted for the recovery of materials such as wood, metal, paper and plastics, and processed into aggregates for use in construction activities and the construction debris has maintained at a high recycling rate of 99% in the past years as demolition contractors has seen the growing importance and value of waste management, recycling and take proper measure to comply with the regulations. In particular, BCA has issued demolition protocol and set up Sustainable Construction Capability Development Fund (SC Fund) to promote the recycling of demolition waste through provision of guidance and funding.

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Opportunities and challenges

Provisions of ancillary services — Demolition contractors are expanding their service scope to land remedial services and other civil engineering works in order to meet the changing demand from clients. Some demolition contractors are offering a more comprehensive demolition services as well as site formation services to support subsequent new building construction. Sizable demolition contractors with extended operation scale are capable of providing ancillary services such as leasing of a variety of demolition fleets and machinery, turfing and cleaning services, as well as disposal of demolition waste using own logistics fleets so as to save cost for disposal through third party.

Specialised demolition services for high risk structures — Demolition of high risk structure such as industrial buildings, chemical plants, cement plants, power plants etc., requires special care to handle the chemical and explosive materials which may be hazardous to workers and surrounding structures. With the economic, social development as well as continued upgrade and redevelopment of industrial facilities in Singapore, removal of high risk structures including industrial buildings, chemical and power plants requires a more substantial knowledge in demolition planning, site management, workplace safety and health, as well as disposal and treatment for waste and hazardous substances. Furthermore, the growing supply of industrial buildings is expected to create sustained demand for demolition services in Singapore in future.

Safety risk of workers — Demolition of buildings and structure poses potential hazards such as falling from elevated work surfaces, exposure to hazardous substances, electrical hazards, falling objects etc. In light of the injuries and fatal accidents due to demolition-related works in Singapore in the last decade, the Singapore government has imposed Workplace Safety and Health (WSH) Act in 2015 to safeguard the workplace safety of the construction workers. Also, other initiatives have also been taken place to mitigate the potential construction and demolition risks, for instance Public Sector WSH Commitment Group requires main contractors and subcontractors to have at least a bizSAFE Level 3 or equivalent recognition, and will consider companies' safety records when awarding tenders, MOM will work with the industry to train 1,000 professionals in safety design by 2018 etc.

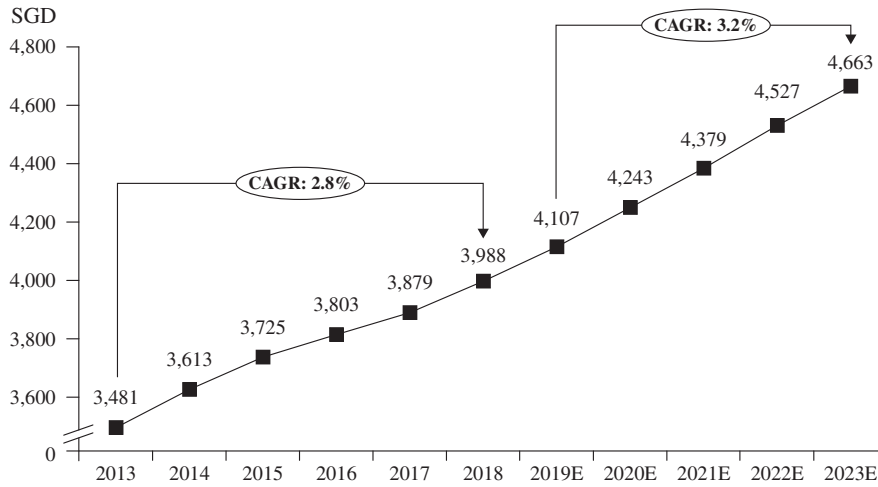
Shortage of skilled workers — Although the demand for demolition works has been increasing over the past few years, there has been a market challenge of shortage of workers. The lack of sufficient workers implies that the operation cost of each construction will rise while the manpower decreases and also the potential delay of construction and demolition projects. To cope with the challenges of labour shortage, contractors are trying to raise their productivity through prefabrication and upgrading and increasing the capacity of machinery and equipment. However, these measures have its limitation to labour intensive work and therefore, the issue of insufficient manpower is still one of the major market challenges to the construction market in Singapore.

Labour cost

The average monthly wage of workers in the construction industry in Singapore recorded steady growth from approximately SGD3,481 in 2013 to approximately SGD3,988 in 2018, representing a CAGR of 2.8%, primarily attributable to substantial demand for workers due to rapid growth of construction industry from 2012 to 2014. The period from 2015 to 2016 witnesses a slowdown in growth of the average monthly wage due to the downturn in the local construction industry and uncertainties in the local environment. However, the average monthly wage of workers in the construction industry is expected to increase at a CAGR of 3.2% in the next five years from 2019 to 2023.

INDUSTRY OVERVIEW

Average Monthly Wage of Workers in Construction Industry (Singapore), 2013–2023E

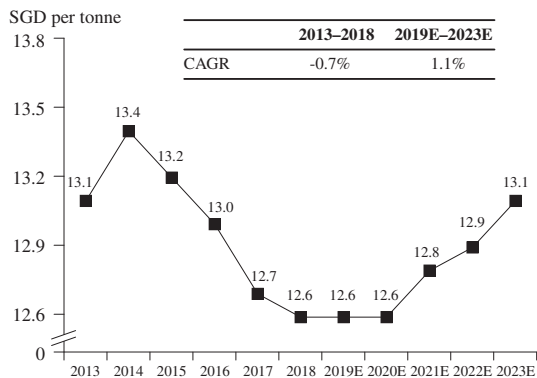


Source: Singapore Ministry of Manpower, Frost & Sullivan

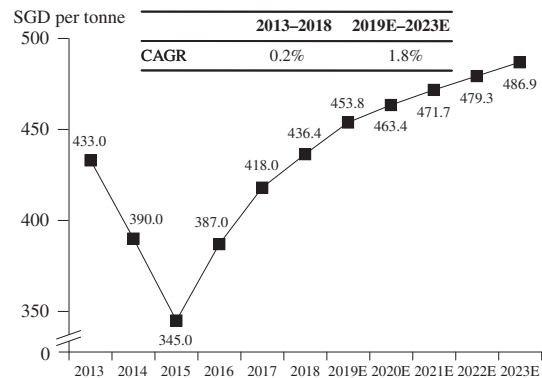
Price trend of recycled demolition materials

The price of recycled concrete aggregate generated from demolition works had recorded a moderate decline from approximately SGD13.1 per tonne in 2013 to approximately SGD12.6 per tonne in 2018, representing a CAGR of -0.7%, attributable to the slowdown of demand from construction market from 2013 to 2017. Similarly, the price of recycled ferrous metal in Singapore also recorded fluctuations from approximately SGD433.0 per tonne in 2013 to SGD436.4 per tonne in 2018, representing a CAGR of 0.2%. It is expected that prices of recycled concrete aggregate and recycled ferrous metal will recover and grow at a CAGR of 1.1% and 1.8% respectively from 2019 to 2023 due to the expected recovery of construction industry in Singapore. According to BCA, the total construction demand (i.e. the value of construction contracts to be awarded) in 2019 is expected to range between S\$27 billion and S\$32 billion, comparable to the S\$30.5 billion awarded in 2018.

Price of Recycled Concrete Aggregate (Singapore), 2013–2023E



Price of Recycled Scrap Ferrous Metal (Singapore), 2013–2023E

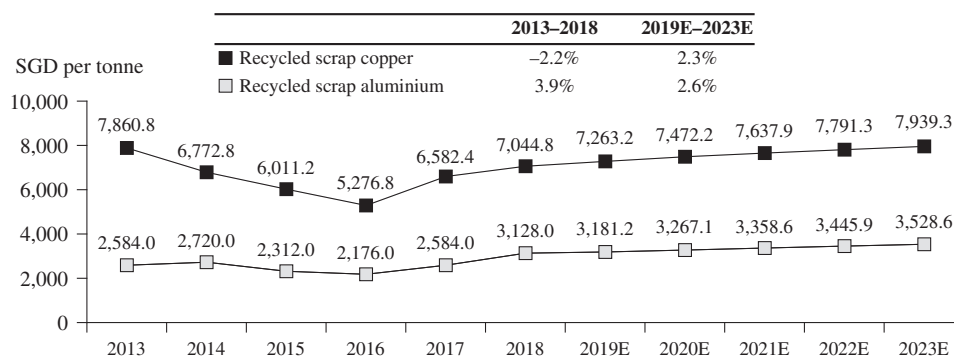


Source: Frost & Sullivan

INDUSTRY OVERVIEW

Similar to the price of recycled scrap ferrous metal, the price of recycled non-ferrous metals such as recycled scrap copper and recycled scrap aluminium had witnessed a decline during 2015 to 2017. The price of recycled scrap copper in Singapore recorded an overall decline from approximately SGD7,860.8 per tonne in 2013 to SGD7,044.8 per tonne in 2018, representing a CAGR of -2.2%. On the other hand, the price of recycled scrap aluminium increased from approximately SGD2,584.0 per tonne in 2013 to SGD3,128.0 per tonne in 2018, representing a CAGR of 3.9%. Going forward, with the recovery of construction and subsequent demand for scrap non-ferrous metals, the price of recycled scrap copper and aluminium in Singapore is expected to increase at a CAGR of 2.3% and 2.6% respectively during 2019 to 2023.

Price of Recycled Scrap Non-Ferrous Metal (Singapore), 2013–2020E



Source: Frost & Sullivan

COMPETITIVE LANDSCAPE OF SINGAPORE DEMOLITION SERVICES MARKET

Overview

The demolition market in Singapore is concentrated. According to BCA, there were approximately 200 registered contractors under CR03 “Demolition” workhead in Singapore as in August 2019. However, majority of these registered contractors are principally engaged in other construction and building works instead of demolition work. As estimated, there were less than 30 contractors principally engaged in demolition services. The top five demolition contractors accounted for an aggregate market share of 80.5% in 2018. Our Group was the largest demolition contractor in Singapore with an approximate market share of 33.2% in 2018.

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Leading demolition contractors by revenue (Singapore), 2018

Rank	Market player	Year of establishment	Listed	Key sector	Key building type	Key licenses and qualifications	Estimated revenue generated from demolition work, 2018 ⁽⁵⁾⁽⁶⁾ (Million SGD)	Estimated market share (%)
1	Our Group	1979	No	Private	<ul style="list-style-type: none"> ● Industrial (including chemical and power plants) ● Institutional and others ● Residential 	<ul style="list-style-type: none"> ● single grade under CR03 “Demolition” workhead ● C3 grade under CW01 “General Building” workhead ● C1 grade under CW02 “Civil Engineering” workhead 	33.9	33.2%
2	Company A ⁽¹⁾	1994	No	Private	<ul style="list-style-type: none"> ● Industrial ● Institutional and others ● Residential 	<ul style="list-style-type: none"> ● single grade under the CR03 “Demolition” workhead 	18.7	18.3%
3	Company B ⁽²⁾	1987	No	Private	<ul style="list-style-type: none"> ● Industrial ● Institutional and others ● Residential 	<ul style="list-style-type: none"> ● single grade under the CR03 “Demolition” workhead ● C3 grade under the CW02 “Civil Engineering” workhead 	11.8	11.6%
4	Company C ⁽³⁾	2002	No	Public	<ul style="list-style-type: none"> ● Industrial ● Institutional and others ● Residential 	<ul style="list-style-type: none"> ● single grade under the CR03 “Demolition” workhead 	10.8	10.6%
5	Company D ⁽⁴⁾	1996	No	Public	<ul style="list-style-type: none"> ● Industrial ● Institutional and others ● Residential 	<ul style="list-style-type: none"> ● single grade under the CR03 “Demolition” workhead ● C3 grade under the CW02 “Civil Engineering” workhead 	7.0	6.9%
Subtotal							82.2	80.5%
Other							19.9	19.5%
Total							<u>102.1</u>	<u>100.0%</u>

Notes:

- (1) Company A is a transport agent and engaged in demolition of buildings, asbestos removal, salvage collection and supply of recycled concrete aggregates for more than 12 years in Singapore. Company A has approximately 80 units of demolition and aggregated recycling equipment.
- (2) Company B is a building demolition contractor in Singapore with more than 30 years of development.
- (3) Company C is a building demolition contractor in Singapore.
- (4) Company D engaged in different construction activities for building, mechanical and electrical (M&E) engineering services and demolition works with track record in other construction activities such as general building construction, civil engineering works, mechanical and electrical engineering works and rental of machinery.

INDUSTRY OVERVIEW

- (5) As the leading demolition work contractors in Singapore are not listed companies, their financial information including revenue are therefore not publicly available. In view of the above, estimated revenue is used as a parameter for comparison of business and financial performance of the respective leading demolition works contractors and such information are derived based on Frost & Sullivan's research and analysis. In compiling the information, Frost & Sullivan had conducted both primary and secondary research, including but not limited to, trade interview with market participants and review of business performance of respective demolition work contractors in Singapore.
- (6) The estimated revenue of respective market participants included the estimated aggregate revenue generated from net contract sum of demolition services as well as proceeds from disposal of salvage materials and earth depositing proceeds, which are considered common sources of revenue for demolition work contractors.

Source: Frost & Sullivan

Factors of market competition

Advanced machinery and equipment — Owning advanced machinery and equipment, such as 48.5-metre high-reach excavator, enables demolition contractors to enhance competitiveness in respect of capacity to undertake demolition works for high-rise buildings with higher efficiency and productivity, as well as industry reputation for securing potential business opportunities from clients in view of the growing trend for demolition for high-rise buildings with increasing height. Singapore is featured with a significant number of high-rise buildings and witnessed a rapid growth of high-rise buildings since 2000s. Specifically, as estimated, there were approximately over 10,000 buildings with height over 40 metres in 2018 that will eventually undergo demolition and approximately over 400 buildings may potentially undergo demolition in the coming five years. Thus, the possession of high-reach excavator enables demolition contractors to cope with the increasing demand for demolition of high-rise buildings with increasing height.

Service delivery — Demolition projects are usually conducted in a tight schedule while other limiting factors such as bad weather and restriction of time frame for demolition works to be conducted near residential area may lead to additional time constraints. In addition, contractors with sufficient human resources, equipment and advanced machinery are more competitive in successful and timely delivery of demolition services for buildings and structures.

Quality and compliance with standards — Demolition contractors shall comply with different specific industry standards and workplace safety and health requirements set out by government and authorities. Failure of compliance with the key standards and requirements may result in release of hazardous waste, injuries and loss of human lives. On the other hand, high quality of demolition services can facilitate the site formation and subsequent construction works to be conducted on the remediated land while non-compliance or defects in demolition work may result in delay of construction projects or handover of remediated land to owners with penalties.

Track record and reputation — Project owner generally prefers renowned demolition contractors with proven track record in demolishing a variety of buildings and structures. Furthermore, established demolition contractors are generally in a good relationship with project owner and are invited to tender for demolition projects under private sector. Demolition of specialised buildings (e.g. chemical plants and power plants) also requires contractors with rich experience in toxic substances and waste treatment while track record is the key criterion for tender awards to demolition contractors for this segment.

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Project fee — Quotation of a demolition project is one of the key considerations in the industry, which depends on the design and scale of buildings and structures, requirement of machinery and human resources, potential value of salvaged materials and cost of waste management. Some demolition contractors may offer low project quotation or even pay tender fees to the project owners to secure the demolition projects having taking into account the estimated value of salvage materials to be collected.

Entry barriers

Substantial capital investment and financial capability — Demolition services are considered as capital intensive business and substantial investment are required for purchasing machinery such as excavators and equipment. In particular, demolition of certain buildings and structures such as high-rise buildings requires advanced, high-reach and heavy-duty excavators which are specially designed at a high cost. Majority of established demolition contractors have owned multiple fleets of machinery serving for different demolition works. In addition, sufficient financial reserve is essential for projects with high credit value for contractors to maintain their business operation while recruitment of labour, workplace safety and health, site management team, insurance coverage for the project and workmen and detection works may be considered as key cost items during operation.

Licensing requirement and approval — Demolition market is a highly regulated industry in Singapore. Demolition contractors shall be registered with BCA under specific workhead and obtain relevant approval and permit from BCA prior to commencement of demolition works. In addition, a qualified person shall be appointed by demolition contractors for application of demolition permit. To be eligible for conducting demolition work, contractors are also required to obtain permits from other authorities such as LTA and PUB and fulfill workplace safety and health requirement.

Market know-how and technical capability — Specific market knowledge from project planning, management and execution serves as a pre-requisite for demolition contractor in Singapore. In particular, demolition for high-rise buildings, industrial buildings and specialised facilities such as chemical and power plants requires expertise in demolition and the methods, equipment and machinery involved.

Reputation and relationship with stakeholders — Reputation and business relationship with stakeholders in the industry serves as a barrier for new entrants due to the fact that customers generally prefer established demolition contractors with proven track record and capability of successful project delivery. Without the established network, new entrants are difficult to identify suppliers for fleets and equipment, as well as specialised subcontractors undertaking turfing and scaffolding works, asbestos removal and waste collection.

DIRECTORS' CONFIRMATION

Our Directors, after due and reasonable consideration, are of the view that there has been no adverse change in the market information since the date of the Industry Report which may qualify, contradict or have an impact on the information therein.

REGULATORY OVERVIEW

LAWS AND REGULATIONS RELATING TO OUR BUSINESS IN SINGAPORE

The following is a summary of the laws and regulations that are material and specific to our business as at the Latest Practicable Date, other than those generally applicable to companies incorporated and/or operating in Singapore.

LICENSING REGIME FOR CONTRACTORS IN SINGAPORE

General Builder's Licence

The building and construction industry in Singapore is regulated by the Building and Construction Authority (“**BCA**”), whose primary role is to develop and regulate Singapore’s building and construction industry. The Building Control Act (Chapter 29) of Singapore (“**Building Control Act**”) and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for the licensing of builders. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control (“**CBC**”) and builders who work in specialist areas which have a high impact on public safety will require a builder’s licence. The requirement applies to both public and private construction projects.

There are two types of builder’s licences, namely, the General Builder Licence (“**GB Licence**”) and the Specialist Builder licence (“**SB Licence**”). Further, there are two classes of GB Licence: a Class 1 General Builder Licence (“**GB1 Licence**”) authorises the builder to carry on the business of a general builder generally, while a Class 2 General Builder Licence (“**GB2 Licence**”) authorises the builder to carry on the business of a general builder restricted to contracts or engagements for an estimated final price each of not more than S\$6 million. Any person who advertises or holds himself out or conducts himself in any way or by any means as a person who is authorised to carry on the business of a general builder or a specialist builder, or carries on the business of a general builder or specialist builder, without a valid GB Licence or a SB Licence, shall be guilty of an offence and liable on conviction to: (a) a fine not exceeding S\$20,000 or to imprisonment for a term not exceeding 12 months or to both; (b) a further fine not exceeding S\$500 for each day or part thereof the person fails, without reasonable excuse, to comply with the relevant requirements; and (c) in the case of a continuing offence after conviction, to a further fine not exceeding S\$1,000 for every day or part thereof during which the offence continues after conviction.

As at the Latest Practicable Date, Beng Soon Machinery holds a GB2 Licence dated 5 June 2018, the expiry date of which is 16 June 2021.

REGULATORY OVERVIEW

To maintain the GB2 Licence, the following conditions must be met by Beng Soon Machinery:

Approved Person⁽¹⁾	<u>Course</u>	<u>Practical Experience</u>
	A course leading to a diploma in a construction-related field, or a bachelor's degree or post-graduate degree in any field.	At least three years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the qualifications in the second column.
OR		
	A course conducted by the BCA known as "Essential Knowledge in Construction Regulations and Management for Licensed Builders".	At least eight years (in aggregate) of practical experience in the execution of construction projects in Singapore.
Technical Controller⁽²⁾	A course leading to a diploma in a construction-related field, or a bachelor's degree or post-graduate degree in a construction-related field.	At least five years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the qualifications in the second column.
Minimum paid-up capital	Not less than S\$25,000	
Payment of licensing fees (validity of licence is up to 3 years)	S\$1,200	

REGULATORY OVERVIEW

For grant of the GB1 Licence, the following conditions must be met:

Approved Person⁽¹⁾	<u>Course</u>	<u>Practical Experience</u>
	A course leading to a bachelor's degree or post-graduate degree in any field.	At least three years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the qualifications in the second column.
OR		
	A course leading to a diploma in a construction-related field.	At least five years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the qualifications in the second column.
OR		
	A course conducted by the BCA known as "Essential Knowledge in Construction Regulations and Management for Licensed Builders".	At least ten years (in aggregate) of practical experience in the execution of construction projects in Singapore.
Technical Controller⁽²⁾	A course leading to a bachelor's degree or post-graduate degree in a construction-related field.	At least five years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the qualifications in the second column.
Minimum paid-up capital	Not less than S\$300,000	
Payment of licensing fees (validity of licence is up to 3 years)	S\$1,800	

REGULATORY OVERVIEW

Notes:

1. The approved person is the appointed key personnel under whose charge and direction the management of the business of the licensee, insofar it relates to general building works or specialist building works in Singapore, is to be at all times. The approved personnel would be the sole-proprietor, partner, director or member of the board of management of the licensee or an employee (being a person employed in such a manner and with such similar duties and responsibilities of a partner/director or member of its board of management). The approved person shall not have acted as an approved person or the technical controller of a licensee whose licence has been revoked in the 12 months preceding the date of application. The approved person is not acting, and for so long as he is the approved person for the builder that he does not intend to act, as a technical controller for any other holder of a licence (this criterion is applicable for all business entities except sole-proprietorship). The approved person must give his consent that he is to carry out the duties of an approved person for the licensee.
2. The technical controller(s) is/are the appointed key personnel under whose personal supervision the execution and performance of any general building works or specialist building works in Singapore that the licensee, undertakes to be carried out. The technical controller(s) could be the sole proprietor, partner, director or member of board of management of the licensee or an employee (being a person employed in such a manner and with such similar duties and responsibilities of a partner/director or member of its board of management). The technical controller shall not have acted as an approved person or the technical controller of a licensee whose licence has been revoked in the 12 months preceding the date of application. The appointed technical controller is not acting, and for so long as he is the technical controller for the licensee that he does not intend to act, as a technical controller for any other holder of licence. The technical controller must give his consent that he is to carry out the duties of a technical controller for the licensee.

The CBC may by order revoke any GB Licence or SB Licence if he is satisfied that, among others: (i) the licensed builder has failed to comply with certain conditions of the builder's licence; (ii) the licensed builder has been convicted of an offence under the Building Control Act; or (iii) the conduct of any director, manager or employee of the licensed builder (which is a corporation) affords grounds for believing that the licensed builder will not be able to carry on the business of a general builder or specialist builder, as the case may be, in Singapore in accordance with any written law and with honesty and integrity. The CBC may, in any case which he considers that there is no cause of sufficient gravity for revoking any builder's licence, suspend the licence for a period not exceeding six (6) months, impose the builder with a financial penalty not exceeding S\$20,000, censure the builder or impose such other direction or restriction as he considers appropriate on the builder's business as a general builder or specialist builder, as the case may be.

Contractor's Registration System ("CRS")

The CRS is administered by the BCA. While business entities which are not registered with the BCA are not restricted from conducting business as contractors or suppliers outside the public sector, registration with the CRS is a pre-requisite to tendering for projects in the public sector in Singapore. As at the Latest Practicable Date, there are seven major categories of registration under the CRS, which are each further subdivided into two or more sub-categories, and registered contractors may be assigned grades under their relevant sub-category.

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.

REGULATORY OVERVIEW

As at the Latest Practicable Date, Beng Soon Machinery is registered with the BCA under the following workheads, as evidenced by a Certificate of Registration issued on 28 November 2017:

Workheads	Title	Scope of Work	Grade	Expiry Date
CW01	General Building	<p>(a) All types of building works in connection with any structure, being built or to be built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades and crafts. Such structure includes the construction of multi-storey car-parks, building for parks and playgrounds and other recreational works, industrial plants, and utility plants.</p> <p>(b) Addition and alteration works on buildings involving structural changes.</p> <p>(c) Installation of roofs.</p>	C3	1 December 2020

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Workheads	Title	Scope of Work	Grade	Expiry Date
CW02	Civil Engineering	<p>(a) Works involving concrete, masonry and steel in bridges, sewers, culverts, reservoirs, retaining walls, canals, drainage systems, underground structures, cutting and filling of embankment, river banks, excavation of deep trenches, scraping of sub-soil, surface drainage works, flexible pavement, rigid pavement or laterite roads, bus bays, open car-parks and related works such as kerbs and footways.</p> <p>(b) Works involving dredging in canal, river and offshore for the purpose of deepening and extraction of mineral or construction material. It also includes land reclamation works.</p> <p>(c) Works involving marine piling and the construction of marine structures such as jetties, wharves, sea and river walls. The head does not cover the construction and fabrication of marine crafts, pontoons and oil rigs or any floating platform.</p>	C1	1 December 2020
CR03	Demolition	This head covers all general demolition works. Since no financial grade is given to this registration head, applicants must meet the L1 requirements and complete at least ONE demolition project as a prerequisite for registration.	Single Grade	1 December 2020

The tendering limits for different grades of major categories that Beng Soon Machinery is registered under the CRS are as summarised below:

Construction Workheads (CW01 and CW02)

Tendering limit (\$ million)	A1	A2	B1	B2	C1	C2	C3
1 July 2019 to 30 June 2020	Unlimited	85	40	13	4	1.3	0.65

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Specialist Workheads (CR03)

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

To maintain its existing workheads and grades, Beng Soon Machinery is required to comply with, among others, the following requirements:

Workheads	Requirements
CW01 (General Building) C3 grade	<ul style="list-style-type: none"> ● Have a minimum paid-up share capital and minimum net worth of S\$25,000 ● Secure, over a three (3) year period, projects with an aggregate contract value of at least S\$100,000. ● Employ at least one (1) registered professional/professional/technician with Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) conducted by BCA Academy (“BCCPE”). ● Hold a GB1 or GB2 Licence.
CW02 (Civil Engineering) C1 grade	<ul style="list-style-type: none"> ● Have a minimum paid-up share capital and minimum net worth of S\$300,000 ● Secure, over a three (3) year period, projects with an aggregate contract value of at least S\$3 million. ● Employ at least one (1) registered professional/professional and one (1) technician of which one (1) is a registered professional/professional/technician with BCCPE. ● Obtain the following certifications: (i) BizSAFE Level 3; and (ii) OHSAS 18001. ● Hold a GB1 or GB2 Licence.
CR03 (Demolition) Single Grade	<ul style="list-style-type: none"> ● Have a minimum paid-up share capital and minimum net worth of S\$10,000 ● Secure, over a three (3) year period, projects with an aggregate contract value of at least \$100,000 ● Completed at least ONE completed demolition project ● One (1) technician with BCCPE.

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Notes:

- (1) A registered professional must have a minimum qualification of a degree in civil/structural, mechanical or electrical engineering recognised by the Professional Engineers Board or the BCA, or a degree in architecture recognised by the Board of Architects Singapore.
- (2) A professional must have a minimum qualification of a recognised degree in civil/structural, mechanical or electrical engineering, architecture, building or equivalent.
- (3) A technician must have a minimum technical qualification of any of the following:
 - (a) a diploma in civil/structural, mechanical or electrical engineering, architecture, building or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic;
 - (b) a National Certificate in Construction Supervision or Advanced National Building Qualification/Specialist Diploma in M&E Coordination awarded by the BCA Academy; or
 - (c) such other diplomas or qualifications as approved by the BCA from time to time.

As at the Latest Practicable Date, Beng Soon Machinery has obtained the requisite certifications as set out in the table above.

As stated in the section headed “Business — Business Strategies” in this prospectus, Beng Soon Machinery plans to apply for registration for B1 grade under the CW02 “Civil Engineering” workhead of the CRS for tendering and undertaking more sizeable projects in the Singapore public sector. To be registered for this workhead and grade, Beng Soon Machinery is required to comply with, among others, the following requirements:

Workheads	Requirements
CW02 (Civil Engineering) B1 grade	<ul style="list-style-type: none"> ● Have a minimum paid-up share capital and minimum net worth of S\$3,000,000 ● Secure, over a three (3) year period, projects with an aggregate contract value of at least S\$30 million, of which a minimum of S\$15 million worth of the projects are executed from main contracts and a minimum of S\$7.5 million worth of the projects are from a single main contract or nominated sub-contract (the percentage of the sub-contract value taken into consideration shall be 75%). ● Employ at least six (6) registered professionals/professionals/technicians, with (i) a minimum of two (2) registered professionals and (ii) one (1) registered professional/professional/technician who has obtained a Specialist Diploma in Construction Productivity conducted by BCA Academy or is a Certified Construction Productivity Professional. ● Obtain the following certifications: (i) ISO 9001:2008; (ii) ISO 14001; (iii) OHSAS 18001; and (iv) Green and Gracious Builders Scheme. ● Hold a GB1 Licence.

REGULATORY OVERVIEW

Building Control Act and Subsidiary Legislation

Under the Building Control Act, which is administered by the BCA, the plans of any building works must be submitted to the CBC for approval and in the case of structural works, a permit must be granted by the CBC prior to carrying out of such structural works. Before an application to the CBC for approval of the plans of the building works is made, every person for whom any relevant building works are or are to be carried out, or the builder of such building works, shall appoint either a registered architect or professional engineer (“**Qualified Person**”) to prepare the said plans, and to supervise the building works. The carrying out of concreting, piling, pre-stressing, tightening of high-friction grip bolts or other critical structural works of a prescribed class of building works would also require the supervision of a Qualified Person or a site supervisor appointed by him.

Under the Building Control Act, a builder undertaking any building works shall, among other duties: (a) ensure that the building works are carried out in accordance with the provisions of the Building Control Act, the plans approved by the CBC and supplied to it by a Qualified Person and with any terms or conditions imposed by the CBC; (b) notify the CBC of any contravention of the Building Control Act or the building regulations relating to those building works; (c) keep at the premises on which the building works are carried all plans of those building works approved by the CBC and supplied to him by a Qualified Person; and (d) within seven (7) days from the completion of the building works, certify that the new building has been erected or the building works have been carried out in accordance with the Building Control Act and the building regulations and deliver such certificate to the CBC.

Minimum buildability and productivity standards are also prescribed under the Building Control (Buildability and Productivity) Regulations and the Code of Practice on Buildability.

The Building Control Regulations 2003 and other subsidiary legislation set out certain requirements relating to, among others, submission and approval of plans of building works, design and construction of buildings and installation of external features.

In particular, the Building Control Regulations 2003, the Workplace Safety and Health (Construction) Regulations 2007 and the Workplace Safety and Health (Asbestos) Regulations 2014, amongst others, contain specific provisions applicable to demolition works. These include regulations pertaining to *inter alia*, the submission of demolition works plans and safety requirements. These are relevant to Beng Soon Machinery’s industry and such requirements must be complied with when undertaking any kind of demolition works.

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

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Building and Construction Industry Security of Payment Act

The Building and Construction Industry Security of Payment Act (Chapter 30B) of Singapore (the “**SOP Act**”) was enacted to facilitate payments for construction work done or for related goods or services supplied in the building and construction industry.

Any person who has carried out any construction work, or has supplied any goods or services, under a construction or supply contract is entitled to a progress payment. The SOP Act imposes statutorily prescribed timelines for the submission of payment claims, payment responses and the due dates for payment. The failure to issue a payment response on time or failure to pay by the due date would give rise to an entitlement to adjudicate under the SOP Act.

Further, any contractual provision which falls foul of the SOP Act is void and unenforceable. For instance, the introduction of the SOP Act has rendered unenforceable “*pay when paid*” provisions in construction or supply contracts.

To summarise, the SOP Act endorses, amongst others, the following rights:

- (a) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The SOP Act has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;
- (b) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixated and which have not been paid for, or to enforce the adjudication determination as if it were a judgment debt, if, amongst others, such claimant is not paid after the adjudicator has determined that the respondent shall pay an adjudicated amount to the claimant; and
- (c) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the whole or part of the construction work that is the subject of the contract between the respondent and the claimant) to make direct payment of the outstanding amount of the adjudicated amount to the claimant, together with the right for such principal to recover such payment from the respondent.

WORKPLACE SAFETY AND HEALTH LAWS

Workplace Safety and Health Act

The Workplace Safety and Health Act (Chapter 354A) of Singapore (“**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 providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate with regards to facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their

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workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the employees at work have adequate instruction, information, training and supervision as is necessary for them to perform their work. The relevant regulatory body is the Ministry of Manpower (“**MOM**”).

Any person who breaches his duty under the WSHA shall be guilty of an offence and shall be liable on conviction, in the case of a body corporate, to a fine not exceeding S\$500,000 and if the contravention continues after the conviction, the body corporate shall be guilty of a further offence and shall be liable to a fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction. For repeat offenders, where a person has on at least one previous occasion been convicted of an offence under the WSHA that causes the death of any person and is subsequently convicted of the same offence that causes the death of another person, the court may, in addition to any imprisonment if prescribed, punish the person, in the case of a body corporate, with a fine not exceeding S\$1 million and, in the case of a continuing offence, with a further fine not exceeding S\$5,000 for every day or part thereof during which the offence continues after conviction.

Under the WSHA, the Commissioner for Workplace Safety and Health (“**CWSH**”) may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (a) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (b) any person has contravened any duty imposed by the WSHA; or (c) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to, amongst others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work or process indefinitely or until such measures as are required by the CWSH have been taken, to the satisfaction of the CWSH, to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The MOM has also introduced a single-stage Demerit Points System (“**DPS**”) for the construction industry. All main and subcontractors in the construction industry will be issued with demerit points for breaches under the WSHA and its subsidiary legislation. Under the DPS, accumulation of a minimum of 25 demerit points would immediately trigger debarment for the contractor. Applications from the contractor for all types of work passes for foreign employees will be rejected by the MOM. The accumulation of more demerit points will result in longer periods of debarment.

The number of demerit points issued to contractors is based on the severity of offences committed, and the total number of demerit points for a contractor is calculated by adding the points accumulated from all the worksites under the same contractor.

During the Track Record Period and as of the Latest Practicable Date, Beng Soon Machinery has not been issued with any demerit points under the DPS. As at the Latest Practicable Date, Beng Soon Machinery has not accumulated any demerit points under the DPS.

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Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009

Under the Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009 (“**WSHSHMSAR**”), the duties imposed on the occupier of a workplace include, among others: (a) implementing a safety and health management system (“**SHMS**”) for the purpose of ensuring the safety and health of persons at work in the workplace; (b) appointing a workplace safety and health auditor to audit the SHMS of the workplace at a frequency as specified in the WSHSHMSAR; and (c) conducting an internal review of the SHMS of the workplace at a frequency as specified in the WSHSHMSAR.

Workplace Safety and Health (General Provisions) Regulations

Under the Workplace Safety and Health (General Provisions) Regulations (“**WSHGPR**”), the occupier of a worksite shall comply with regulations pertaining to health, safety and welfare of persons at work in a workplace. These duties include, among others: (a) to provide and maintain sufficient and suitable lighting in every part of the workplace in which persons are at work or passing; (b) to take all reasonably practicable measures to ensure that persons at work in the workplace are protected from excessive heat or cold and harmful radiations; (c) to ensure that every dangerous part of any electrical generator, motor, transmission machinery or other machinery in the workplace is securely fenced; and (d) to take all reasonably practicable steps to keep sources of heat or ignition separate from (i) flammable materials in the workplace; or (ii) any process carried on at the workplace that gives rise to any flammable gas or vapour.

In addition, under the WSHGPR, no hoist or lift or lifting gear of whatever material shall be used in a workplace and no lifting appliance or lifting machine shall be used unless an authorised examiner has tested and examined the hoist or lift after its installation, the lifting gear, lifting appliance or lifting machine, and issued and signed a certificate of test and examination, specifying the safe working load of the hoist or lift, the lifting gear, lifting appliance or lifting machine. It is the duty of the occupier of a workplace in which a hoist or lift or any lifting gear, lifting appliance or lifting machine is used to comply with the provisions of the WSHGPR.

Workplace Safety and Health (Registration of Factories) Regulations 2008

Under the Workplace Safety and Health (Registration of Factories) Regulations 2008 (“**WSHRFR**”), any person who wishes to occupy or use any premises where any building operation or works of engineering construction is or are being carried out by way of trade or for the purposes of gain is required to register the premises (or worksite) as a “*factory*” with the CWSH.

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

As at the Latest Practicable Date, Beng Soon Machinery has obtained the necessary Certificates of Factory Registration under the WSHRFR for all our construction worksites.

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Workplace Safety and Health (Construction) Regulations 2007

Under the Workplace Safety and Health (Construction) Regulations 2007, the duties imposed on the occupier of a worksite include, among others, to comply with regulations pertaining to appointment of a workplace safety and health co-ordinator in respect of a worksite, obtaining a permit-to-work in respect of high-risk construction work, structures and supports, storage and placement of materials and equipment, protection against falling objects, slipping hazards, vehicular hazards, electrical safety, disposal of materials, formwork structures, cranes, employee's lifts and material handling machinery.

Workplace Safety and Health (Scaffolds) Regulations 2011

Under the Workplace Safety and Health (Scaffolds) Regulations 2011, the duties imposed on the employer of a person who carries out or is to carry out any work involving the construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold or the principal under whose direction such person carries out or is to carry out any such work include, among others: (a) ensuring that no person is involved in the construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold in a workplace unless he has successfully completed a training course acceptable to the CWSH, to equip him to perform the work of a scaffold erector; (b) appointing a scaffold supervisor before any construction, erection, installation, re-positioning, alteration, maintenance, repair or dismantling of a scaffold in a workplace; (c) ensuring no scaffold is constructed, erected, installed, re-positioned, altered, maintained, repaired or dismantled in a workplace except under the immediate supervision of a scaffold supervisor; (d) ensuring that every scaffold, and every member or component thereof, in a workplace shall be of sound material, good construction and adequate strength, free from patent defects and suitable and safe for the purpose for which it is intended; and (e) ensuring that the work platform of a suspended scaffold in a workplace shall be securely fastened to the building or other structure in such a manner and at such intervals as to prevent the platform from swaying.

Workplace Safety and Health (Work at Heights) Regulations 2013

Under the Workplace Safety and Health (Work at Heights) Regulations 2013, the duties imposed on the occupier of every worksite include, among others: (a) establishing and implementing a fall prevention plan in accordance with the requirements of the approved code of practice relating to safe and sound practices for fall prevention; (b) ensuring that any person who carries out or is to carry out any work at height in a workplace is under the immediate supervision of a competent person for that work; (c) ensuring that every open side or opening into or through which a person is liable to fall more than two metres shall be covered or guarded by effective guard-rails or barriers to prevent fall; and (d) where a cover is provided in a workplace to prevent any person from falling, ensuring that the cover is of good construction, sound material and adequate strength to withstand the impact during the course of work in the workplace and is securely fixed in place to prevent accidental displacement.

Work Injury Compensation Act

The Work Injury Compensation Act (Chapter 354) of Singapore (“WICA”), which is regulated by the MOM, applies to all employees (with the exception of those set out in the Fourth Schedule of the WICA) who have entered into or work under a contract of service or apprenticeship with an employer, in respect of injury suffered by them arising out of and in the course of their employment and sets out, amongst others, the amount of compensation that they are entitled to and the method(s) of calculating such compensation.

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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, the employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation shall be computed in accordance with the Third Schedule of the WICA, subject to a maximum and minimum limit.

EMPLOYMENT LAWS

Employment Act

The Employment Act (Chapter 91) of Singapore (“**Employment Act**”) sets out the basic terms and conditions at work for employees covered under the Employment Act, such as payment of salary, paid public holidays, sick leave and maternity leave. It is administered by the MOM. Seafarers, domestic workers, statutory board employees or civil servants are not covered by the Employment Act. A workman is defined under the Employment Act to include any person, skilled or unskilled who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, or any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and through the performance of his work.

Part IV of the Employment Act, which sets out requirements for, among others, rest days, hours of work and other conditions of service, only applies to certain categories of employees covered under the Employment Act, namely workmen who receive salaries not exceeding S\$4,500 a month and employees other than workmen who receive salaries not exceeding S\$2,600 a month (“**Part IV Employee**”).

The Employment Act provides that a Part IV Employee is not allowed to work for more than 12 hours in any one (1) day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, the Employment Act limits the extent of overtime work that a Part IV Employee can perform to 72 hours a month. Employers must seek the prior approval of the Commissioner for Labour (“**CL**”) for exemption if they require a Part IV Employee or class of Part IV Employees to work for more than 12 hours a day or perform overtime work for more than 72 hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the Part IV Employee or class of Part IV Employees, by order in writing, exempt such Part IV Employee or class of Part IV Employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such Part IV Employee or class of Part IV Employees is employed.

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

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

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Employment of foreign manpower

The employment of foreign employees in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A) of Singapore (“**EFMA**”) and is regulated by the MOM. The EFMA prescribes the responsibilities and obligations of employers of foreign employees in Singapore.

The EFMA provides that no person shall employ a foreign employee unless the foreign employee has obtained a valid work pass from the MOM in accordance with the Employment of Foreign Manpower (Work Passes) Regulations 2012, which allows the foreign employee to work for him. Any person who fails to comply with or contravenes this provision of the EFMA shall be guilty of an offence and shall:

- (a) be liable on conviction to a fine not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- (b) on a second or subsequent conviction:
 - (i) in the case of an individual, with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or
 - (ii) in any other case, be punished with a fine of not less than S\$20,000 and not more than S\$60,000.

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

- (a) approved source countries;
- (b) the imposition of security bonds and levies;
- (c) dependency ceilings based on the ratio of local to foreign workers; and
- (d) quotas based on the man-year entitlement (“**MYE**”) requirements in respect of workers from non-traditional sources countries (“**NTS**”) and the PRC.

Approved source countries

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

Construction companies must have prior approval (“**PA**”) from the MOM in order to employ foreign workers from NTS countries and the PRC. The PA indicates the number of foreign workers a company is allowed to employ from NTS countries and the PRC. It also determines the number of workers whose work permits can be renewed, or whose employment can be transferred from another company in Singapore. PAs are granted based on, among others, the duration of the work permits applied for, the number of full-time local workers employed by the company over the past three months as reflected in the company’s Central Provident Fund (“**CPF**”) contribution statements and the number of MYEs allocated from the company’s main contractor.

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Security bonds and levies

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

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

Notes:

- (1) The daily levy rate only applies to work permit holders who did not work for a full calendar month. The daily levy rate is calculated as follows: $(\text{Monthly levy rate} \times 12) / 365 = \text{rounding up to the nearest cent}$.
- (2) Employers can upgrade their construction workers from “Basic-Skilled” to “Higher-Skilled” by fulfilling criteria in relation to, among others, the worker’s minimum years of experience, the obtaining of relevant skills or certifications and a minimum fixed monthly salary.
- (3) All foreign workers in the construction sector are required to attain “Basic-Skilled” status to work in Singapore. Workers from Malaysia are required to have any one of the Skills Evaluation Certificate (“SEC”), Skills Evaluation Certificate (Knowledge) (“SEC(K)”) or the Sijil Pelajaran Malaysia (“SPM”). Non-Malaysian workers are required to have an SEC or SEC(K).
- (4) MOM allows employers in the construction industry to renew the work permits of experienced foreign construction workers without the need for MYE. To qualify for MYE waiver, a construction worker must have at least three years of working experience in the construction sector in Singapore.

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

Dependency ceilings

As at the Latest Practicable Date, under the construction sector quota, an employer can employ seven (7) work permit holders for every full-time local employee. For the purposes of determining the foreign employee entitlement of a company only, the MOM regards (a) Singaporeans and Permanent Residents (“PRs”) who earn at least S\$1,100 per month as full-time employees; (b) Singaporeans and PRs who earn S\$550 to below S\$1,100 per month as part-time employees; and (c) two part-time employees count as one full-time employee. The MOM uses the company’s CPF account to determine the company’s full-time employees.

From 1 January 2018, at least 10% of an employer’s construction work permit holders must be Higher-Skilled before such employer can hire any new Basic Skilled construction workers or renew the work permits of existing Basic-Skilled construction workers. From 1 January 2019, employers that do

REGULATORY OVERVIEW

not meet the 10% Higher-Skilled requirement will not be able to hire or renew Basic-Skilled construction workers and will also have the work permits of any excess Basic-Skilled construction workers revoked. As at the Latest Practicable Date, the proportion of Higher-Skilled workers to the total number of work permit holders of Beng Soon Machinery is approximately 41%. Our Directors are of the view that the requirement for at least 10% of an employer's construction work permit holders to be Higher-Skilled has no impact on Beng Soon Machinery based on (i) the proportion of Higher-Skilled workers to the total number of work permit holders of Beng Soon Machinery being approximately 41% as at the Latest Practicable Date; and (ii) Beng Soon Machinery having and ensuring that there will be sufficient number of Higher-Skilled workers.

Man-year entitlement

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

A main contractor is defined as a company that contracts a project directly from the developer or owner. Only main contractors can apply for MYE and all subcontractors must get their MYE allocation from the main contractor. Main contractors cannot allocate their MYE to other contractors not involved in the same project or sell their MYE to any contractors. A main contractor is allowed to combine projects to meet the minimum contract value requirement, provided each of the combined projects has a remaining value of less than S\$500,000 and a balance period of at least one (1) month.

An employer of foreign workers is also subject to, amongst others, the provisions set out in the Employment Act, the Immigration Act (Chapter 133) of Singapore ("**Immigration Act**") and the regulations issued pursuant to the Immigration Act.

Central Provident Fund Act

The CPF system is a mandatory social security savings scheme funded by contributions from employers and employees. Pursuant to the Central Provident Fund Act (Chapter 36) of Singapore, an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore by an employer (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold employment passes, S-passes or work permits. CPF contributions are required for both ordinary wages and additional wages (subject to an ordinary wage ceiling and a yearly additional wage ceiling) of employees at the applicable prescribed rates which is dependent on, *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.

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ENVIRONMENT LAWS

The Environmental Public Health Act (Chapter 95) (“**EPHA**”) is administered by the National Environment Agency (“**NEA**”). Under the EPHA, a person who, during the erection, alteration, construction or demolition of any building or at any time, fails to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance shall be guilty of an offence. Further, under the EPHA, the Director-General of Public Health may, on receipt of any information respecting the existence of a nuisance liable to be dealt with summarily under the EPHA and if satisfied of the existence of a nuisance, serve a nuisance order on the person by whose act, default or sufferance the nuisance arises or continues, or if the person cannot be found, on the owner or occupier of the premises on which the nuisance arises.

Some of the nuisances which are liable to be dealt with summarily under the EPHA include workplace which is not kept in a clean state, any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety. The EPHA also requires the occupier of any construction site to employ a competent person to act as an environmental control officer in the construction site for the purpose of exercising general supervision within the construction site of the observance of the provisions of, *inter alia*, the EPHA and any regulations made thereunder.

The Environmental Protection and Management Act (Chapter 94A) of Singapore (“**EPMA**”) is administered by the NEA and provides for, among others, laws relating to environmental pollution control. The EPMA provides that no principal contractor of a construction site who has control of the construction site shall permit any person to: (a) use any or any class of combustible material, fuel burning equipment or industrial plant as may be specified within such area or premises as may be designated and at such times as may be specified; (b) discharge or cause or permit to be discharged any trade effluent, oil, chemical, sewage or other polluting matters into any drain or land, without a written permission from the Director-General of Environmental Protection; or (c) discharge or cause or permit to be discharged any toxic substance or hazardous substance into any inland water so as to be likely to cause pollution of the environment.

Pursuant to the Environmental Protection and Management (Control of Noise at Construction Sites) Regulations (“**EPMNCR**”), the owner or occupier of any construction site shall ensure that the level of noise emitted from his construction site does not exceed the maximum permissible noise levels as set out in the Second Schedule to the EPMNCR. Further, the owner or occupier of any construction site located less than 150 metres from any hospital, home for the aged sick or residential building shall ensure that no construction work is carried out at his construction site on the days and during the times specified in the Fourth Schedule to the EPMNCR.

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

REGULATORY OVERVIEW

In particular, Beng Soon Machinery currently holds a General Waste Collector (Class A) licence issued under the Environmental Public Health (General Waste Collection) Regulations, which is due to expire on 30 June 2020.

SINGAPORE TAXATION

Corporate tax

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment 2010. In addition, the partial tax exemption scheme applies on the first S\$300,000 of normal chargeable income; and specifically 75% of up to the first S\$10,000 of a company's normal chargeable income, and 50% of up to the next S\$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. Further, companies will be granted a corporate income tax rebate for the Years of Assessment 2016 to 2019 subject to the following capping:

Year of Assessment 2016	50% of tax payable subject to a cap of S\$20,000
Year of Assessment 2017	50% of tax payable subject to a cap of S\$25,000
Year of Assessment 2018	50% of tax payable subject to a cap of S\$15,000
Year of Assessment 2019	50% of tax payable subject to a cap of S\$10,000

Dividend distributions

(i) *One tier corporate taxation system*

Singapore adopts the one-tier corporate taxation system ("**One-Tier System**"). Under the One-Tier System, the tax collected from corporate profits is a final tax and the after-tax profits of the company resident in Singapore can be distributed to the shareholders as tax-exempt (One-Tier) dividends. Such dividends are tax-exempt in the hands of the shareholders.

(ii) *Withholding taxes*

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

Goods and Services Tax ("GST")

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

Productivity and Innovation Credit Scheme

The Productivity and Innovation Credit ("**PIC**") scheme allows, amongst others, companies with active business operations in Singapore to claim (i) tax deductions and/or allowances and/or (ii) cash payouts, and/or (iii) cash bonuses (on a dollar for dollar matching basis) in addition to (i) and/or (ii) above, in respect of certain qualifying activities undertaken by such companies, including the acquisition or leasing of certain qualifying equipment and certain types of training of employees, subject to prescribed expenditure caps. Further conditions apply before a company is eligible to make each of such claims, including having to invest in relevant qualifying expenditure and (in the case of the cash payouts

REGULATORY OVERVIEW

and the cash bonuses) meeting the minimum 3 local employees requirement and (in the case of cash bonuses) investing the minimum qualifying expenditure per year of assessment over the course of 3 years from Years of Assessment 2013 to 2015. The PIC scheme has been extended for another 3 years from Years of Assessment 2016 to 2018. The PIC Scheme allows 400% tax deduction or allowances on up to S\$400,000 of expenditure per year incurred on qualifying expenditure during the Years of Assessment 2011 to 2018. The PIC+ scheme is available for qualifying small and medium enterprises (“SMEs”) from the Years of Assessment 2015 to 2018 (“**PIC+ Scheme**”). The PIC+ Scheme allows qualifying SMEs to enjoy 400% tax deduction or allowances on up to S\$600,000 of expenditure per year for qualifying expenditure incurred.

GOVERNMENT SCHEMES

Special Employment Credit

The Special Employment Credit (“**SEC**”) was introduced in Budget 2011 by the Singapore Government to support employers and to raise the employability of older Singaporeans. From 2012 to 2016, employers who hire Singaporean employees aged above 50 earning up to S\$4,000 per month receive SEC of up to 8% of the employee’s monthly wages. As announced at Budget 2016, the SEC will be extended for three years (2017 to 2019) to continue providing a wage-offset tiered by age to employers hiring Singaporean workers aged 55 and above, and earning up to S\$4,000 per month. As announced at Budget 2019, the SEC will be extended for one more year until end-2020.

An additional wage offset of up to 3% of an employee’s monthly wages was introduced in 2015 to encourage employers to voluntarily re-employ Singaporeans who are above the re-employment age of 65 years and earning up to S\$4,000 per month (“**ASEC**”). As announced at Budget 2017, MOM will raise the re-employment age from 65 to 67 years with effect from 1 July 2017 and the ASEC will be extended until end of 2019. As announced at Budget 2019, the ASEC will be extended for one more year until end-2020 to employers that hire older workers turning 67 years and above.

The SEC has also been extended to employers that hire persons with disabilities (“**PWDs**”) of all ages in 2012. The SEC for PWDs is set at up to 16% of the employee’s monthly income, up to S\$240 per month. Employers of older PWDs who are above the re-employment age will receive a further ASEC enhancement of up to 6% of the employee’s monthly income, which increases the total quantum to up to 22% of the employees’ monthly income, up to S\$330 per month. The one-year extension of SEC and ASEC until end-2020 will also apply to employers that hire PWDs.

During the Track Record Period, we received special employment credits granted under the SEC, which is recognised in our other income in our financial statements. Please refer to the section headed “Financial information — Principal components of consolidated statements of comprehensive income” in this prospectus for further information.

REGULATORY OVERVIEW

Temporary Employment Credit

The Temporary Employment Credit (“TEC”) was introduced in 2014 as a measure to help employers cope with higher wage costs arising from a 1 percentage point increase in the Central Provident Fund (“CPF”) employer contribution rate from 1 January 2015. Employers received a TEC to offset the wages of their Singaporean and Singapore permanent resident workers paid in the calendar years 2015 to 2017, as shown in the table below. The TEC ended on 31 December 2017.

Year	TEC (Percentage of monthly wages)	TEC annual cap per eligible employee
2017	0.5% (up to the CPF ordinary wage ceiling of S\$6,000 per month or CPF annual limit of S\$102,000)	S\$510
2016	1% (up to the CPF ordinary wage ceiling of S\$6,000 per month or CPF annual limit of S\$102,000)	S\$1,020
2015	1% (up to the CPF ordinary wage ceiling of S\$5,000 per month or CPF annual limit of S\$85,000)	S\$850

Wage Credit Scheme

Under the Wage Credit Scheme (“WCS”) introduced in Budget 2013, the Singapore Government co-funded 40% of wage increases from 2013 to 2015 given to Singapore Citizen employees earning a gross monthly wage of up to S\$4,000.

In Budget 2015, it was announced that the WCS will be extended for two more years. Under this first extended scheme (i.e. 2016 to 2017), the Singapore Government will co-fund 20% of qualifying wage increases up to a gross monthly wage level of S\$4,000. In addition, gross monthly wage increases previously given in 2015 and 2016 by the same employer will continue to be co-funded at 20% if they are sustained in 2016 and 2017.

In Budget 2018, it was announced that the WCS will be extended for three more years. Under this second extended scheme (i.e. 2018 to 2020), the Singapore Government will co-fund qualifying wage increases at 20% in 2018, 15% in 2019 and 10% in 2020. In addition, gross monthly wage increases given in 2017, 2018 and 2019 by the same employer will continue to be co-funded at the respective levels of co-funding if they are sustained in 2018, 2019 and 2020.

Only employers are eligible for the co-funding, and gross monthly wage increases must be at least S\$50 to qualify.

Workforce Training and Upgrading Scheme

The Workforce Training and Upgrading Scheme (“**WTU**”) scheme co-funds the costs of selected skills assessment and training courses for employees of firms in the construction sector, so as to upgrade the skills of workforces in the built environment. Firms in the construction sector with local or foreign employees who meet the qualifying criteria may apply under the WTU scheme for funding support for training courses and assessment approved by the BCA. The qualifying criteria for local employees are that they must have achieved at least 75% course attendance rate, and sat for the assessments relating to the relevant training course. The qualifying criteria for foreign employees are that they must have achieved at least 75% course attendance rate, and sat for and passed the assessments relating to the relevant training course, and depending on the type of training course undertaken, must possess at least two years or four years of construction experience in Singapore.

For applications under the WTU scheme which are approved by the BCA, funding support of up to 90% of the training and assessment fees for local employees will be disbursed to the applying firm, and funding support of up to 40% of the training and assessment fees for foreign employees will be disbursed to the applying firm.

Mechanisation Credit Scheme

The Mechanisation Credit (“**MechC**”) scheme helps to defray the cost incurred in technology adoption by companies, by way of the purchase or leasing of certain approved equipment, to improve productivity for their construction projects.

To be eligible under the MechC scheme, a company must satisfy the following conditions:

- (i) It must be a contractor, specialist contractor or subcontractor firm incorporated and operating in Singapore.
- (ii) Equipment must be used in a local construction project and can achieve at least 20% (“**Standard MechC Scheme**”) or 30% (“**Enhanced MechC Scheme**”) in manpower savings (measured by way of number of workers and over a period of four weeks) or in site productivity (measured by way of decrease in mandays used per square metre or equivalent and over a period of four weeks) of the company, in the particular area of work in which the equipment has been used. Productivity data of the purchased or leased equipment must be recorded and submitted to BCA upon request.
- (iii) Purchase or leasing of equipment must not have been made before the time of application.
- (iv) Purchase of used equipment will not be supported.
- (v) Leased equipment must have a lease period of at least one month and not more than 12 months, within the qualifying period (in general, being one year from the date of application). No support shall be provided for short term rental of equipment.
- (vi) No purchase or leasing of equipment from related companies is allowed.

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To qualify for the Enhanced MechC Scheme, companies will have to achieve at least 30% productivity improvement and show evidence that they are also building capability through areas such as financial standing, human resource development, and certifications and awards. Companies will also have to fulfil at least one item from any two out of the following three sections to qualify for the Enhanced MechC Scheme:

(i) Financial Standing

- (a) The company's paid-up capital is more than the grant amount under the Enhanced MechC Scheme;
- (b) The company's revenue is more than the grant amount under the Enhanced MechC Scheme; or
- (c) The company has an annual profit before tax for the three years preceding the application under the Enhanced MechC Scheme.

(ii) Human Resource Development

- (a) A minimum of 20% of the company's work permit holders are Higher-Skilled workers.

(iii) Certifications and Awards

- (a) The company is accredited with ISO 9001:2008 or ISO 14000 or OSSAS 18000/SS 506 Part 1 certification.
- (b) The company has received a Construction Productivity Award.
- (c) The company has received a safety management certification/award.

Depending on the impact to the project and the productivity improvement, the funding support provided under the MechC scheme to a successful applicant is as shown below:

	Standard MechC Scheme	Enhanced MechC Scheme
For Purchase of Equipment	Equipment cost ≤ S\$100,000, grant up to 50% or capped at S\$20,000.	Equipment cost ≤ S\$125,000, grant up to 70% or capped at S\$25,000.
	Equipment cost > S\$100,000, grant up to 20% or capped at S\$100,000.	Equipment cost > S\$125,000, grant up to 20% or capped at S\$100,000.
For Leasing of Equipment	For leasing cost ≤ S\$30,000, grant up to 50% or capped at S\$6,000.	For leasing cost ≤ S\$30,000, grant up to 70% or capped at S\$6,000.
	For leasing cost > S\$30,000, grant up to 20% or capped at S\$30,000.	For leasing cost > S\$30,000, grant up to 20% or capped at S\$30,000.

The MechC Scheme was discontinued on 31 May 2018.

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Productivity Innovation Project Scheme

The Productivity Innovation Project (“**PIP**”) scheme aims to defray the cost of technology adoption involving application of technology to improve productivity and re-engineering of work processes. This is to encourage construction related companies to embark on development projects that build up their capabilities and improve their processes for achieving higher site productivity.

Construction related companies that are registered and physically present in Singapore are eligible to apply for support.

The following costs are supportable on a co-funding and reimbursement basis:

- (a) Manpower
- (b) Equipment and Materials
- (c) Professional Services
- (d) Intellectual Property Rights

REGULATORY OVERVIEW

The level of support for each area is as set out below:

Area	Funding Support
Technologies and Innovations	<u>30–40% productivity improvements at trade level</u> Co-funds up to 70% of the qualifying cost, capped at S\$1 million per application.
	<u>≥ 40% productivity improvements at trade level</u> Co-funds up to 70% of the qualifying cost, capped at S\$10 million per application.
Design for Manufacture and Assembly (DfMA) Manufacturing Facilities	<u>Integrated Construction and Prefabrication Hubs (ICPH)</u> Co-funds up to 70% of the qualifying cost, capped at S\$10 million per application.
	<u>Other manufacturing facilities</u> Co-funds up to 70% of the qualifying cost, capped at S\$3 million per application.
Integrated Digital Delivery (IDD)	<u>Integrated Digital Delivery (IDD) 3 stage digitalisation</u> Co-funds up to 70% of the qualifying cost, capped at S\$600,000 per application.
	<u>Integrated Digital Delivery (IDD) 4 stage digitalisation</u> Co-funds up to 70% of the qualifying cost, capped at S\$700,000 per application.
	<u>Local customisation of IDD platforms and solutions</u> Co-funds up to 70% of the qualifying cost, capped at S\$500,000 per application.

Quieter Construction Fund

The Quieter Construction Fund (“QCF”) is a funding scheme to support Singapore-registered companies to adopt the use of quieter construction equipment, noise control equipment and encourage innovative solutions to mitigate noise and hence, reduce the impact of construction noise on sensitive premises to achieve a quieter living environment. The QCF was open for application from 1 April 2014 to 31 March 2019.

To be eligible, the applicant must be a Singapore-registered company which is operating on an existing or proposed construction site or which is supplying construction equipment for an existing or proposed construction site, and such construction site must be located less than 150 metres from any hospital, home for the aged sick, residential building or other noise sensitive premises. Three categories of equipment are supported: quieter construction equipment, noise control equipment and innovative solutions. The applicant has to show that the noise performance of the equipment meets the prescribed requirements and the noise performance must be measurable during inspection. The purchase or leasing of equipment must not be made before submission of an application, and purchase of used equipment will not be supported.

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The funding support provided under the QCF to a successful applicant is as shown below:

	Purchase/Lease Cost	Funding Percentage
Quieter Construction Equipment (purchase)	≤ S\$100,000 per equipment	Up to 50%, capped at S\$30,000 per equipment
	> S\$100,000 and ≤ S\$200,000 per equipment	Up to 30%, capped at S\$50,000 per equipment
	> S\$200,000 per equipment	Up to 25%, capped at S\$150,000 per equipment
Quieter Construction Equipment (leasing)	≤ S\$30,000 per equipment	Up to 50%, capped at S\$9,000 per equipment
	> S\$30,000 per equipment	Up to 30%, capped at S\$20,000 per equipment
Purchase & Setting up of Noise Control Equipment	≥ S\$5,000 per project site	Up to 50% per project site
Purchase & Setting up of Innovative Solution	≥ S\$5,000 per project site	Up to 50% per project site

For applicants who are builders operating on a construction site of project cost equal to or less than S\$50 million, the total funding disbursed to the project site is capped at S\$150,000, or 5% of the project contract value, whichever is lower. For applicants who are builders operating on a construction site of project cost more than S\$50 million, the total funding disbursed to the project site is capped at S\$200,000.

For applicants who are suppliers, the total funding disbursed to an applicant, being a supplier of equipment, is capped at S\$150,000, over 2 years.

Quieter Construction Innovation Fund

The Quieter Construction Innovation Fund (“**QCIF**”) is an incentive scheme to promote wider adoption of quieter construction equipment and innovative methods, in order to mitigate construction noise impact to the public so as to achieve a liveable environment for all. The QCIF is open for application from 1 April 2019 to 31 March 2021.

To be eligible, the applicant must be a Singapore-registered company which is operating at an existing or proposed construction or demolition site or supplying construction equipment for an existing or proposed construction or demolition site. The abovementioned construction site must be located less than 150m from any hospital, home for the aged sick, residential building, or other noise-sensitive premises. Three categories of equipment are supported: quieter construction equipment, noise control equipment and innovative quieter construction methods. The applicant has to show that the noise

REGULATORY OVERVIEW

performance of the equipment meets the prescribed requirements, and the noise performance of the equipment must be measurable during inspection. The purchase or leasing of equipment must not be carried out before submission of an application, and purchase of used equipment will not be supported.

The funding support provided under the QCIF to a successful applicant is as shown below:

Category	Purchase Cost	Funding Percentage
Purchase of Quieter Construction Equipment		
Quieter Piling and Demolition Equipment	≤S\$200,000 per equipment	Up to 50%, capped at S\$80,000 per equipment
	>S\$200,000 and ≤S\$500,000 per equipment	Up to 40%, capped at S\$175,000 per equipment
	>S\$500,000 per equipment	Up to 35%, capped at S\$300,000 per equipment
Quieter General Construction Equipment	≤S\$100,000 per equipment	Up to 50%, capped at S\$9,000 per equipment
	>S\$100,000 and ≤S\$200,000 per equipment	Up to 50%, capped at S\$30,000 per equipment
	>S\$200,000 per equipment	Up to 25%, capped at S\$150,000 per equipment
Leasing of Equipment and/or Specialist Sub-Contractor Services		
Quieter Piling and Demolition Equipment and/or Specialist Works	≤S\$30,000 per equipment	Up to 50%, capped at S\$12,000 per equipment
	>S\$30,000 and ≤S\$80,000 per equipment	Up to 40%, capped at S\$28,000 per equipment
	>S\$80,000 per equipment	Up to 35%, capped at S\$50,000 per equipment
Quieter General Construction Equipment and/or Specialist Works	≤S\$30,000 per equipment	Up to 50%, capped at S\$9,000 per equipment
	>S\$30,000 per equipment	Up to 30%, capped at S\$20,000 per equipment

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Category	Purchase Cost	Funding Percentage
Purchase of Noise Control Equipment		
Perimeter Noise Barriers	≥S\$5,000 per project site	Up to 30% per project site
Localised Noise Enclosures/ Curtains	≥S\$1,000 per project site	Up to 50% per project site
Innovative Quieter Construction Methods		
Innovative Quieter Construction Methods	≥S\$3,000 per project site	Up to 50% per project site

The total funding disbursement for main contractors (per project site) is capped at:

- (a) S\$200,000 or 5% of the project contract value if the project contract value is less than or equal to S\$30 million, whichever is lower; or
- (b) S\$300,000 if the project contract value is more than S\$30 million.

The total funding disbursement for suppliers and specialist sub-contractors is capped at S\$300,000 over two years.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

OVERVIEW

We have more than 26 years of experience in undertaking demolition works in Singapore for various types of projects in both the public and private sector. In 1979, our founder, Chairman, executive Director and a Controlling Shareholder Mr. Tan established a sole proprietorship in the trade name of Beng Soon Machinery Service Co providing demolition services as a general contractor in Singapore. Mr. Tan is also the spouse of Ms. Lee, a Controlling Shareholder. Please refer to the section headed “Directors and senior management” in this prospectus for details of Mr. Tan’s background and industry experience. Leveraged on the know-how, experience and industry connections gained by Mr. Tan over the years, on 8 January 1993, Mr. Tan established our principal operating subsidiary Beng Soon Machinery as a limited liability company in Singapore.

During the early stage, we initially operated as a general contractor for small and mid-size demolition engagements. Over 26 years of development, we have completed various major industrial demolition projects across the nation and have grown to be a leading demolition services provider in Singapore. During the course of our business expansion, we have stepped feet and become specialized in the fields of structural demolition, disposal of salvage materials, excavation and earthworks, and land reinstatement works. We have also been expanding our fleet of machinery and equipment to cater for the market’s growing destruction needs. Such expertise and capacity have enabled us to undertake projects of different scales and complexity. The types of demolition projects we have successfully completed include industrial buildings, power stations, chemical plants, high rise commercial and residential properties, bridges and marine structures. The major projects we have undertook include the demolition of the national stadium of Singapore, water reclamation plants, part of power plants and chemical plants on Jurong Island. According to the Industry Report, we are the largest demolition services provider in Singapore in terms of total revenue in 2018, with an approximate 33.2% of market share.

During our long-term presence in the Singapore demolition industry, our culture of innovation has fostered a commitment to deploying the latest technology and methods to deliver prime quality services to the broad range of demolition engagements we have received. Our vast experience and know-how, long and proven track record, and our capability of maintaining a diversified fleet of machinery and equipment have set us apart from our competitors in Singapore and allowed us to offer experienced and qualified solutions and services in a safe and timely manner. For further information in relation to our business, please refer to the section headed “Business” in this prospectus.

In anticipation of the Listing and as part of the Reorganisation, our Company was incorporated in the Cayman Islands with limited liability on 6 April 2018 and became the holding company of our Group. As at the Latest Practicable Date, our Group comprises our Company and our wholly owned subsidiaries, namely Five Elements, T&B Holding and Beng Soon Machinery.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Key Milestones

The following is a summary of our Group's key achievements and business development milestones:

Year	Event
1993	Beng Soon Machinery was incorporated as a limited liability company on 8 January 1993 in Singapore. Beng Soon Machinery obtained single grade under the CR03 "Demolition" workhead under the CRS.
2003	Beng Soon Machinery obtained the ISO 9001:2000 Certificate for the provision of demolition activities with minor construction works in June 2003.
2004	Beng Soon Machinery was awarded its first power plant demolition project, the demolition of Jurong Power Station.
2006	Beng Soon Machinery was awarded the HDB Construction Safety Award by Housing & Development Board, Singapore in recognition for good safety performance in the demolition of Block 1 to 7 Sembawang Road, Singapore in September 2006.
2010	Beng Soon Machinery was awarded the Business Partner Prize by Hitachi Plant Technologies, Ltd. in recognition and appreciation for its demolition work for the Senoko Power Station in Singapore in December 2010.
2013	Beng Soon Machinery was awarded its first chemical plant demolition project, the demolition of Invista-Jurong Island Plant
2016	Beng Soon Machinery obtained the bizSAFE Star Certificate issued by the Workplace Safety and Health Council, Singapore in September 2016. Beng Soon Machinery obtained its first SS 506 Part 1:2009 and BS OHSAS 18001:2007 Certificate for the provision of demolition activities with minor construction works, recycling of concrete aggregate, and sales and rental of machinery in August 2016. Beng Soon Machinery obtained the ISO 9001:2015 Certificate for the provision of demolition activities with minor construction work, recycling of concrete aggregate, and sales and rental of machinery in August 2016. Beng Soon Machinery obtained the ISO 14001:2015 Certificate for the provision of demolition activities with minor construction works, recycling of concrete aggregate and sales and rental of machinery in September 2016.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE HISTORY

The following describes the corporate history of the Company and its subsidiaries.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 6 April 2018. Upon incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with par value HK\$0.01 each. The principal business activity of our Company is investment holding and it was incorporated as part of the Reorganisation. The Company serves as the listing vehicle for the Listing and the holding company of our Group. As at the date of incorporation, 1 Share was allotted and issued to an initial subscriber, an Independent Third Party, which was transferred to TCB at par on the same date. 74 and 25 Shares were then allotted, issued and credited as fully-paid to TCB and K Luxe, respectively. Immediately following the allotment and issue of said Shares, our Company was directly owned by TCB and K Luxe as to 75% and 25%, respectively.

On 17 April 2018, in consideration of the transfer of Mr. Tan, Ms. Lee and the Pre-IPO Investor's interests in the entire issued share capital in T&B Holding to the Company's subsidiary Five Elements, the Company allotted and issued 6,406, 2,135 and 1,259 Shares, credited as fully paid, to Mr. Tan's nominee TCB, Ms. Lee's nominee K Luxe and the Pre-IPO Investor, respectively. Immediately following the allotment and issue of said Shares, our Company was directly owned by TCB, K Luxe and the Pre-IPO Investor as to 65.46%, 21.82% and 12.72%, respectively.

On 26 June 2018, in consideration of the transfer of Mr. Tan and Ms. Lee's entire interests in the issued share capital of Beng Soon Machinery to the Company's subsidiary T&B Holding, the Company allotted and issued 75 and 25 Shares, credited as fully paid, to Mr. Tan's nominee TCB and Ms. Lee's nominee K Luxe, respectively. Immediately following the allotment and issue of said Shares, our Company was directly owned by TCB, K Luxe and the Pre-IPO Investor as to 65.56%, 21.85% and 12.59%, respectively.

As at the Latest Practicable Date, all allotted and issued Shares of the Company were held as to 65.56%, 21.85% and 12.59% by Mr. Tan (through TCB), Ms. Lee (through K Luxe) and the Pre-IPO Investor. As a result of the Reorganisation, the Company directly holds the entire interests in Five Elements and indirectly holds the entire interests in T&B Holding and Beng Soon Machinery. Please refer to the paragraph headed "Reorganisation" in this section for further details of the Reorganisation steps involving the Company.

The intermediate holding company in the BVI

Five Elements

Five Elements was incorporated in the BVI on 10 April 2018 as a limited liability company under the BVI Business Companies Act 2004, and was authorised to issue a maximum of 50,000 shares of par value US\$1.00 each, of which 100 shares were allotted, issued and credited as fully-paid to our Company. Five Elements has been a direct wholly-owned subsidiary of our Company since its

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

incorporation. The principal business activity of Five Elements is investment holding and it was incorporated as part of the Reorganisation. Five Elements serves as an intermediate holding company of our Group in the BVI.

The intermediate holding company in Hong Kong

T&B Holding

T&B Holding was incorporated in Hong Kong as a limited liability company under the Companies Ordinance on 2 January 2018, with an initial issued share capital of HK\$100 divided into 100 shares. The principal business activity of T&B Holding is investment holding and it was incorporated as part of the Reorganisation. T&B Holding serves as an intermediate holding company of our Group in Hong Kong. As at the date of incorporation, the 100 shares of T&B Holding was allotted, issued and credited as fully-paid to Mr. Tan. After the completion of the above allotment and issue of shares, T&B Holding was directly wholly-owned by Mr. Tan.

On 29 March 2018, T&B Holding allotted and issued 650 and 250 shares at the total subscription price of HK\$900, credited as fully paid, to Mr. Tan and Ms. Lee, respectively. Immediately following the allotment and issue of said shares, the issued share capital of T&B Holding was increased to HK\$1,000 and T&B Holding was directly owned by Mr. Tan and Ms. Lee as to 75% and 25%, respectively.

On the same date, as part of the Pre-IPO Investment, T&B Holding allotted and issued the Pre-IPO Investor 144 shares. After the completion of the above allotment and issue of shares, T&B Holding was directly owned by Mr. Tan, Ms. Lee and the Pre-IPO Investor as to approximately 65.56%, 21.85% and 12.59%, respectively. Please refer to the paragraph headed “Pre-IPO Investment” in this section for further details of the Pre-IPO Investment.

On 17 April 2018, Mr. Tan, Ms. Lee and the Pre-IPO Investor transferred their respective interests in T&B Holding, collectively being the entire issued share capital of T&B Holding, to the Company’s subsidiary Five Elements. After the completion of the above transfer of shares, T&B Holding is directly wholly-owned by Five Elements and becomes an indirect wholly-owned subsidiary of the Company. Please refer to the paragraph headed “Reorganisation” in this section for further details of the Reorganisation steps involving T&B Holding.

The operating subsidiary company in Singapore

Beng Soon Machinery

Beng Soon Machinery is our Group’s principal operating subsidiary. Beng Soon Machinery was incorporated in Singapore under the Singapore Companies Act on 8 January 1993 with an initial authorised share capital of S\$100,000 divided into 100,000 shares. As at the date of incorporation, Mr. Tan and Mr. Tan Chee Siew each subscribed for and were allotted and issued 1 share of Beng Soon Machinery. Mr. Tan Chee Siew is the brother of Mr. Tan. The principal business activity of Beng Soon Machinery involves the undertaking of wrecking and demolition works in Singapore, other ancillary services include the carrying on of the business of renting of industrial machinery and equipment in Singapore, and the wholesale of construction material, hardware, plumbing, heating equipment and supplies.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Since its incorporation, a number of share transfers and allotments and issues of shares in the capital of Beng Soon Machinery were effected. On 1 November 1994, the initial authorised share capital of Beng Soon Machinery was increased to S\$1,000,000 divided into 1,000,000 shares. On the same date, Beng Soon Machinery allotted, issued and credited as fully-paid 999,998 shares to Mr. Tan, following which Mr. Tan and Mr. Tan Chee Siew held shareholding interests of 99.9999% and 0.0001% of the entire enlarged issued share capital of Beng Soon Machinery, respectively.

On 23 May 2000, Mr. Tan Chee Siew transferred his one share to Ms. Lee credited as fully paid, following which Mr. Tan and Ms. Lee held shareholding interests of 99.9999% and 0.0001% of the entire enlarged issued share capital of Beng Soon Machinery, respectively.

On 15 October 2001, the authorised share capital of Beng Soon Machinery was further increased to S\$2,000,000 divided into 2,000,000 shares, and the issued share capital of Beng Soon Machinery was further increased to S\$1,500,000 divided into 1,500,000 shares. On the same date, Beng Soon Machinery allotted, issued and credited as fully-paid 500,000 shares to Mr. Tan, following which Mr. Tan and Ms. Lee held shareholding interests of 99.9999333% and 0.0000666% of the entire issued share capital of Beng Soon Machinery, respectively.

On 1 April 2013, Beng Soon Machinery allotted, issued and credited as fully-paid 1 share to Mr. Tan, 499,999 shares to Ms. Lee, following which they held shareholding interests of 75% and 25% of the entire enlarged issued share capital of Beng Soon Machinery, respectively. From 1 April 2013 up to the Reorganisation, the above shareholding interests remained unchanged.

On 26 June 2018, as part of the Reorganisation, Mr. Tan and Ms. Lee transferred their respective interests in Beng Soon Machinery, collectively being the entire issued share capital of Beng Soon Machinery, to the Company's subsidiary T&B Holding. After the completion of the aforesaid transfer of shares, Beng Soon Machinery is directly wholly-owned by T&B Holding and becomes an indirect wholly-owned subsidiary of the Company. Please refer to the paragraph headed "Reorganisation" in this section for further details of the Reorganisation steps involving Beng Soon Machinery.

Disposal of BSM (Myanmar)

BSM (Myanmar) was incorporated in Myanmar as a limited liability company on 30 July 2015 with an authorised share capital of US\$150,000 divided into 150,000 shares of US\$1.00 each, and it was initially set up by Beng Soon Machinery for the purpose of a demolition project in Myanmar. As at the date of incorporation, Beng Soon Machinery, Ms. Tang, an executive Director of our Company, each held 75% and 25% of the entire issued share capital of BSM (Myanmar), respectively. As the demolition project in Myanmar did not proceed and as such BSM (Myanmar) had remained inactive since its incorporation, in order to better allocate the resources of our Group and focus on the development of business in Singapore, Beng Soon Machinery and Ms. Tang decided to dispose their respective shares in BSM (Myanmar) to two buyers who are Independent Third Parties. The disposal of shares of BSM (Myanmar) was effected by a transfer of shares form dated 25 April 2018 whereby the two buyers acquired the shares at the cash consideration of US\$37,500 and US\$12,500, respectively, representing the nominal value of the relevant shares. The said share transfer was properly and legally completed and settled on 25 April 2018 and Beng Soon Machinery and Ms. Tang have thereafter completely disposed of their respective shareholdings in BSM (Myanmar).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Since BSM (Myanmar) has not conducted any business after its incorporation, our Directors are of the view that the disposal of BSM (Myanmar) would have an insignificant impact on the shareholders of our Group. Our Directors confirm that since its incorporation and immediately prior to its disposal, BSM (Myanmar) was not involved in any material non-compliance incidents, litigation, claims or arbitration proceedings.

PRE-IPO INVESTMENT

Overview

On 13 March 2018, the Pre-IPO Investor entered into a subscription agreement with Mr. Tan and T&B Holding (“**Subscription Agreement**”), pursuant to which the Pre-IPO Investor, subject to certain terms and conditions, agreed to subscribe for and T&B Holding agreed to allot and issue to the Pre-IPO Investor 144 shares in T&B Holding at the consideration of HK\$15,000,000. On 29 March 2018, the share subscription was properly and legally completed and settled, whereby the Pre-IPO Investor became a shareholder of T&B Holding Limited holding 12.59% of the then total issued share capital. The following describes the background of the Pre-IPO Investor and the detailed terms of the Pre-IPO Investment.

Information on the Pre-IPO Investor

The Pre-IPO Investor, Prosperity Delight Limited, is a limited liability company incorporated in the BVI on 22 February 2018. The principle business of the Pre-IPO Investor is investment holding. The Pre-IPO Investor is owned as to 50% by Mr. Cheung Kam Fai, 25% by Mr. Che Chan U, and 25% by PIX Funds (“**PIX Funds**”) SPC-PIX Liyao Capital Funds SP (“**PIX Liyao**”). Mr. Cheung Kam Fai is our non-executive Director. Please refer to the section headed “Directors and senior management — Non-executive Director” for further details of Mr. Cheung Kam Fai’s background and experience. Mr. Che Chan U is the founder, chairman and an executive director of Space Group Holdings Limited, a company listed on the Stock Exchange (stock code: 2448) which principally engages in the provision of fitting-out works and building construction works in Macau. Mr. Cheung Kam Fai and Mr. Che Chan U do not have demolition industry services experience in Singapore. PIX Funds is a private equity fund registered under an exempted limited liability partnership structure in the Cayman Islands. PIX Liyao is a segregated portfolio of PIX Funds. The investment targets of PIX Liyao include private equity investment, real estate and listed equities globally. Apart from our Company, PIX Liyao has also invested in a company which is principally engaged in the electrical and mechanical engineering business in Hong Kong, Macau and the PRC. The investment footprint of PIX Funds has also covered various other sectors, such as media, financial technology and e-commerce.

Mr. Tan, the chairman, chief executive officer, an executive Director, and a Controlling Shareholder of our Group, became acquainted with Mr. Cheung Kam Fai through referral by a mutual business acquaintance, whereby Mr. Cheung Kam Fai expressed his interest in investing in the demolition industry in Singapore in light of the potential growth arising from the growth in demolition works in Singapore. Mr. Tan was of the view that the Group could utilise Mr. Cheung Kam Fai’s experience in managing listed company and securities investments to enhance our Company’s corporate

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

governance and financial management, and leverage his business connection network to advance our Company's strategic development by having him to sit the position of non-executive Director and bringing in Prosperity Delight as an investor.

Save for the Pre-IPO Investment and Mr. Cheung Kam Fai's directorship in our Company, as at the Latest Practicable Date, the Pre-IPO Investor and its ultimate beneficial owners do not have any other relationship with our Group, our Directors, members of our senior management, any connected persons of our Company and any of their respective associates. As at the Latest Practicable Date, Mr. Cheung Kam Fai is a 50% shareholder and a director of the Pre-IPO Investor. To the best knowledge and belief of our Directors, the Pre-IPO Investor decided to invest in our Group as it was interested in and is optimistic about the business prospect of our Group. The investment of the Pre-IPO Investor in our Group was financed out of its internal resources.

Details of the Pre-IPO Investment

Name of Pre-IPO Investor:	Prosperity Delight Limited (鑫悦有限公司)
Date of the Subscription Agreement:	13 March 2018
Number of shares held for by the Pre-IPO Investor ^(Note 1) :	A total of 144 shares in T&B Holding, representing 12.59% of the then total issued share capital of T&B Holding upon the completion of the Subscription Agreement
Consideration paid ^(Note 2) :	HK\$15,000,000
Completion of the subscription and settlement of consideration:	29 March 2018
Cost per Share paid under the Pre-IPO Investment ^(Note 3) :	Approximately HK\$0.16
Discount to the Offer Price:	Approximately 73.5% to the Offer Price of HK\$0.6 (being the mid-point of the Offer Price range stated in this prospectus)
Basis of determination of the consideration:	The consideration was determined based on arm's length negotiations between Mr. Tan and the Pre-IPO Investor and by reference to the financial position and net asset value of our Group on 31 December 2017
Use of proceeds from the Pre-IPO Investment:	The proceeds from the Pre-IPO Investment will be used for our Group's general working capital in connection with the Listing. As at the Latest Practicable Date, the net proceeds from the Pre-IPO Investment had not been fully utilised
Strategic benefits the Pre-IPO Investor brought to our Company:	At the time of the Pre-IPO Investment, our Directors were of the view that our Company could benefit from the additional capital that would be provided by the Pre-IPO Investor's investment in our Group

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Shareholding of the Pre-IPO Investor in T&B Holding upon the completion of the Pre-IPO Investment:	Approximately 12.59%
Shareholding of the Pre-IPO Investor in our Company immediately following the completion of the Capitalisation Issue and the Global Offering:	Approximately 9.44% of the total issued share capital of our Company immediately following the completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option or any Shares which may be allotted and issued upon exercise of the options which may be granted under the Share Option Scheme is not exercised)
Special rights granted to Pre-IPO Investor:	Nil
Public float:	As Mr. Cheung Kam Fai is a core connected person of our Company and holds 50% of the shares of the Pre-IPO Investor, the Shares held by the Pre-IPO Investor will not be counted towards the public float of our Company after Listing for the purpose of Rule 8.08 of the Listing Rules
Lock-up arrangements after Listing:	Nil

Notes:

1. Pursuant to the Subscription Agreement, the shareholders of T&B Holding shall procure the transfer of the entire shareholding interests of T&B Holding to the Company. On 17 April 2018, the Pre-IPO Investor entered into a Share Swap Agreement with Mr. Tan, Ms. Lee, TCB, K Luxe, the Company and Five Elements, pursuant to which the Pre-IPO Investor was allotted and issued 1,259 Shares in the Company.
2. On 29 March 2018, our Group received a deposit of HK\$15,000,000 from the Pre-IPO Investor for the subscription of 144 shares in T&B Holding in accordance with the Subscription Agreement.
3. This is derived based on the 94,425,000 Shares to be held by the Pre-IPO Investor upon completion of the Capitalisation Issue and the Global Offering (assuming that the Over-allotment Option or any Shares which may be allotted and issued upon exercise of the options which may be granted under the Share Option Scheme, is not exercised).

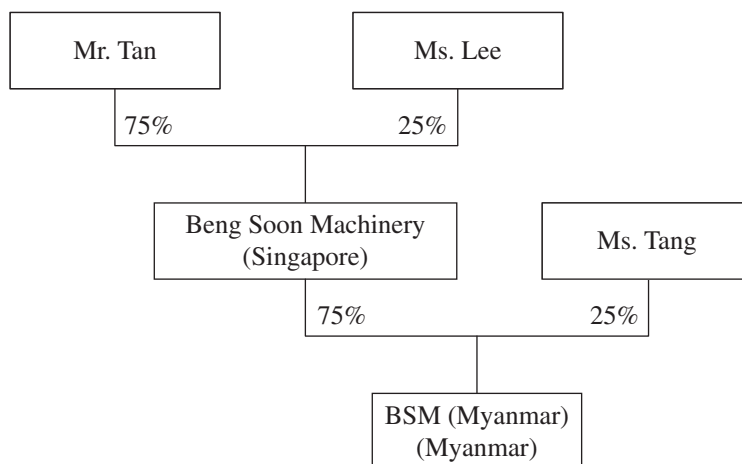
Confirmation from the Sole Sponsor

On the basis that: (i) the considerations under the Pre-IPO Investments were fully, unconditionally and irrevocably settled on 29 March 2018, which was more than 28 clear days before the date of the first submission of the listing application form to the Stock Exchange in relation to the Listing; (ii) there are no special rights granted to the Pre-IPO Investor that will survive the Listing; and (iii) neither our Group nor any of our Shareholders has any obligation to buy back the Shares at any time, the Sole Sponsor has confirmed that the Pre-IPO Investment by the Pre-IPO Investor is in compliance with “Interim Guidance on Pre-IPO Investments” (HKEx-GL29-12) (updated in March 2017), “Guidance on Pre-IPO investments” (HKEx-GL43-12) (updated in July 2012 and March 2017) and “Guidance on Pre-IPO investments in convertible instruments” (HKEx-GL44-12) (updated in March 2017).

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

The following chart shows the shareholding and corporate structure of our Group immediately before the Reorganisation:



REORGANISATION

Our Group has undergone a reorganisation in preparation for the Listing which involved the following major steps:

Disposal of BSM (Myanmar)

The entire issued shares of BSM (Myanmar) were disposed by Beng Soon Machinery and Ms. Tang to two buyers. The said share transfer was properly and legally completed and settled on 25 April 2018 and BSM (Myanmar) has ceased to be a subsidiary of our Company. Please refer to the paragraph headed “Corporate History — Disposal of BSM (Myanmar)” in this section for further details of the disposal.

Incorporation of our Company

Our Company was incorporated on 6 April 2018 in the Cayman Islands as an exempted company with limited liability as part of the Reorganisation. Upon incorporation, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 Shares with par value HK\$0.01 each. One subscriber Share was allotted and issued to an initial subscriber, who on the same day transferred that one Share to TCB at par. An additional 74 Shares were allotted and issued to TCB, and 25 Shares were allotted and issued to K Luxe on the same day. Our Company became the holding company of our Group in anticipation of our Listing.

Incorporation of Five Elements

Five Elements was incorporated on 10 April 2018 in the BVI as a limited liability company as part of the Reorganisation. Upon incorporation, Five Elements was authorised to issue a maximum of 50,000 shares of par value US\$1.00 each, of which 100 shares were allotted, issued and credited as fully-paid to our Company. Since Five Element’s incorporation, it has been a direct wholly-owned subsidiary of our Company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Incorporation of T&B Holding

T&B Holding was incorporated on 2 January 2018 in Hong Kong as a limited liability company as part of the Reorganisation. Upon incorporation, T&B Holding Limited allotted and issued 100 shares to Mr. Tan with the share capital of HK\$100. After completion of the allotment and issue of the 100 shares, T&B Holding was directly wholly-owned by Mr. Tan. On 29 March 2018, an additional 650 shares were allotted and issued to Mr. Tan, and 250 shares were allotted and issued to Ms. Lee at the total subscription price of HK\$900, credited as fully paid, increasing the issued share capital of T&B Holding to HK\$1,000. After completion of the allotment and issue of the 900 shares, T&B Holding was directly owned by Mr. Tan and Ms. Lee as to 75% and 25% respectively.

Allotment of shares of T&B Holding to the Pre-IPO Investor

On 29 March 2018, as part of the Pre-IPO Investment, T&B Holding allotted and issued the Pre-IPO Investor 144 shares, at the subscription price of HK\$15,000,000, increasing the issued share capital of T&B Holding to HK\$15,001,000. After completion of the allotment and issue of the 144 shares, T&B Holding was directly owned by Mr. Tan, Ms. Lee and the Pre-IPO Investor as to approximately 65.56%, 21.85% and 12.59%, respectively.

Acquisition of T&B Holding by the Company

On 17 April 2018, Mr. Tan, Ms. Lee and the Pre-IPO Investor as the sellers and the Company as the purchaser agreed to transfer Mr. Tan, Ms. Lee and the Pre-IPO Investor's respective interests in T&B Holding, collectively being the entire issued share capital of T&B Holding to the Company's direct wholly-owned subsidiary Five Elements, and in consideration, the Company allotted and issued 6,406, 2,135 and 1,259 Shares, credited as fully paid, to Mr. Tan's nominee TCB, Ms. Lee's nominee K Luxe and the Pre-IPO Investor, respectively. After the completion of the above share swap, T&B Holding becomes an indirect wholly-owned subsidiary of the Company and the Company was owned by TCB, K Luxe and the Pre-IPO Investor as to approximately 65.46%, 21.82% and 12.72% respectively.

Acquisition of Beng Soon Machinery by the Company

On 26 June 2018, Mr. Tan and Ms. Lee as the sellers and the Company as the purchaser agreed to transfer Mr. Tan's and Ms. Lee's entire interests in the issued share capital of Beng Soon Machinery to the Company's indirect wholly-owned subsidiary T&B Holding, and in consideration, the Company allotted and issued 75 and 25 Shares, credited as fully paid, to Mr. Tan's nominee TCB and Ms. Lee's nominee K Luxe, respectively. After the completion of the above share swap, Beng Soon Machinery becomes an indirect wholly-owned subsidiary of the Company and the Company was owned by TCB, K Luxe and the Pre-IPO Investor as to 65.56%, 21.85% and 12.59%, respectively.

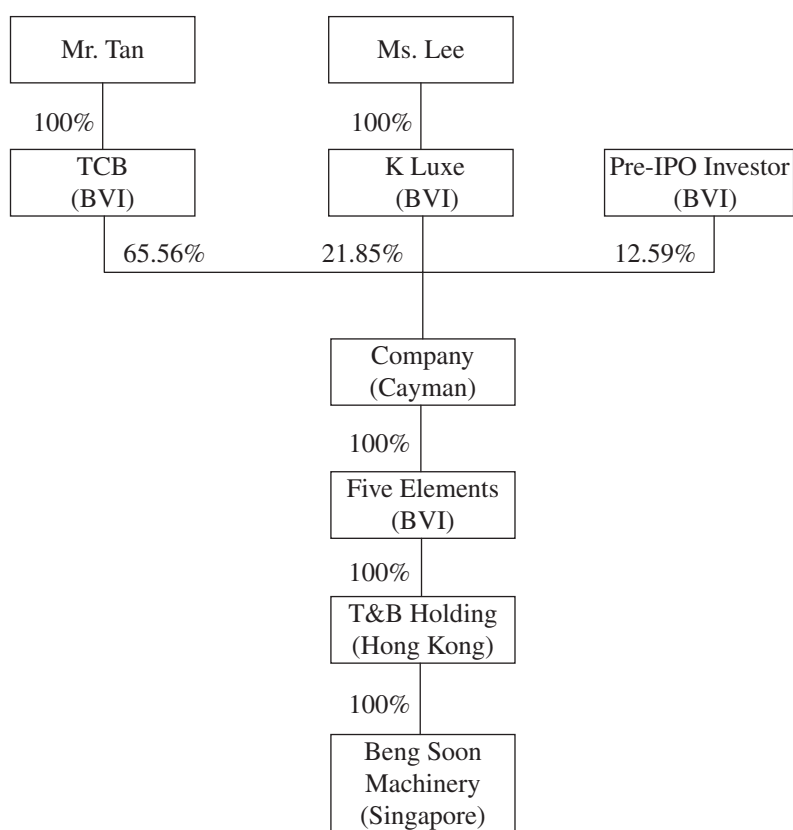
Please see the paragraph headed "Corporate History" under this section for further details of the aforementioned Reorganisation steps. As at the Latest Practicable Date, save for the Capitalisation Issue and the Global Offering (which will take place on the Listing Date), all of the steps of the Reorganisation have been properly and legally completed and settled. Our Directors have confirmed that the change of shareholdings in Beng Soon Machinery and T&B Holding

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Limited under the Reorganisation would not require any approval or permit from any relevant government authorities in Singapore or Hong Kong, and that we have made all necessary filings with the competent government authorities with respect to the Reorganisation.

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION BUT BEFORE COMPLETION OF THE CAPITALISATION ISSUE AND THE GLOBAL OFFERING

The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Capitalisation Issue and the Global Offering:



INCREASE OF AUTHORISED SHARE CAPITAL

On 15 October 2019, our Company increased its authorised share capital 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 through the creation of 9,962,000,000 additional Shares.

CAPITALISATION ISSUE

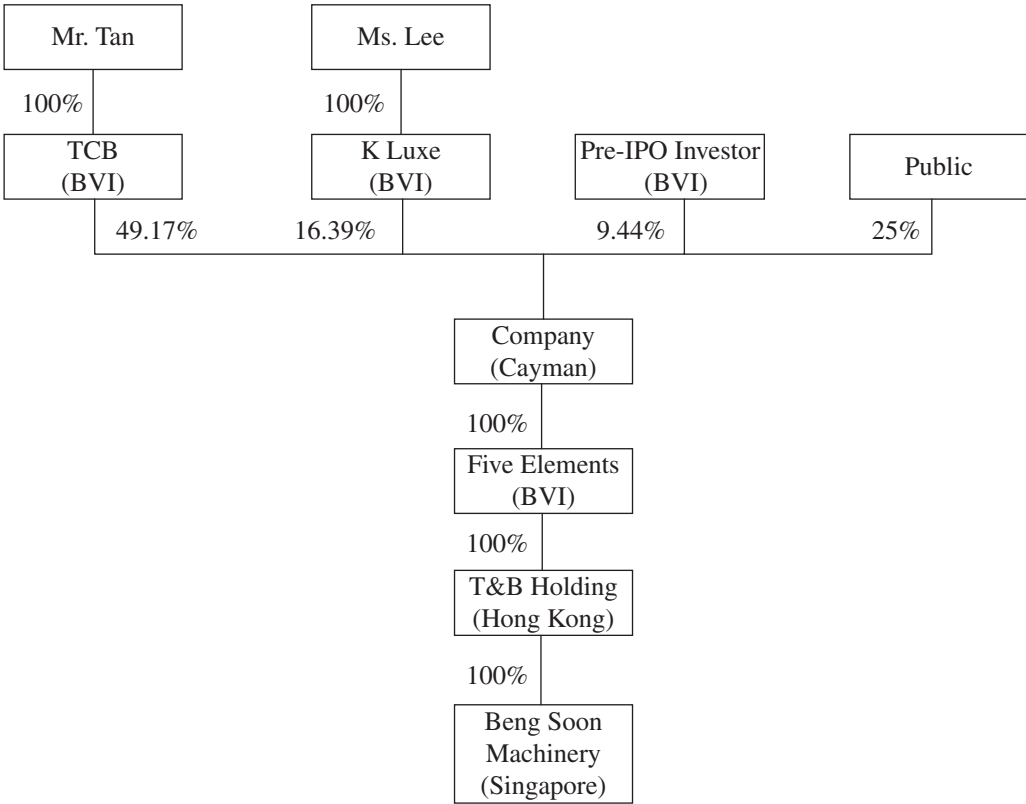
Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors are authorised to capitalise an amount of HK\$7,499,900 standing to the credit of the share premium account of our Company by applying such

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

sum towards the paying up in full at par a total of 749,990,000 Shares for allotment and issue to persons whose names appear on the register of members of our Company immediately prior to the Listing Date, on a pro rata basis.

CORPORATE STRUCTURE IMMEDIATELY FOLLOWING THE COMPLETION OF THE REORGANISATION, THE CAPITALISATION ISSUE AND THE GLOBAL OFFERING

The following chart shows the approximate shareholding and corporate structure of our Group immediately following the completion of the Reorganisation, the Capitalisation Issue, and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme):



BUSINESS

OVERVIEW

We are the largest demolition services provider in Singapore with a market share of approximate 33.2% in terms of revenue in 2018, according to the Industry Report. We have over 26 years of experience in undertaking demolition works in Singapore for various types of projects in both the public and private sectors, including demolition of industrial buildings, power stations, chemical plants, high rise commercial and residential properties, bridges and marine structures.

In undertaking demolition projects, we derived contract revenue which comprised of (i) the net contract sum from the project owners; (ii) the proceeds from the disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (iii) the proceeds from earth providers for depositing earth at our demolition sites for landfilling purpose. During the Track Record Period, we also lease and sell machinery to third parties. The table below sets out our revenue during the Track Record Period by source:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Contract revenue	23,646	95.6	26,054	93.5	33,906	99.8	10,094	99.7	11,473	99.2
— Net contract sum	3,268	13.2	5,204	18.7	8,462	24.9	1,577	15.6	4,037	34.9
— Proceeds from disposal of salvage materials	19,054	77.0	18,178	65.2	20,423	60.1	5,709	56.4	6,352	54.9
— Earth depositing proceeds	1,324	5.4	2,672	9.6	5,021	14.8	2,808	27.7	1,084	9.4
Others^(Note)	1,096	4.4	1,812	6.5	81	0.2	34	0.3	91	0.8
Total	24,742	100.0	27,866	100.0	33,987	100.0	10,128	100.0	11,564	100.0

Note: Other revenue are principally income derived from leasing and sale of machinery to third parties.

Net contract sum represented the net amount of contract sum we received from project owners for our projects after deducting the contract tender fees we incurred to project owners in certain projects during the year/period. The table below sets forth the breakdown of our net contract sum by nature for the years/periods indicated:

	For the year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)				
Contract sum	6,319	6,184	9,502	2,274	5,080
Less: Contract tender fees ^(Note)	(3,051)	(980)	(1,040)	(697)	(1,043)
Total net contract sum	3,268	5,204	8,462	1,577	4,037

Note: During the Track Record Period, the amount of contract tender fees were incurred from ten demolition projects, ranging from S\$29,000 to S\$2.0 million for each project.

BUSINESS

For details of contract tender fee, please refer to the paragraphs headed “Our operation flow — Tender or quotation — Preparation of tender proposal or quotation — Pricing strategy” and “Customers — Major terms of engagement with our customers — Contract sum” in this section.

We believe we have distinguished ourselves from other competitors by our core competencies, which include (i) our possession of specialised equipment and machinery which contributed to our efficiency and effectiveness in delivering our demolishing works; (ii) our vast experience and know-how in demolition of different types of complex structures, including power stations and chemical plants; and (iii) our long track record of provision of quality and reliable demolition services.

During the Track Record Period, the demolition works conducted by us principally include structural demolition, disposal of salvage materials, excavation and earthworks, and land reinstatement works. We possess our fleet of machinery and equipment, such as hydraulic excavators of various capacities, different types of excavator attachments, mobile crushers, cranes, articulated dump trucks and screeners, to carry out different types and scales of demolition works. All of our machinery and equipment are operated and maintained by our team of experienced machinery operators and maintenance staff. According to the Industry Report, the use of high-reach excavators increases the efficiency of demolition works and we are amongst the first batch of demolition contractors using high-reach excavators (up to 40-metre high) for demolition works in Singapore. With these specialised machinery and equipment, we believe we differentiate ourselves from our competitors in the provision of cost-efficient demolition services with minimal reliance on external parties for machinery and labour.

We undertook projects in both public and private sectors. Public sector projects refer to projects in which the ultimate project employer is the Singapore Government, statutory bodies or statutory corporations while private sector projects cover all other types of engagements. During the Track Record Period, we had a total of 79 projects which contributed to our revenue and such projects include demolition of large scale and complex structures, such as demolition of power stations and chemical plants. Please refer to the paragraph headed “Our projects” in this section for further details of our projects. According to the Industry Report, we are among the few demolition services providers in Singapore with experience in demolition of power plants and large-scale chemical plants and is a preferred services provider for demolition of the aforementioned structures. Apart from our experience in diverse types and scales of projects, our long and established presence in the demolition industry of Singapore have also given us an accumulated track record of provision of quality and reliable demolition services among our customers, which in turn allows us to leverage on our reputation in sourcing new business opportunities.

According to the Industry Report, the market size of demolition work by revenue of contractor in Singapore is expected to maintain a steady growth at a CAGR of 6.1% from 2019 to 2023 due to the forthcoming redevelopment projects and the expected increase in demand for demolition services. We believe we are well-positioned to capture the growing demand for demolition services given our strong fleet of machinery, vast experience and know-how in the provision of demolition services.

COMPETITIVE STRENGTHS

We believe that our competitive strengths set forth below have driven growth in our business and differentiated us from other players in the demolition industry in Singapore:

Well-established presence and proven track record in the demolition industry in Singapore

We have over 26 years of experience in undertaking demolition services in Singapore through Beng Soon Machinery, our principal operating subsidiary. According to the Industry Report, we ranked first in the demolition industry in Singapore in terms of revenue in 2018 with approximately 33.2% of market share.

Through years of business, we obtained Class 2 General Builder Licence, single grade under CR03 “Demolition” workhead, C3 grade under CW01 “General Building” workhead and C1 grade under CW02 “Civil Engineering” workhead which allowed us to tender and undertake various public and private sectors demolition projects.

Over the years, we have undertaken main contractor and subcontractor projects in both the public and private sectors in various redevelopment and building projects of different scales and complexity including the demolition of power stations, chemical plants, water reclamation plants, high rise commercial and residential properties, factory buildings, educational institutions, bridges, marine structures, public roads and infrastructures. Some of our major projects in Singapore include the demolition of the national stadium of Singapore, water reclamation plants, part of power plants and chemical plants on Jurong Island. According to the Industry Report, we are among the few demolition services providers in Singapore with experience in demolition of power plants and large-scale chemical plants and is a preferred services provider for demolition of the aforementioned structure.

Our Directors believe that our long-term presence in the industry together with our proven track record of diversified project portfolio have gained us a good reputation as one of the leading demolition services providers in Singapore which in turn enable us to enhance confidence of our customers, establish long-term business relationship with our customers and secure future business opportunities.

An established fleet of machinery and equipment

We believe our established fleet of machinery and equipment is a vital element of our continuous business growth and success. Our machinery and equipment include, among others, hydraulic excavators of various capacities, different types of excavator attachments, mobile crushers, cranes, articulated dump trucks and screeners. According to the Industry Report, we are amongst the first batch of demolition contractors using high-reach excavators (up to 40-metre high) for demolition works in Singapore and that the use of high-reach excavators increases the efficiency of demolition works. Our possession of specialised machinery and equipment allows us to be flexible and efficient in the utilisation and allocation of machinery and equipment in demolition projects in accordance with our needs, which may vary depending on our workload and work schedules from time to time, without reliance on third party for machinery or equipment rental. As at 30 April 2019, the aggregate net book value of our plant and machinery amounted to approximately S\$19.3 million. For details of our machinery and equipment, please refer to the paragraph headed “Machinery and equipment” in this section.

BUSINESS

To strengthen our market position in the demolition industry, we have been enhancing our service capacity by maintaining and expanding our fleet of machinery and equipment over the years. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we acquired new machinery and equipment at an aggregate cost of approximately S\$6.4 million, S\$1.3 million, S\$5.8 million and S\$620,000, respectively. We keep abreast with the technological development of the demolition industry by acquiring new machinery and equipment in the market. We also generally replace our machinery and equipment before the end of their useful life in order to minimise their maintenance costs and downtime, and thus to maintain their overall cost-efficiency. We believe our continual investment in machinery and equipment allowed us to build our diversified and efficient fleet of machinery and equipment, which in turn placed us in a position to cater for demolition projects of different scales and complexity by devising and applying suitable demolition methods and workplans for different building structures and site conditions; and to meet our customers' demand.

In-house maintenance team to repair and maintain our machinery and equipment

We believe that the condition of our demolition machinery and equipment is of paramount importance to our ability to perform demolition works efficiently and effectively and to the safety of our workers. We have our own in-house machinery and equipment maintenance team comprising 14 staff as at the Latest Practicable Date and some of them have worked with us for more than eight years. Our mechanic and maintenance team is led by Mr. Khoo Leng Kong, our operation support manager, who has over 13 years of experience of managing demolition machinery and equipment. We also provide trainings to our maintenance staff from time-to-time to upgrade their technical knowledge and skills. Our in-house maintenance team is capable of replacing worn-out or malfunctioning parts and components of a machinery and equipment when necessary which allows us to maintain our machinery and equipment in good condition. This increases the costs efficiency of our machinery and minimises our reliance on external party for maintenance.

Experienced and dedicated management team

We have an experienced and dedicated management team under the leadership of our executive Directors. Our executive Directors are responsible for formulating the business strategies and overseeing the business operations of our Group. Mr. Tan, our founder, the chairman of the Board, chief executive officer and an executive Director, has extensive operational expertise and in-depth understanding of the demolition industry. He has over 26 years of experience in the demolition industry and has established close business relationships with our customers, suppliers, subcontractors and other business partners, including salvage materials buyers. Ms. Tang, our executive Director, has stayed with our Group and in the demolition industry for over 19 years. Each member of our senior management team has years of experience in the construction and demolition industry and most of them has stayed with our Group for more than five years. The expertise and industry knowledge of our Directors and senior management are crucial for our Group to understand our customers' needs and the industry trend. Through their leadership, we have achieved different milestones in our business and become one of the leading demolition services providers in Singapore. Please refer to the section headed "Directors and senior management" in this prospectus for the detailed work experience and qualifications of our Directors and senior management.

Long-term business relationships with our key business partners

We have established long-term business relationships with our key business partners. We have maintained long-term business relationship with our major customers. Among our five largest customers (by aggregate contract revenue contributed to us from the relevant projects), we have been providing services to a majority of them for over three years, and the longest of which is 15 years. Our Directors believe that a good and long-term business relationship with our customers has an advantage for our Group in gaining new and repeated business as customers will usually give due consideration to demolition services providers whom they are familiar with and who have a proven track record in providing reliable works in a timely manner.

We have established long-term relationship with a number of our major suppliers (including subcontractors). As at the Latest Practicable Date, a majority of our five largest suppliers (including subcontractors) during the Track Record Period had been working with us for over five years. For the salvage materials buyers whom we dispose the salvage materials to, we have maintained over seven years of business relationship with a majority of our five largest salvage materials buyers during the Track Record Period, and the longest time of which is approximately 14 years. Our Directors believe that our established business relationships with these suppliers (including subcontractors) and salvage materials buyers had minimised the potential disruption to our works and allowed us to take up works of different scales efficiently.

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The primary business objective of our Group is to strengthen our position as one of the leading demolition services providers in Singapore and achieve sustainable growth. We intend to achieve our business objective by pursuing the following key strategies:

Continue to strengthen our market position in the industry and expand our business operations by undertaking more demolition projects in Singapore

To expand our market share in the industry, we intend to increase the number of demolition projects that we undertake including taking up more projects of similar complexity and nature which we had undertaken in the past as well as projects of higher complexity and larger scale.

With more than 26 years of experience in taking up demolition projects in Singapore, we obtained Class 2 General Builder Licence which allows us to carry on business as a general builder in both public and private projects with the estimated final price for each contract or engagement of no more than S\$6 million. We had also registered with the CRS administered by BCA, which is the pre-requisite to tender for construction or construction related projects in the public sector in Singapore. As at the Latest Practicable Date, we have registered three kinds of licences under the CRS, namely (i) single grade under CR03 “Demolition” workhead which allows us to undertake general public demolition projects with unlimited tendering amount; (ii) C3 grade under CW01 “General Building” workhead which allows us to undertake all types of public building work with different structures with tendering amount up to S\$0.65 million; and (iii) C1 grade under CW02 “Civil Engineering” workhead which allows us to tender public projects with civil engineering work with tendering amount up to S\$4 million. With the current licences held by our Group, we shall not carry out (i) general demolition works in public and private projects with the estimated final price for each contract or engagement of more than S\$6 million; (ii) civil engineering work in

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public projects with tendering amount of more than S\$4 million; and (iii) all types of building work for different structures in public projects with tendering amount of more than S\$0.65 million. During the Track Record Period, we had a total of 79 demolition projects which contributed revenue to us and such projects include demolition of building or structure of different scale and complexity, such as demolition of power stations and chemical plants. Please refer to the paragraph headed “Our projects” in this section for further details of our projects. According to the Industry Report, we are among the few demolition services providers in Singapore with experience in demolition of power plants and large-scale chemical plants and is a preferred services provider for demolition of the aforementioned structures. Our Directors believe that our customers will give due consideration to our track record when evaluating our tender/quotation proposal and thus with our strong track record with a diversified project portfolio, and our plan to enhance our fleet of machinery and strengthen our manpower, we believe we are able to secure more sizable demolition projects.

According to the Industry Report, it is common for demolition projects to involve civil engineering works which include demolition of underground structures, placing or replacing soil or earth by backfilling, compaction and levelling of excavated pits, land reinstatement and turfing. Demolishing of underground sewage system, train system or drainage system are typical examples of large scale civil engineering demolishing works in Singapore. According to the Industry Report, as outlined in the construction forecast figures published by BCA in January 2019, the public sector is expected to contribute S\$16 billion to S\$20 billion per year during 2020 to 2023 with similar proportions of demand coming from building projects and civil engineering works; and as estimated, there will be approximately over S\$80 million contract revenue to be derived from large scale civil engineering demolishing works in the coming five years and mostly would be public projects. Further, according to the Industry Report, although the construction contracts awarded in Singapore recorded a decline at a CAGR of -3.1%, the construction contracts awarded and certified for civil engineering works have experienced a growth at a CAGR of 6.6% and 4.9% respectively from 2013 to 2018. According to the Industry Report, it is estimated that construction contracts awarded for civil engineering works would continue to grow at a CAGR of 6.0% from 2019 to 2023. With the success of our proposed registration for Class 1 General Builder Licence and B1 grade under CW02 “Civil Engineering” workhead, we will participate in the relevant tenders of the demolition projects with civil engineering element and have the chances to secure such demolition projects.

Our Directors believe that there are a lot of common work scope between our current expertise under the CR03 “Demolition” workhead and the B1 grade under CW02 “Civil Engineering” workhead. In fact, currently, with our C1 grade under CW02 “Civil Engineering” workhead, we are allowed to carry out public civil engineering work projects with tendering amount limited to S\$4 million and during the Track Record Period, we had undertaken private civil engineering demolishing works, which mainly include excavation and earthworks, land reinstatement and turfing. During the Track Record Period, due to the fact we did not obtain B1 grade under CW02 “Civil Engineering” workhead, our Group was not qualified to submit tenders for certain large scale civil engineering demolishing work projects which our Directors believe that we have a majority of the required experience and expertise to carry out.

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Furthermore, according to the Industry Report, the forthcoming demolition projects in Singapore would likely to involve more sizeable and complex buildings and structures with more elaborate underground structures involving civil engineering works. Potential customers for private projects would also likely to consider demolition contractor's CW02 grading during their selection of CR03 demolition contractors for their capability to execute civil engineering works in addition to general demolition works. Thus, with B1 grade under CW02 "Civil Engineering" workhead, our Group can potentially enhance our success rate in securing private demolition projects with civil engineering work.

Although we can be engaged by main contractor who possess B1 grade under CW02 "Civil Engineering" workhead as subcontractor to carry out civil engineering work in public projects with tendering amount of more than S\$4 million, our profit margin in such projects would likely be compromised.

Furthermore, our Directors believe that it is natural expansion for our Group to engage larger scale demolishing works with Class 1 General Builder Licence and B1 grade under CW02 "Civil Engineering" workhead in order to capture the growing demand of large scale demolishing work projects in Singapore.

In light of the above, we plan to apply for registration for Class 1 General Builder Licence and B1 grade under CW02 "Civil Engineering" workhead for tendering and undertaking more sizeable demolishing projects with civil engineering work of tendering amount up to S\$40 million.

In order to succeed in the application of the relevant registration, our Group has to, among others, (i) secure, over a three-year period, civil engineering work projects with an aggregate contract value of at least S\$30 million; (ii) employ two additional registered professionals/professionals/technicians; (iii) obtain the certification under the Green and Gracious Builders Scheme; and (iv) obtain Class 1 General Builder Licence. In particular, the Green and Gracious Builder Scheme is a scheme to promote environment protection and gracious practices during the construction phase of projects and to recognise builders who contribute to environmental sustainability and environmental protection. For further details of the requirements for registration for B1 grade under CW02 "Civil Engineering" workhead, please refer to the section headed "Regulatory Overview" in this prospectus.

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Below is the table showing the requirements of registration for B1 grade under CW02 “Civil Engineering” workhead, our Group’s present status and actions to be taken:

Requirements of registration for B1 grade under CW02 “Civil Engineering” workhead	Present status of Beng Soon Machinery as at the Latest Practicable Date	Actions to be taken
1. Have a minimum paid-up share capital and minimum net worth of S\$3,000,000	The paid-up share capital of Beng Soon Machinery is S\$2,000,000	To increase the paid-up share capital of Beng Soon Machinery to S\$3,000,000
2. Secure, over a three year period, projects with an aggregate contract value of at least S\$30 million, of which a minimum of S\$15 million worth of the projects are executed from main contracts and a minimum of S\$7.5 million worth of the projects are from a single main contract or nominated subcontract (the percentage of the subcontract value taken into consideration shall be 75%)	Since January 2018, Beng Soon Machinery had secured an aggregate contract value of approximately S\$20.3 million, which include over S\$7.8 million worth of projects executed from main contracts	To secure more civil engineering related projects of contract value of at least S\$9.7 million which include at least S\$7.2 million worth of projects executed from main contracts and a main contract or nominated subcontract of at least S\$7.5 million worth by 2020
3. Employ at least six registered professionals/professionals/technicians, with (i) a minimum of two registered professionals and (ii) one registered professional/professional/technician who has obtained a Specialist Diploma in Construction Productivity conducted by BCA Academy or is a Certified Construction Productivity Professional (“Registered Professionals/Professionals/Technicians”)	Employed four Registered Professionals/Professionals/Technicians	To employ at least two additional Registered Professionals/Professionals/Technicians
4. Obtain the following certifications: (i) ISO 9001:2008; (ii) ISO 14001; (iii) OHSAS 18001; and (iv) Green and Gracious Builders Scheme	Obtained the certifications: (i) ISO 9001:2008; (ii) ISO 14001; and (iii) OHSAS 18001	To obtain certification under the Green and Gracious Builders Scheme

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Requirements of registration for B1 grade under CW02 “Civil Engineering” workhead	Present status of Beng Soon Machinery as at the Latest Practicable Date	Actions to be taken
5. Hold a Class 1 General Builder Licence ^(Note)	Currently holding a Class 2 General Builder Licence	To appoint at least one technical controller who possesses the requirements stipulated by the BCA and update to the BCA System

Note: For the requirements for obtaining Class 1 General Builder Licence, please refer to the section headed “Regulatory overview — Licensing regime for contractors in Singapore — General builder’s licence” in this prospectus.

We intend to utilise approximately HK\$2.9 million (equivalent to approximately S\$0.5 million) or approximately 2.9% of the net proceeds of the Global Offering, to engage professional consultant to review our internal management systems in order to obtain the certification under the Green and Gracious Builders Scheme for the purpose of our registration for B1 grade under CW02 “Civil Engineering” workhead. When engaging such consultant, we intend to consider, among others, its operating history, relevant experience, credentials and qualifications of the team (such as presence of accredited workplace safety and health officers, workplace safety and health supervisors, environmental control officers and fire safety managers). We expect the professional consultant to provide a detailed review and analysis of our policies and internal management systems such as reviewing our daily and control measures in relation to various green and gracious practices as required by the BCA such as waste reduction, energy consumption, environmental protection, public safety and manpower management, providing training to our employees and providing a comprehensive proposal in relation to our policies which satisfy the green and gracious practices as required by the BCA.

The principal costs for obtaining Class 1 General Builder Licence and B1 grade under CW02 “Civil Engineering” workhead is to engage professional consultant to review our internal management system, which our Directors believe such review is also essential and beneficial to our Group so as to improve and strengthen our internal control and risk management system. The Directors estimate that the costs for maintaining Class 1 General Builder Licence and B1 grade under CW02 “Civil Engineering” workhead going forward would include minimal amount of annual renew fees and the costs for employing the required professionals pursuant to the registration requirements. Given the benefits following the possession of the Class 1 General Builder Licence and B1 grade under CW02 “Civil Engineering” workhead explained above, including (i) the growing market demand for public projects with civil engineering demolishing works; (ii) common work scope between our current expertise under the CR03 “Demolition” workhead and the B1 grade under CW02 “Civil Engineering” workhead; (iii) enhanced success rate in securing private demolition projects with civil engineering work; and (iv) improved profit margin in carrying out public projects with civil engineering demolishing works as main contractor; and the minimal costs involved in obtaining and maintaining Class 1 General Builder Licence and B1 grade under CW02 “Civil Engineering” workhead, our Directors believe that the benefits of obtaining such licences substantially outweigh its costs and thus it is cost-effective for our Group to obtain such licences.

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Based on the best estimate of our Directors and in light of the current market conditions, it is expected that we can obtain Class 1 General Builder Licence by the second half of 2020 and B1 grade under CW02 “Civil Engineering” workhead by the first half of 2021.

Strengthen our fleet of machinery and equipment

The availability of our machinery and equipment is crucial to our capacity to carry out demolition works efficiently. Our Directors believe that our investments in machinery and equipment involving continuing replacement and additions of specialised machinery and equipment enable us to undertake demolition works of different scales and complexities and to cope with our business expansion plan. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we acquired new machinery and equipment at an aggregate cost of approximately S\$6.4 million, S\$1.3 million, S\$5.8 million and S\$620,000, respectively.

According to the Industry Report, it is expected that the growth in the market size of demolition work by revenue of contractor in Singapore during 2019 to 2023 will be at a CAGR of 6.1%. While our Group’s revenue maintained a rapid growth at CAGR of 17.2% from 2016 to 2018, it is also our Group’s strategy to strengthen our market position and take up more demolition projects. As at Latest Practicable Date, we had a total of 16 projects on hand (including projects in progress and projects awarded to us but had not yet commenced) with a total estimated contract revenue of approximately S\$30.7 million.

In April 2019, one of our five largest customers during the Track Record Period has appointed our Group as its subcontractor for demolishing works for seven potential demolition projects with an aggregate estimated contract revenue of approximately S\$21.7 million. Three of the seven potential projects with such major customer are our projects on hand, namely projects no. 4, no. 10 and no. 11 (project reference number corresponds with that in the table disclosed in the paragraph headed “Our Projects — Projects on hand as at Latest Practicable Date” in this section). The other four potential projects, which were yet to be awarded to such major customer as at 30 April 2019, will be private projects involving demolition of factory buildings and are expected to commence by the end of 2019 or during the year of 2020. The aggregate contract revenue of the four potential projects is estimated to be approximately S\$12.1 million (comprising (i) net contract sum of approximately S\$8.6 million; (ii) proceeds from disposal of salvage materials of approximately S\$3.5 million; and (iii) earth depositing proceeds of approximately S\$24,000) and the estimated net contract sum of individual project ranges from approximately S\$0.5 million to S\$3.5 million. Our Directors believe that such major customer’s appointment of our Group as its subcontractor for seven potential demolition projects was attributable to the fact that (i) we have a well-established and stable business relationship with such major customer; (ii) such major customer is satisfied with the quality and progress of work in our previous demolition projects; and (iii) such major customer is confident in our capability and expertise in carrying out demolition works efficiently and safely in view of our possession of advanced machineries and equipment, our market reputation and our track record. Our Directors confirm that the terms and conditions of such appointment were arrived at after arm’s length commercial negotiation with such major customer.

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In addition, as at Latest Practicable Date, 73 tenders/quotations with an aggregate net contract sum of approximately S\$66.4 million were submitted by us but the results of which were still pending. Based on the best estimate of our Directors, in order to cope with our projects on hand, potential projects from the aforementioned major customer and potential projects tendered for, the utilisation rate of our existing major machinery would increase from approximately 85.3% for the four months ended 30 April 2019 to over 95.0% for the year ending 31 December 2019. Our Directors believe that, without the planned acquisition of additional machinery and equipment, any future breakdowns and downtime of those major machinery would substantially interrupt or delay our work process given the extremely high expected utilisation rate of our existing major machinery. Thus, our Directors consider that our Group has an imminent funding need to enhance our operational resources by acquiring additional machinery and equipment to cope with our projects on hand, potential projects from the aforementioned major customer and potential projects tendered for and also for further business development.

Further, according to the Industry Report, the forthcoming demolition projects in Singapore would likely to involve more sizeable, high rise and complex buildings and structures. In order to undertake demolition projects of increasing height and complexity in Singapore, we plan to strengthen our fleet of machinery and equipment by acquiring additional and more advanced machinery and equipment.

Our Directors believe that our continued investments in machinery and equipment is necessary to maintain our flexibility and efficiency in the utilisation and allocation of own machinery and equipment in accordance with our needs, which may vary depending on our workload and work schedules from time to time, without reliance on third party for machinery or equipment rental. With most of our machinery and equipment being highly specialised, rental services of suitable machinery and equipment from third party may not be readily available to meet our needs. As such, it is crucial for us to have our own fleet of machinery and equipment that enables us to cope with our business development, increase our overall efficiency, capacity and technical capability in performing demolition works as well as our ability to cater for different needs and requirements of different customers in the future.

We intend to utilise approximately HK\$66.0 million (equivalent to approximately S\$11.4 million) or approximately 66.0% of the net proceeds from the Global Offering, for replacement and additions of machinery and equipment including hydraulic excavators with different capacities and attachments to excavators in the three years ending 31 December 2021.

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Our planned allocation of the net proceeds for the purchase of additional machinery and equipment is as follows:

Utilised by the year ending 31 December	Purpose of acquisition	Additional machinery and equipment to be acquired	Approximate amount (HK\$ million)
2019	Replacement of existing machinery and equipment	Two Excavators	2.5
		Attachments to excavators including two hydraulic crushers	0.8
	New acquisition to cope with business expansion	Three Excavators	4.6
		New acquisition of a 48.5- metre high-reach excavator (partial payment)	14.9
			22.8
2020	Replacement of existing machinery and equipment	Five Excavators	5.7
		Attachments to excavators including two hydraulic crushers and two hydraulic pulverizers	1.5
	New acquisition to cope with business expansion	Six Excavators	9.7
		Attachments to excavators including one hydraulic crusher, two hydraulic pulverizers and three hydraulic breakers	3.5
			20.4
2021	Replacement of existing machinery and equipment	Six Excavators	8.8
	New acquisition to cope with business expansion	Eight Excavators	9.8
		Attachments to excavators including five hydraulic crushers and two hydraulic breakers	4.2
			22.8
Total			66.0

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Replacement of existing machinery and equipment: Approximately HK\$19.3 million (equivalent to approximately S\$3.3 million) or approximately 29.2% of the net proceeds of the Global Offering of approximately HK\$66.0 million for purchasing additional machinery and equipment, is intended to be utilized for acquiring hydraulic excavators and attachments to excavators to replace old ones. As at 30 April 2019, the weighted average remaining useful life (being the weighted average of remaining useful life assumes a useful life of ten years for each unit of machinery based on our accounting policy for depreciation of plant and machinery) of our hydraulic excavators and attachments to excavators were approximately 4.3 years and 4.9 years, respectively, and 15 units of hydraulic excavators and 13 units of attachments to excavators were fully depreciated as at 30 April 2019. In order to maintain the efficiency and capability of our machinery fleet and to reduce maintenance costs and the chances of future breakdowns and downtime that may interrupt and delay our work process, 13 units of hydraulic excavators and six units of attachments to excavators of new and enhanced version will be acquired to replace old ones for the three years ending 31 December 2021.

Replacement decisions of our machinery and equipment are made on a case-by-case basis having regard to factors such as the operating conditions of each unit of our machinery and the cost effectiveness of replacing only the malfunctioning or worn-out parts or the entire machinery. For the three years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2019, approximately S\$1.2 million, S\$1.3 million, S\$1.2 million and S\$352,000 were incurred for maintaining our Group's existing machinery and equipment. Such maintenance expenses mainly include expenses for acquiring spare parts of machinery and equipment for replacement and the costs for specialised repair and maintenance by external third parties. As at the Latest Practicable Date, we have our in-house maintenance team of 14 staff responsible for maintaining our existing machinery and equipment. Our Directors believe that generally the older the machinery and equipment, the higher the maintenance costs such machinery and equipment would be needed for their servicing and more time and attention would be required from our in-house maintenance team. Moreover, newly acquired excavators would generally have warranty given by the relevant dealer for free maintenance and repair for the first year of purchase or for the first 2,000 engine hours. It is therefore necessary to replace old machinery and equipment from time to time in order to keep our maintenance costs and our staff costs of our in-house maintenance team at a reasonable level. Based on the best estimate of our Directors, if we delay the implementation of our plan to replace the 13 units of hydraulic excavators, approximately S\$0.6 million additional maintenance costs and staff costs would be incurred annually after taking into consideration the additional spare parts to be acquired for replacement, additional specialised maintenance costs by external third parties and the additional staff costs of our in-house maintenance team. In addition to the maintenance expenses, given the high utilization rate of our major machinery which had reached approximately 85.3% for the four months ended 30 April 2019, breakdown and the downtime for repair and maintenance of machinery and equipment would delay work schedule and adversely affect our productivity.

Upon the purchase of hydraulic excavators to replace old ones, the respective used hydraulic excavators will be sold to third party used-machinery buyers. With reference to the current market conditions and the best estimate of our Directors, the market value for the 13 units of hydraulic excavators we planned to replace will be approximately S\$0.8 million in aggregate at the time of their proposed disposal.

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New hydraulic excavators to be acquired are, in general, upgraded versions of the existing hydraulic excavators with higher productivity and lower carbon-emission level. Our Directors believe that our potential customers, in assessing our tender proposals, may consider various factors in relation to our portfolio of machinery and equipment, which include, other than the quantity and availability of our machinery and equipment, but also the condition, technology, age and environmental friendliness of our machinery and equipment. Some of our customers have specific requirements for our machineries to meet their standards and criteria which include the age, overall productivity and environmental friendliness of our machineries and equipment.

During the Track Record Period, 11 of our customers in aggregate account for approximately 30.1% of our aggregate contract revenue recognised had requested for certain specific standards or requirements on our machinery and equipment in relation to their age, overall efficiency and productivity and environmental friendliness. Such machineries include high-reach excavator, attachment to excavators (e.g. crusher and steel cutter), crane and lifting machine. For example, certain of our major customers for public projects during the Track Record Period have required that certain types of machineries (e.g. lifting machine) used in projects to be not exceeding 15 years; while only certain excavators which are able to meet their specific environmental standards listed on their respective pre-inspection machinery checklists to be used in projects. Such specific environmental standards listed on those pre-inspection checklists included noise level and carbon emission level which, based on Directors' experience, consequentially prompted the use of more environmentally friendly model of machinery (e.g. hydraulic excavators of Euro Standard 3 instead of Euro Standard 1 or Euro Standard 2). Further, certain of our customers had specifically requested the use of certain types of attachments to excavators (e.g. crusher) with higher capacity to demolish certain scalable structures (e.g. sub-structures and pilecaps) in their projects to lower the noise and vibration impact to the environment. Based on the experience of our Directors, such specific requests for higher capacity attachments to excavators had naturally caused our Group to use compatible and higher capacity excavators (including higher tonnage excavators) in such projects.

Having considered our customers' specific requests on the standards and requirements of the machinery and equipment used in their projects in the past, our Directors are of the view that our customers and potential customers would continue to request for the use of more advanced machinery and equipment with higher efficiency, higher productivity and higher standard of environmental protection. According to the Industry Report, with the increasingly complex and challenging demolitions projects in Singapore, it is the market trend that demolition contractors are expected to use advanced demolition machinery and equipment featuring high efficiency, high productivity and high standard of environmental protection. Our Directors thus consider that replacement of existing machinery and equipment with new ones can enhance the overall productivity, efficiency and environmental friendliness of our fleet of machinery and equipment which would be given due weight in the tendering process, and in turn would enhance our success rate in securing demolition projects. Given the following conditions of the machinery and

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equipment to be replaced, our Directors believe that it is necessary to phase out these machinery and equipment and to replace them by their more advanced versions in order to meet our potential customers' standards and requirements:

- (i) the age of machinery and equipment: all 13 units of hydraulic excavators to be replaced have exceeded 10 years of use while five of them have exceeded 12 years of use, and all six units of attachments have exceeded 11 years of use. Our Directors are of the view that all of such hydraulic excavators and attachments to be replaced have recurrent downtime and require frequent maintenance resulting from wear and tear of their major parts. Replacement of them can thus reduce downtime and maintenance time and costs and increase the overall efficiency of our machinery fleet;
- (ii) the environmental friendliness of machinery and equipment: all 13 units of hydraulic excavators to be replaced are either of Euro Standard 1 or Euro Standard 2 which are less environmentally friendly models in the market. All of the planned acquisitions will be of Euro Standard 3 which is more environmentally friendly model in the market; and
- (iii) the overall productivity of machinery and equipment: seven of the 13 units of hydraulic excavators to be replaced are excavators of 10 tons, which are not commonly used in our current demolition projects due to their low capacities, incompatibility with high capacity attachments to excavators and low efficiency to carry out demolishing works when comparing to other hydraulic excavators of higher tonnage and all the planned acquisitions of hydraulic excavators will be of 20 tons or above.

Our Directors believe that if we delay to acquire part or all of the machinery and equipment intended to replace existing machinery and equipment, the conditions of such machinery and equipment would become less likely to meet our potential customers standards and requirements on machinery and we may become less productive with our existing fleet of machinery and even loss job opportunities with our potential customers.

New acquisition to cope with business expansion: Approximately HK\$31.8 million (equivalent to approximately S\$5.5 million) or approximately 48.2% of the net proceeds of the Global Offering of approximately HK\$66.0 million for purchasing additional machinery and equipment, is intended to be utilized for expanding our fleet of machinery and equipment by acquisition of additional hydraulic excavators and attachments to excavators to cope with our future expansion plan of taking up more demolition projects. According to the Industry Report, the market size of demolition work by revenue of contractor in Singapore had experienced a minimal growth at CAGR of 1.2% during 2016 to 2018. Despite the historical minimal growth in the market size, by leveraging our experience and expertise in the industry, our Group's revenue was able to maintain a rapid growth at CAGR of 17.2% from 2016 to 2018. In order to maintain our rapid growth, the average utilisation rate of our major types of excavators increased from approximately 64.2% for the year ended 31 December 2016 to approximately 85.3% for the four months ended 30 April 2019; while our Group acquired 33 units of hydraulic excavators for replacement and expansion purposes during the Track Record Period. Based on the best estimate of our Directors, in order to cope with our projects on hand, potential projects from one of our five largest customers

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during the Track Record Period and potential projects tendered for, the utilisation rate of our existing major machinery would further increase to over 95.0% for the year ending 31 December 2019 without the addition of new machinery and equipment.

According to the Industry Report, it is expected that the growth in the market size of demolition work by revenue of contractor in Singapore during 2019 to 2023 will substantially be better than that for the period from 2016 to 2018 at a CAGR of 6.1% primarily due to the following growth drivers:

- (i) Limited land supply in Singapore — Land scarcity in Singapore together with the economic development contributed to sustained demand for demolition works.
- (ii) Sustained redevelopment in Singapore — According to relevant authorities in Singapore, land sold in Singapore are typically on tenure where redevelopment are likely to take place upon expiry of leases. As a long established petrochemical hub in Singapore, Jurong Island is on the plan for long-term development under Jurong Island version 2.0 projects and potential redevelopment is expected in the next phase of planning. Furthermore, under the Selective En bloc Redevelopment Scheme initiated since 1995 with the aim to rejuvenate the old estates, more replacement flats are selected with an expected completion date in 2022. As an estimation, there were more than 1,000 buildings aged 30 years or above in Singapore in 2017 and these aging buildings may eventually undergo demolition process for redevelopment.
- (iii) Growth of en-bloc sales and transaction for land resources — The growth of demolition work market is associated with the land sales and property market transaction as land supply in Singapore is primarily created from demolition works. According to relevant authorities in Singapore, the total area of state land being sold to public sector agencies recorded a significant growth from 234.8 km² in 2012 to 486.1 km² in 2017. On the other hand, developers in Singapore are also active in acquisition of land resources through en-bloc transaction for existing properties. The enbloc sales also fuel potential demolition works on the acquired properties for redevelopment.
- (iv) Review of urban planning and green building development — Singapore has been a leading country in driving the green building construction. Promotion of green building development is expected to drive the consumption of recycled materials, which are mostly generated from demolition of existing buildings. Meanwhile, urban redevelopment may drive the demand for demolition works which support to recovery of land resources in Singapore.

According to the Industry Report, attributable to the growing trend for demolition projects in Singapore involving more sizeable, high-rising and complex buildings and structures, the possession of advanced machinery and equipment, including high-reach excavators, would be the major competition factor in Singapore demolition market. In view of our well-established presence and proven track record in the demolition industry in Singapore and our established fleet of machinery and equipment, our Directors believe that we are well equipped to compete with our competitors and are confident to continue to out-perform the market average growth rate with our expansion plan to strengthen our fleet of machinery and equipment by acquiring additional and more advanced machinery and equipment.

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Further, with the success in our proposed registration for Class 1 General Builder Licence in the second half of 2020 and B1 grade under CW02 “Civil Engineering” workhead in the first half of 2021, we would then be opened to new demolition work opportunities that are more sizable and involving civil engineering work, such as demolition of underground sewage or drainage, with tendering limit up to S\$40 million.

As at the Latest Practicable Date, our Group has 95 units of hydraulic excavators. According to the Industry Report, the market size of demolition work by revenue in Singapore is expected to reach approximately S\$122.2 million in 2021, representing a growth of 19.7% as compared to that in 2018. In order to capture the future market opportunities, we intend to acquire 17 units of hydraulic excavator during the three years ending 31 December 2021, which would approximately increase the capacity of our existing fleet of 95 units of hydraulic excavator by approximately 17.9%.

Given (i) our historical growth rate during the Track Record Period had substantially outperformed the market average growth rate; (ii) the expected high utilisation rate of our existing major machinery for the year ending 31 December 2019; and (iii) the expected market average growth rate during 2019 to 2023 at a CAGR of 6.1%; our Directors consider that the acquisition of an additional 17 units of hydraulic excavator during the three years ending 31 December 2021 is a prudent business expansion plan and enables us to be fully prepared to cope with the growth on the market demand and the new opportunities upon obtaining Class 1 General Builder Licence and B1 grade under CW02 “Civil Engineering” workhead in the second half of 2020 and in the first half of 2021, respectively.

New acquisition of a 48.5-metre high-reach excavator: Approximately HK\$14.9 million (equivalent to approximately S\$2.6 million) or approximately 22.6% of the net proceeds of the Global Offering of approximately HK\$66.0 million for purchasing additional machinery and equipment, is intended to be used to acquire a 48.5-metre high-reach excavator, which our Directors believe such acquisition can substantially enhance our capability and efficiency in undertaking demolition works for high-rise and complex buildings and structures, which is in line with the forthcoming demand of demolition industry in Singapore. To the best of our Directors’ knowledge, 48.5-metre high-reach excavator was available in the market in mid-2017 and we have entered into a sale and purchase agreement with the relevant dealer for acquiring one unit of 48.5-metre high-reach excavator at a consideration of approximately S\$2.9 million in August 2018, pursuant to which we have paid approximately S\$0.3 million as deposit upon signing from our internal resources. The Directors expect to fund the remaining portion of such consideration using net proceeds of the Global Offering of approximately HK\$14.9 million (equivalent to approximately S\$2.6 million). Based on the understanding of our Directors, we were among the first batch of buyers of 48.5-metre high-reach excavator in Singapore. It takes more than one year, from the signing of the sale and purchase agreement to the delivery, for the fabrication and customization of the 48.5-metre high-reach excavator. According to the Industry Report, due to limited availability of such machinery and the novelty of the technology, there had been no rental market for 48.5-metre high-reach excavator in Singapore as at the Latest Practicable Date.

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As at the Latest Practicable Date, we have three units of 40-metre reach excavators and building structures above such height are out of reach by our existing hydraulic excavators. The demolition of such structures above 40 metres height was carried out by (i) hoisting machinery to the roof-top of the structures which required erection of propping; (ii) erection of tower crane and mast platform to the structures; or (iii) other methods which were considered non-economical by our Directors. Out of our 20 major projects with each contributed a contract revenue of more than S\$1 million during the Track Record Period, six projects involved structures exceeding 40 metres of height and five of which were commenced during the year ended 31 December 2018. Based on internal assessment, the use of 48.5-metre high-reach excavator could substantially reduce costs and time of demolition work of such structures by removing the need of hoisting machinery and equipment and workers to the roof-top, and installation and removal of work platforms, scaffolding, propping and tower crane at the roof-top of structures below 48.5 metres of height and reducing such need for structures above 48.5 metres of height. Based on Directors' best estimate, an aggregate of approximately S\$3.1 million could be saved by using 48.5-metre high-reach excavator to demolish structures exceeding 40 metres of height in those six major projects during the Track Record Period on the following basis:

Demolition work description	Cost saving for using 48.5-metre high-reach excavator (S\$'000)
Erection and removal of propping and work platforms ^(Note 1)	883
Installation and removal of scaffolding ^(Note 2)	960
Hoisting and deployment of machinery (including additional staff cost) ^(Note 3)	805
Others (e.g. manual works and safety concerns) ^(Note 4)	455
Total	3,103

Notes:

1. Such cost saving is estimated with the following calculation basis: (i) the estimated levels of propping and work platforms that would not be needed if 48.5-meter high-reach excavator was used in those six major projects during the Track Record Period; (ii) the estimated material and labour costs for the erection and removal of such levels of propping and work platforms based on the actual costs incurred by the Group for the erection and removal of propping and work platforms for the six major projects.

2. Such cost saving is estimated with the following calculation basis: (i) the estimated size of scaffoldings that would not be needed if 48.5-meter high-reach excavator was used in those six major projects during the Track Record Period; (ii) the estimated sub-contracting fees for the installation and removal of such size of scaffoldings based on the actual sub-contracting fees incurred by the Group for the installation and removal of scaffolding for the six major projects.

3. Such cost saving is estimated with the following calculation basis: (i) the estimated number and type of machinery that would not be required to be hoisted to the roof-top of buildings if 48.5-meter high-reach excavator was used in those six major projects during the Track Record Period; (ii) the estimated costs for hoisting the machinery needed and the estimated labour and rental costs for deploying such machinery based on the actual costs incurred by the Group for hoisting and deployment of machinery for the six major projects.

4. Such cost saving is estimated with the following calculation basis: (i) the estimated number, duration and type of manual works at height that would not be needed if a 48.5-meter high-reach excavator was used in those six major projects during the Track Record Period; (ii) the estimated costs for manual workers and the costs of their respective safety equipment for working at height based on the actual costs incurred by the Group for manual workers and their respective safety equipment for the six major projects.

Thus, our Directors consider that the use of such high-reach excavator can substantially reduce our demolition costs and increase our efficiency and productivity in demolishing buildings exceeding 40 metres of height.

In addition, by removing or reducing the need to carry out works in relation to the installation and removal of work platforms, scaffolding, propping and tower crane at the roof-top of such structures, the use of such high-reach excavator also remove or reduce the need for workers to work at such height and in turn minimise the risk of our workers working at height. According to the Workplace Safety and Health Report 2018 issued by the Ministry of Manpower of Singapore, falls from height was the top cause for fatal workplace injuries in 2018 in Singapore. As we consider work safety a matter of highest priority when undertaking our demolition projects, we strive to minimise the potential risk of accidents of our workers of working at height by deploying more advanced machinery and equipment, including this 48.5-metre high-reach excavator.

Out of our 16 projects on hand as at the Latest Practicable Date, four projects involved structures exceeding 40 metres high. Further, according to the Industry Report, all other leading market participants in Singapore, except our Group, generally do not own hydraulic excavators for height more than 40 metres and thus owning 48.5-metre high-reach hydraulic excavator will enable our Group to enhance competitiveness in respect of our capacity to undertake demolition works for buildings above 40 metres high with higher efficiency as well as to establish industry reputation in order to secure potential business opportunities in view of the growing trend for demolition for buildings above 40 metres of height. According to the Industry Report, there were approximately over 10,000 buildings with height over 40 metres in 2018 that will eventually undergo demolition and among which approximately over 400 buildings may potentially undergo demolition in the coming five years. Thus, the possession of 48.5-metre high-reach hydraulic excavator will enable our Group to cope with the demand for demolition of buildings above 40 metres of height and to carry out demolition works more efficiently and safely.

Enhance our manpower

As at the Latest Practicable Date, we had 128 employees, including 23 project managers, supervisors and safety members and 58 machinery and equipment operators, maintenance and logistics staff. In order to cope with our business expansion plan, our Directors consider that additional manpower is required for project management and project execution as well as professional engineers.

The planned expansion of our team would include project managers, safety supervisors and machinery operators. Further, in line with our intention to expand our business operations and apply for B1 grade under CW02 “Civil Engineering” workhead, we intend to expand our labour resources by recruiting more professional engineers and to meet the registration requirements and business needs.

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We intend to utilise approximately HK\$11.8 million (equivalent to approximately S\$2.0 million) or approximately 11.8% of the net proceeds of the Global Offering, to expand our labour force by recruiting three engineers with degree/diploma in civil or structural mechanical engineering, architecture, building or equivalent qualifications and at least three years of industry experience for the purpose of satisfying the personnel requirements stipulated under the CRS registration requirements, two project managers, three safety supervisors and four machinery operators in order to cope with our business development, our planned upgrade of our CRS registration and our planned purchases of additional machinery as mentioned above.

The table below sets forth the particulars of the additional staff we intend to hire and the approximate expected monthly salary of the 12 additional staff:

Role	Experience and qualifications	Number of staff to be recruited	Approximate monthly salary per head (\$)
Engineer	With degree/diploma in civil/ structural/ mechanical engineering, architecture, building or equivalent qualifications and at least three years of industry experience	3	6,000
Project manager	(i) With degree/diploma in civil/structural/ mechanical engineering, architecture, building or equivalent qualifications and at least three years of industry experience; or (ii) possess relevant industry certificates such as the certificate of successful completion of the Building Construction Safety Supervisor Course or the Lifting Supervisor Safety Course accredited by the MOM and at least five years of industry experience	2	8,000
Safety supervisor	Completion of the Building Construction Safety Supervisor Course accredited by the MOM and at least two years of industry experience	3	4,500
Machinery operator	Possess a certificate of successful completion for hydraulic excavator operation recognised by the BCA	4	3,000

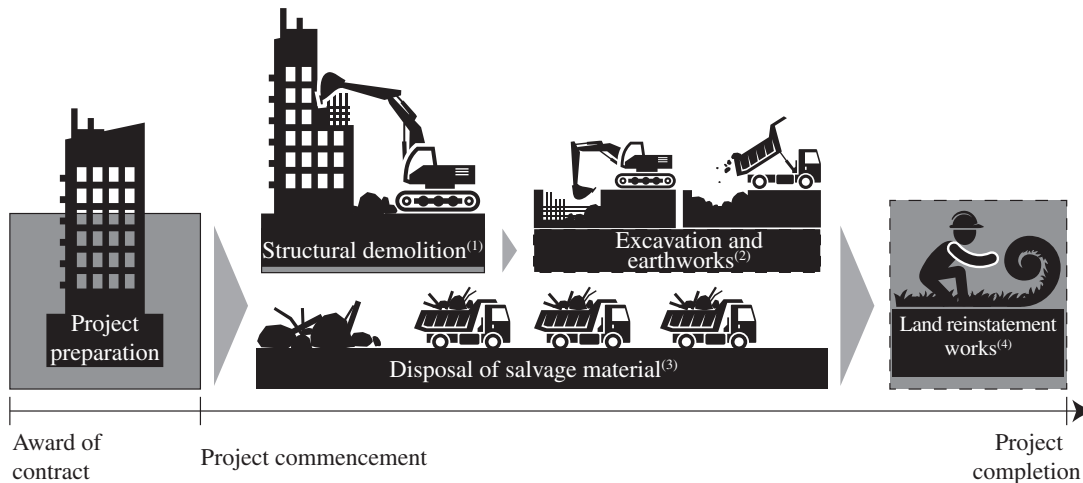
For further details of the aforementioned business strategies, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

OUR BUSINESS MODEL AND OPERATION

Our principal business is undertaking demolition projects. We solely undertake demolition projects in Singapore and we have experience in various types and scales of projects in both the public and private sectors, including demolition of industrial buildings, power stations, chemical plants, high rise commercial and residential properties, bridges and marine structures.

In undertaking demolition projects for the project owners, we are engaged by project owners to carry out various demolition works on the designated sites. These demolition works, which include structural demolition, disposal of salvage materials, excavation and earthworks, and land reinstatement works, are a series of contiguous and inseparable works with an aim to demolish the relevant structures in accordance with the specifications contained in the contract with the project owners.

Below is the typical flow of our demolition works in a demolition project:

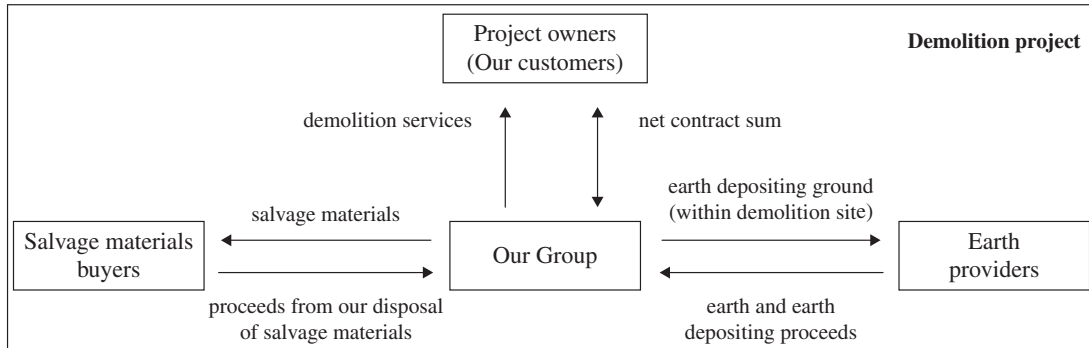


Notes:

- (1) Structural demolition refers to the demolition works of dismantling the relevant structures on the site of our demolition projects. We carry out structural demolition throughout most part of our demolition projects.
- (2) After the demolition of aboveground structures, depends on the requirements of the project owners, we are usually required to demolish underground structures by carrying out excavation and earthworks to restore the demolition sites to bare land status. According to the industry norm, the project owners expect us to receive earth from third party earth providers which we would receive from them earth depositing proceeds.
- (3) Salvage materials, such as ferrous metal, non-ferrous metal and recycled concrete aggregate, are continuously produced throughout our demolition works. We are required by the project owners to remove and dispose the salvage materials generated by us from the demolition sites. According to the industry norm, the project owners expect us to dispose by selling the salvage materials to third parties.
- (4) If the project owners so require in the demolition contract, we will carry out land reinstatement works, being the provision of turfing and/or drainage to demolished site according to the specifications contained in the demolition contract.

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During the process of undertaking demolition projects, we derive contract revenue from three parties, namely (i) the project owners; (ii) the salvage materials buyers; and (iii) the earth providers. The following table demonstrates the business relationship amongst our Group, the project owners, the salvage materials buyers and the earth providers during the course of a demolition project:



The project owners: The project owners are our customers and award us demolition projects. We carry out demolition works on the specified site according to the specifications contained in the contract with the project owners. Generally, pursuant to the contract with the project owners, we are required to demolish the relevant structures, remove the salvage material generated by us from the demolition sites and return the site to a bare land status. According to the industry norm, the project owners expect us to dispose the salvage materials derived from the demolition project by selling them to third parties; and in cases where earthworks is required, to receive earth from third party earth providers from which we would receive earth depositing proceeds. In most cases, we will receive contract sum from the project owners for our demolition services. In cases where large structures are involved and thus large quantity of salvage materials are expected to be derived from the demolition projects, we may be required to pay contract tender fees to the project owners to secure the demolition projects, while we may at the same time receive contract sum from the project owners for the same demolition projects. Thus, in a demolition project where the contract tender fee payable by us to the project owner exceed the contract sum receivable by us from the project owner, we will have a negative net contract sum. According to the Industry Report, it is common in the demolition industry in Singapore for demolition service providers to pay the project owners contract tender fees in cases where the demolition project involve large structures. According to the Industry Report, it is also the industry norm that the contract sum derived from and the contract tender fee (if applicable) paid to the project owner for each demolition project would vary significantly from project to project, principally depending on the nature of the structure being demolished since the discounted estimated value of the salvage materials that would be derived from the demolition projects and the earth depositing proceeds to be received would have been taken into account in determining the contract sum and the contract tender fee (if applicable) for the demolition project.

According to the Industry Report, building structures, such as power plants and chemical plants, would generally have a relatively higher ferrous and non-ferrous metal content in the salvage materials to be produced from the demolition than other structures. Since ferrous and non-ferrous metal generally have a higher economical value than other salvage materials, such as recycled concrete aggregate, higher value of salvage materials is generally expected to be derived from these projects by the project owners, and thus we may be required to pay contract tender fees to the project owners to secure these demolition projects.

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For the three years ended 31 December 2018 and the four months ended 30 April 2019, approximately S\$6.3 million, S\$6.2 million, S\$9.5 million and S\$5.1 million were received as the gross contract sum from the project owners, respectively. Such amount of contract sum were derived from 79 demolitions projects. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we incurred approximately S\$3.1 million, S\$980,000, S\$1.0 million and S\$1.0 million as contract tender fees to the project owners in the same periods, respectively. Such amount of contract tender fees were incurred from ten demolitions projects, ranging from approximately S\$29,000 to S\$2.0 million for each project. During the Track Record Period, the net contract sum for each of the periods is thus approximately S\$3.3 million, S\$5.2 million, S\$8.5 million and S\$4.0 million, respectively.

The salvage materials buyers: We are required by the project owners to remove and dispose the salvage materials generated by us from the demolition sites. According to the industry norm, the project owners expect us to dispose by selling the salvage materials to third parties. Salvage materials are continuously generated throughout our demolition works and are sold by us continuously to relevant third party salvage materials buyers. During the Track Record Period, all proceeds derived from the disposal of salvage materials were for the sale of salvage material removed from our demolition projects.

The earth providers: Depends on the requirements of the project owners pursuant to the demolition contract, we are usually required to restore the demolition sites to bare land status by carrying out excavation and earthworks. According to the industry norm, the project owners expect us to receive earth from third party earth providers which we would receive from them earth depositing proceeds. During the Track Record Period, all proceeds derived from earth providers were for depositing earth at our demolition sites for landfilling purpose for our demolition projects.

Contract revenue

In undertaking demolition projects pursuant to the respective demolition contract with the project owner, we thus derive contract revenue during the performance of the contract which comprised of (i) the net contract sum from the project owners; (ii) the proceeds from the disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (iii) the proceeds from earth providers for depositing earth at our demolition sites for landfilling purpose. According to the Industry Report, our sources of revenue and aggregating our income derived from demolition projects as contract revenue are in line with the market practice.

For the three years ended 31 December 2018 and the four months ended 30 April 2019, contract revenue represented approximately 95.6%, 93.5%, 99.8% and 99.2% of our total revenue. Among the contract revenue, the proceeds from the disposal of salvage materials removed from the demolition sites to third party salvage materials buyers contributed approximately 77.0%, 65.2%, 60.1% and 54.9% of our total revenue for the three years ended 31 December 2018 and the four months ended 30 April 2019. In particular, according to the Industry Report, it is an industry norm that a majority of the revenue derived from the demolition contract with the project owners are proceeds from the disposal of salvage materials removed from the relevant demolition project to the salvage materials buyers. The amount of proceeds we received from our disposal of salvage materials removed from the demolition sites fluctuated during the Track Record Period as it varied depending on the nature of the projects or demolition structures and/or stages of the projects which we were involved in during the relevant period.

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For instance, we received a relatively smaller portion of proceeds from our disposal of salvage materials for the year ended 31 December 2018 and the four months ended 30 April 2019 as we undertook relatively fewer demolition projects involving chemical plants or power plants (which produced comparatively more salvage materials of high economic value such as ferrous metals and non-ferrous metals than residential buildings) and therefore we received fewer proceeds from disposal of salvage materials during such year/period.

Earth depositing proceeds from earth providers for depositing earth at the demolition sites amounted to approximately 5.4%, 9.6%, 14.8% and 9.4% of our total revenue for the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively. Similar to the proceeds from our disposal of salvage materials, the earth depositing proceeds received by us varied depending on the nature of the projects and/or stages of the projects. We generally received more proceeds for projects which we are required to provide substantial earthworks and land reinstatement works for levelling the ground for subsequent site formation involving replacing, backfilling or leveling of excavated pits using soil or earth from independent third parties. In particular, we received a relatively greater portion of earth depositing proceeds for the year ended 31 December 2018 which primarily derived from one of our projects which involved substantial land reinstatement works.

Demolition projects

We were engaged by the project owners, as main contractor or sub-subcontractor, to carry out demolition works on the designated sites. During the Track Record Period, the demolition works conducted by us principally include structural demolition, disposal of salvage materials, excavation and earthworks, and land reinstatement works. Our works services are inter-related to one another and our projects may require single or multiple types of services depending on the customers' needs and requirements for the demolition projects.

Structural demolition





Structural demolition services refer to the dismantling and removal of pieces or sections of concrete or metals from building structures and the demolition of the entire building by applying different methods such as crushing, breaking and shearing. We usually carry out structural demolition by using one or a combination of demolition methods. The major types of demolition methods are listed below:

- (i) Crushing generally refers to the process of concrete demolition by applying pressures to crush concrete into pieces in order to demolish and remove concrete structures. We generally use crusher attached to hydraulic excavators in carrying out such works.



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- (ii) Breaking generally refers to the process of breaking up of concrete structures during demolition of concrete structures. We generally use breaker attached to hydraulic excavators in carrying out such works.



- (iii) Shearing generally refers to the process of cutting steel structures into smaller pieces. We generally use shearers attached to hydraulic excavators in carrying out such works.



Depending on the complexity of the project, we may devise a demolition work plan tailored to customers' needs and requirements, outlining, among others, the methods and machinery and equipment that we consider suitable for use in performing our demolition works.

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Disposal of salvage materials

We are required by our customers to remove and dispose the salvage materials generated by us from the demolition sites. Different types and quantity of salvage materials are removed from different types and scales of projects. Segregation and pre-processing of waste is required to obtain valuable salvage materials for sale to salvage materials buyers. Other non-recyclable waste will be removed and transported to approved dumping grounds for disposal. We extract and sort the salvage materials into different categories, which principally are ferrous metal, non-ferrous metal and recycled concrete aggregate, on the demolition sites by deploying different machineries. For instance, we usually use our excavators attached with crusher, breaker or magnet to segregate metal from concrete. The concrete will be broken down into recycled concrete aggregate by mobile crushers. Different types of salvage materials would subsequently be collected by the relevant salvage materials buyers and removed from the demolition sites.

During the course of execution of demolition project, we continuously dispose the salvage materials removed from the demolition sites by selling them to third party salvage materials buyers in Singapore. During the Track Record Period, our Group did not export salvage materials out of Singapore to other countries. The salvage materials removed from the demolition sites vary among different types of projects and in general, they are principally ferrous and non-ferrous metal, and recycled concrete aggregate.

The following table shows the breakdown of proceeds from disposal of salvage materials during the Track Record Period by types of salvage materials:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Types of salvage materials disposed										
— Ferrous and non-ferrous metals	16,508	86.6	15,799	86.9	18,152	88.9	4,355	76.3	5,663	89.2
— Recycled concrete aggregate and others	<u>2,546</u>	<u>13.4</u>	<u>2,379</u>	<u>13.1</u>	<u>2,271</u>	<u>11.1</u>	<u>1,354</u>	<u>23.7</u>	<u>689</u>	<u>10.8</u>
Total	<u>19,054</u>	<u>100.0</u>	<u>18,178</u>	<u>100.0</u>	<u>20,423</u>	<u>100.0</u>	<u>5,709</u>	<u>100.0</u>	<u>6,352</u>	<u>100.0</u>

The salvage materials buyers are generally recycling companies or salvage materials processing plants which would either export or further process the salvage materials for the purpose of recycling such salvage materials for use in the construction industry. We generally dispose the salvage materials at the market price from time to time.

According to the Industry Report, given (i) the limited availability and high cost for extraction of virgin materials; (ii) higher cost effectiveness for using recycled materials; (iii) the support from the Singapore government on the development of green buildings and the use of green buildings materials; and (iv) that demolition works in Singapore is considered as “urban mining” of valuable materials, there has been high demand for salvage materials for recyclers and construction contractors in Singapore in recent years and that the recycling rate of construction salvage materials in Singapore has maintained at a high level of over 99% in the past few years. According to the Industry Report, since demolition works are major source of supply of salvage materials in Singapore, there has been high demand and

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stable economic value for salvage materials derived from demolition projects and thus that it is common for demolition contractors to derive a large portion of their revenue from the disposal of salvage materials. According to Industry Report, scrap ferrous and non-ferrous metals are of higher economic value than other salvage materials, which in year 2018, the recycled ferrous metal costed approximately S\$436.4 per tonne while recycled concrete aggregate costed only approximately S\$12.6 per tonne. Thus, demolition contractors would generally derive more proceeds from disposal of salvage materials in demolition projects with structures having higher ferrous and non-ferrous metal content, according to the Industry Report. In addition, according to the Industry Report, depending on the nature of the structures to be demolished, certain structures, such as power plant and chemical plant, would generally have a higher ferrous and non-ferrous metal content in the salvage materials to be produced from the demolition and thus generally demolition contractors would derive more proceeds from disposal of salvage materials from the projects involving such building structures. Thus, the actual content of ferrous and non-ferrous metal in the salvage materials and the market price of ferrous and non-ferrous metal at the time of disposal would have material impact on the proceeds to be derived from disposal of salvage materials from the demolition project.

During the Track Record Period, over 86% of the proceeds from disposal of salvage materials of our Group were derived from the disposal of ferrous and non-ferrous metals, while the rest of the proceeds from disposal of salvage materials were derived from the disposal of other salvage materials, principally recycled concrete aggregate. Given the nature of our Group's demolition projects and the high demand and economic value for ferrous and non-ferrous metal in Singapore, our Group had derived a large portion of our revenue from the disposal of salvage materials during the Track Record Period.

For the three years ended 31 December 2018 and the four months ended 30 April 2019, our recognised contract revenue include proceeds from disposal of salvage materials in the amount of approximately S\$19.1 million, S\$18.2 million, S\$20.4 million and S\$6.4 million, respectively. For further details of the process of disposal of salvage materials by us, please refer to the paragraph headed "Our operation flow — Project execution — Disposal of salvage materials" in this section.



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Excavation and earthworks

Excavation and earthworks refer to works that restore the demolition sites to bare land status. Our excavation works include removal of underground structures; while our earthworks include placing or replacing soil or earth by backfilling, compaction and levelling of excavated pits. This is generally required by our customers and necessary after demolition when backfilling and compaction of earth is required for levelling the ground for subsequent site formation or building works to be performed thereon by other construction services providers. We usually deploy hydraulic excavators in performing our excavation and earthworks.

For demolition projects involving earthworks, we would allow earth providers to deposit earth in our demolition sites. In return, we receive proceeds from the earth providers for depositing earth at our demolition sites. During the Track Record Period, our recognised contract revenue include earth depositing proceeds in the amount of approximately S\$1.3 million, S\$2.7 million, S\$5.0 million and S\$1.1 million, respectively. For further details of our receipt of proceeds from earth providers, please refer to the paragraph headed “Our operation flow — Project execution — Earth disposal by earth providers” in this section.



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Land reinstatement works

Land reinstatement works refers to provision of turfing and/or drainage to demolished site. Land reinstatement works are occasionally required by our customers.



We carry out most of the demolition works deploying our employees. For better allocation of our human resources and cost efficiency, we generally engage specialised subcontractors in relation to hoarding, scaffolding, disposal of hazardous waste and turfing.

Leasing and sale of machinery

During the Track Record Period, we also lease and sale machinery to third parties.

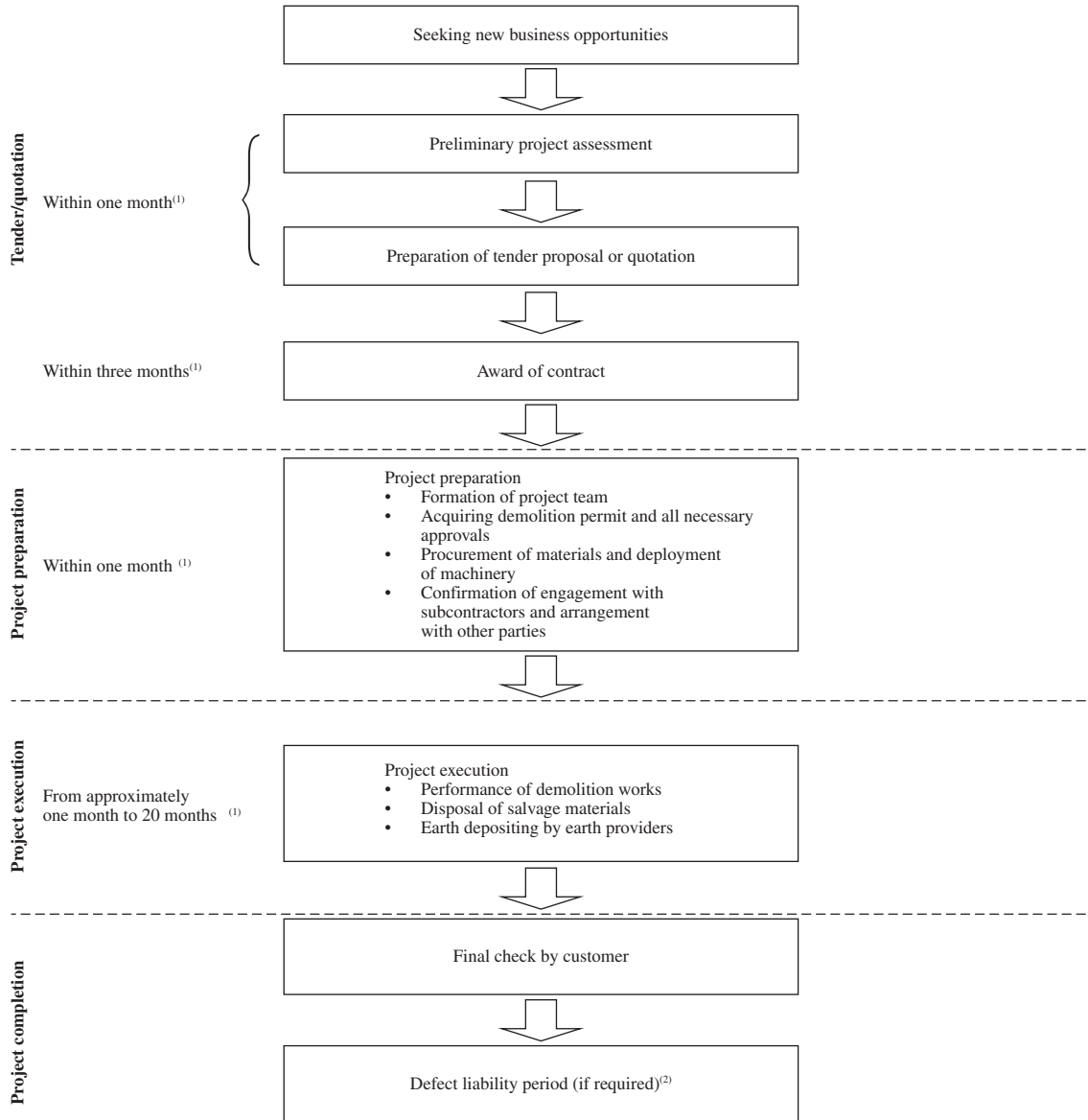
Given the number of projects on hand, we usually deployed most of our machinery and equipment in our demolition sites. For the three years ended 31 December 2018 and the four months ended 30 April 2019, our utilisation rate of our major machinery was approximately 64.2%, 81.4%, 84.8% and 85.3%, respectively. We, thus, only provide leasing of machinery services to third parties when the machinery is not being used by us. During the Track Record Period, we occasionally leased machinery, such as articulated dump trucks and excavators, to third party construction contractors. The rental fees are determined by taking into account a number of factors including the purchase price and condition of the machinery, the period of lease, the background of and business relationship with the lessee and other estimated costs of the leasing services. For details, please refer the section headed “Financial information — Principal components of consolidated statements of comprehensive income — Other income” in this prospectus.

In order to maintain costs efficiency of our machinery and equipment by reducing maintenance costs and minimizing downtime of our machinery and equipment, we generally replace our machinery and equipment before the end of their useful life. As such, we sell used machinery in our business when we decide there is a need for replacement of our machinery. In addition, we also sell machinery in our possession to third party interested buyer if we consider economically attractive to do so. For details, please refer the paragraphs headed “Inventories” and “Machinery and equipment” in this section, and the paragraphs headed “Revenue” and “Other gains” in the section headed “Financial information — Principal components of consolidated statements of comprehensive income” in this prospectus.

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OUR OPERATION FLOW

The following diagram illustrates the principal steps in our demolition projects:



Notes:

1. The timeframe above is estimated on an approximate basis and may vary for different projects depending on its scale, complexity, the requirements of our customers, and/or our agreement with the customers on the timeframe for the principal steps.
2. We generally do not grant any defects liability period to our customers but in cases where turfing is required from our customers, we may be required to provide a defects liability period of three to six months upon practical completion of the project.

Tender or quotation

Seeking new business opportunity

During the Track Record Period, we sourced public sector projects from open tender opportunities available on GeBIZ system, the Singapore Government's one-stop e-procurement portal where all public sector projects' invitations for quotations and tenders are available thereon. For private sector projects, we were approached by project owners who are main contractors or subcontractors, from time to time and obtained new demolition projects through quotation or tender during the Track Record Period. For further information, please refer to the paragraph headed "Sales and marketing" in this section.

Preliminary project assessment

Our contract team, led by Ms. Tang who has over 19 years of experience in the demolition industry, is responsible for assisting our executive Directors on the preliminary review and assessment of the potential project. In deciding whether to pursue potential projects, we will consider, among others, (i) the background of and our business relationship with the potential customers; (ii) the nature of the project; (iii) the technical specifications and difficulties; (iv) our previous experience in undertaking similar projects; (v) availability of our resources; and (vi) other details of the projects such as the condition and location of the work site. We will usually conduct site inspection to assess the conditions of the site, the nature of the building or structure and the potential risks. Any tender documents or quotations is only prepared after we have carried out an analysis of the works to be undertaken.

Preparation of tender proposal or quotation

Once our executive Directors decided to proceed with the potential project, our contract team will prepare the tender proposal or quotation with the assistance from our procurement team and project team. We usually prepare a preliminary budget proposal for the project concurrently taking into account (i) the nature, scale and complexity of the project; (ii) the estimated types and numbers of machinery and workers required; (iii) the estimated operation costs; and (iv) expected proceeds from the salvage materials buyers for the disposal of salvage materials and the expected proceeds from the earth providers for depositing earth (if applicable). We would obtain quotations and the relevant unit costs from our suppliers, subcontractors and salvage materials buyers (if applicable), as the case maybe, as reference for our budget preparation to determine the profitability and feasibility of the potential projects. For the proceeds from our disposal of salvage materials, we estimate such amount based on the amount and types of salvage materials expected to be removed from the project and the unit price of the relevant materials offered by the relevant salvage materials buyers in the market. For the earth depositing proceeds from the earth providers (if applicable), we will estimate such amount based on the depositing fee per load of charge and the estimated volume of earth required for the project.

Pricing strategy

In both capacity as main contractor and subcontractor, we determine our pricing based on a cost-plus pricing model with a certain percentage of markup for each project having regard to factors such as project schedule, availability of resources, nature and complexity of the project, the estimated types and numbers of machinery and workers required and the expected proceeds from disposal of salvage materials and earth depositing (if applicable). We estimate our costs based on (i) the budget proposal; (ii) our previous costs in undertaking similar projects, and (iii) the quotations and the relevant unit costs

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obtained from our suppliers and subcontractors. As our proceeds from the disposal of salvage materials and earth depositing together with some of our purchases such as diesel fuels are based on the prevailing market prices and the actual volume of salvage materials removed, earth deposited to our work sites or raw materials purchased, there is a risk of price fluctuation on the relevant price indicators. Apart from monitoring and obtaining the latest price trends of such materials and fees on an on-going basis, we generally seek to minimise the risk of price fluctuation by factoring in such risk in our percentage of markup of project price.

According to the Industry Report, it is common for demolition services providers (including our Group) to submit a more competitive tender proposal or quotation for projects involving demolition of certain type of buildings and/or structures with a higher likelihood of obtaining a substantial amount of salvage materials and/or involving earthworks, as disposal of salvage materials and earth disposal by earth providers at the demolition site can provide an additional source of income from the relevant parties aside from the project customer. In such cases, demolition services providers may be required to pay a contract tender fee in order to secure the relevant projects after taking into account the discounted estimated value of the salvage materials and/or earth depositing proceeds which would be derived from the project. Accordingly, for such cases, there may even be no direct revenue inflow from the project customers and/or land owners for the demolition projects based on the industry understanding of the income to be generated from disposal of salvage materials and/or earth depositing may outweigh the relevant costs to be incurred in providing the demolition services. During the Track Record Period, our Group was awarded ten projects which we had incurred an aggregate of approximately S\$6.1 million as contract tender fees to the project customers for securing such projects.

In addition, we generally adopt a relatively more competitive pricing strategy for projects offered through open tendering process which is more competitive in nature as compared to projects offered through private tendering or direct negotiation and quotation. Since all of the public demolition projects are sourced through public tendering, while private demolition projects are generally sourced through private tendering or direct negotiation and quotation, we generally adopt a relatively more competitive pricing strategy for projects in the public sector than projects in the private sector.

In order to monitor the risk of inaccurate estimation and cost overrun, the pricing of our services is to be reviewed and approved by our executive Directors for purpose of tender or quotation submission. However, there is no assurance that we can estimate our cost and value of salvage materials accurately or our operating costs will not increase. During the Track Record Period, based on the contract revenue derived and the costs incurred from the projects, there was one loss-making demolition project. For further details on the loss-making projects and the relevant risk, please refer to the paragraph headed “Our Projects — Projects with revenue contribution during the Track Record Period” in this section and the section headed “Risk factors — Risks relating to our business — Incorrect estimation of our project operating costs and value of salvage materials to be derived in determining the tender or quotation price will materially and adversely affect our profitability and financial performance.” in this prospectus.

Award of contract

After we have finalised our tender proposal or quotation, we will submit the same to our potential customers. For tender proposal, we are generally required to prepare a relatively comprehensive set of documents including among others, (i) a demolition work plan outlining the proposed demolition methods and technique to be applied; (ii) the proposed workflow; (iii) the quantity and types of

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machinery and equipment we consider to deploy in performing our work; and (iv) safety supervision plan in accordance with our customer’s request and tender specifications. We generally have a fixed validity period for our tender proposal, ranging from 90 to 180 days. For quotation, we will submit the quotation which includes the basic scope of services, price, expected completion date and basic contract terms. We generally have a fixed validity period for our quotation of 30 days.

Subsequently, we may be invited to attend tender interviews with our customers for sizeable projects to answer queries for our tender submission and to finalise the terms of contract. If our customer decides to engage us after the tender review process, we will receive a letter of award or letter of intent issued to us and we may then enter into formal contract with our customer. For the principal terms of engagement in a typical contract, please refer to the paragraph headed “Customers — major terms of engagement with our customers” in this section.

CRS is a pre-requisite to tendering for projects in the public sector in Singapore. As at the Latest Practicable Date, we were registered with the BCA the following workheads: (i) Class 2 General Builder Licence; (ii) single grade under CR03 “Demolition” workhead; (iii) C3 grade under CW01 “General Building” workhead; and (iv) C1 grade under CW02 “Civil Engineering” workhead, and subject to the relevant limits on the work scope. For details of the permissible work scope for each workhead, please refer to the section headed “Regulatory overview” in this prospectus. Further, public projects opportunities are only available via GeBIZ system, the Singapore Government’s one-stop e-procurement portal where all public sector projects’ invitations for quotations and tenders are available. Save for the above mentioned, our Directors are of the view that there are no major differences for undertaking public sector projects and private sector projects in the operation flow, the permits or licences required and other principal steps of our demolition projects.

Tender/quotation success rate

During the Track Record Period, all of our demolition projects were secured either by tender or quotation. The following table sets forth the number of tenders/quotations submitted, number of contracts awarded and the success rate during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2016	2017	2018	2019 ^(Note)
Number of tenders/quotations submitted	48	78	94	28
Number of tenders/quotations won	15	25	32	8
Success rate (%)	31.3	32.1	34.0	28.6

Note: For the four months ended 30 April 2019, there were 28 tenders/quotations submitted by our Group. Out of the said 28 tenders/quotations submitted, we received 14 results and the results of the remaining 14 tenders/quotations applications are yet to be known as at the Latest Practicable Date.

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The gradual increase of our tender/quotation success rate over the three years ended 31 December 2018 was mainly because of the increase in our service capacity resulted from our capital expenditure for acquisition of machinery and equipment during the three years ended 31 December 2018. For the years ended 31 December 2016, 2017 and 2018, we maintained our strategy to be responsive to our customers' tender/quotation invitations and submitted more tenders and quotations with more competitive pricing. Our tender/quotation success rate decreased by approximately 5.4% from 34.0% for the year ended 31 December 2018 to 28.6% for the four months ended 30 April 2019 was principally because we were occupied with various projects which took up most of our machinery and equipment as well as labour resources during the four months ended 30 April 2019. Nevertheless, we did not reduce the number of tenders/quotations submitted for the four months ended 30 April 2019 given that it is our strategy to be responsive to our customers' tender/quotation invitations. Under such circumstances, we took a relatively cautious approach in costs estimation by factoring in a higher profit margin which may render our tender/quotation price less competitive during the four months ended 30 April 2019.

It is our strategy to be responsive to our customers' tender and quotation invitations, and actively provide to our customers our fee quotations and/or tender submissions upon receipt of their invitations. Our Directors believe that this can enable us to (i) maintain our relationship with customers; (ii) maintain our presence in the market; and (iii) be informed of the latest market developments and pricing trends which are useful for tendering projects in the future. Due to such strategy and subject to the tender/quotation strategy of our competitors from time to time, we may experience fluctuations in our overall tender/quotation success rates from period to period.

Project preparation

Once our engagement is confirmed, we will commence the implementation of project by forming the project team, procuring the required materials and deploying the machinery and equipment and confirming engagement with subcontractors and arrangement with other parties.

Formation of project team

A project team, which will be formed for each of the projects, is responsible for the management and implementation of the project on site. Our project teams are led by our Mr. Ng Boon Hoo, who is a certified professional engineer in Singapore and Malaysia and responsible for the civil and structural engineering matters of all of our projects, and Mr. Tan Chin Tien, who is our projects coordinating manager and responsible for overseeing the Group's projects. Each of our project teams is also supervised by our executive Directors who conduct site visits and closely monitor the progress of the project to ensure that our works meet our customers' requirements, within budget and in compliance with all applicable laws and regulations in an ongoing basis. For further details in relation to the qualifications and experience of our executive Directors, Mr. Ng Boon Hoo and Mr. Tan Chin Tien, please refer to the section headed "Directors and senior management" in this prospectus.

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Depending on the type, scale and complexity of the project, our project team typically consists of a project manager, a project engineer, workplace safety and health personnel and a site supervisor. Set out below are the main responsibilities of each key member in a project team:

- The project manager is responsible for the overall management of the project, including communicating with our customers and external parties (including our subcontractors) on the project progress and technical issues in the project, reporting to our executive Directors on a regular basis on the project progress, supervising the overall workforce, coordinating and providing guidance to the other team members and site workers and reviewing site records.
- The project engineer is responsible for communicating with the project manager on the project progress and technical issues in the project and preparing a detailed method statement and work plan for our customer's approval.
- The workplace safety and health personnel is responsible for supervising the implementation of site safety measures and monitoring on the day-to-day occupational health and safety compliance.
- The site supervisor is responsible for monitoring the work progress, sufficiency of resources for timely completion and the technical aspects of the project and participating in regular quality inspections.

Acquiring demolition permit and all necessary approvals

For each of our projects, we are required to obtain all necessary approvals and/or permits before the commencement of demolition works. Such approvals and permits include factory registration certification from the MOM and demolition permit from the BCA. We are required to submit relevant documentations, including location and site plans, layout plan with demolition sequence, monitoring plans, impact assessment report on neighbouring structures in applying for relevant approvals and permits. As confirmed by our Directors, we had obtained all necessary permits and/or approvals for performing our demolition services during the Track Record Period.

Procurement of materials and deployment of machinery

We mainly purchase consumables such as diesel fuels, site and safety equipment such as reflective vests and safety helmets and other miscellaneous equipment for setting up of site office (if required). Our procurement team consults the operation support manager, projects-coordinating manager and our executive Directors on the type, specifications, quantity and delivery schedule of the materials to be purchased. We usually only purchase the required material from our approved suppliers on a project basis. Materials are usually sent directly to the work site by our suppliers and we do not retain any materials as inventory.

We will also arrange transportation of our machinery and equipment via third party logistics service suppliers. Mr. Khoo Leng Kong, our operation support manager, is responsible for the overall management, usage, maintenance and transportation logistics of all our machinery and equipment. Please refer to the section headed "Directors and senior management" in this prospectus for details of the experience and qualification of Mr. Khoo.

Confirming engagement with subcontractors and arrangement with other parties

Depending on the types of the project and our capability, we may engage subcontractors or suppliers to conduct some ancillary parts of the work such as erection of temporary hoardings and scaffolding, disposal of hazardous waste and turfing, for better allocation of our human resources and cost effectiveness. For further details of our subcontracting arrangement, please refer to the paragraph headed “Suppliers” in this section. If applicable, we will also obtain quotations from different salvage materials buyers for the latest unit price and the delivery logistics and communicate with the earth providers for the expected progress of the project and the designated grounds for earth disposal.

Depending on the nature of the projects, we usually complete all necessary project preparation arrangements with one month.

Project execution

We commence and conduct our work in accordance with the schedule and terms of the contract with our customers. We have internal codes of conduct and guidance on quality, safety and environmental protection to ensure our works are in compliance with the applicable legal requirements. For a typical demolition projects involving demolition of a building, prior to the commencement of our demolition works, our subcontractors will arrange erection of appropriate hoardings for the protection of public and site security. When we undertake demolition works, we may encounter electrical cables, water piping, telephone line and other utilities or infrastructures laid underground or below carriageways and footways. All utilities including electricity, gas, water, telecommunication and other supply lines will be terminated and isolated prior to the commencement of our demolition works. During the Track Record Period, we had not affected or damaged any underground utilities, infrastructures or properties when implementing our projects. Generally, demolition works are carried out by adopting the top-down method. For details of our demolition methods, please refer to the paragraph headed “Our business model and operation — Demolition projects” in this section.

Inspection and supervision

Most of our works are carried out by our specialised machinery and equipment and our direct labour under the supervision of our on-site project team in accordance with our in-house quality management system and occupational health and safety system which conform with the requirements of ISO 9001 and OHSAS 18001 standards respectively and representatives of our customer during project execution. Depending on the scale and complexity of the project, we conduct regular meetings and inspections to monitor the status of the project. For projects which our role is a main contractor, we provide bi-weekly or monthly progress reports and safety records to our customer in accordance with the terms of the contract. For further information regarding our quality management system and occupational health and safety system, please refer to the paragraph headed “Quality control” and “Occupational health and safety policy” in this section respectively.

Disposal of salvage materials

According to the Industry Report, it is a market practice that most demolition services providers are required to remove and dispose the salvage materials from work site and most demolition services providers will sell the salvage materials to salvage materials buyers in Singapore engaged in the trading and recycling of salvage materials business, to reduce waste as well as to realise gain. As such, we generate proceeds from our disposal of salvage materials obtained from our demolition services.

Typically, different types of salvage materials are inspected and collected by the respective salvage materials buyers from our work sites, which are then transported to the salvage materials buyers' premises. The salvage materials will be weighed at the premises of the salvage materials buyers. The salvage materials buyers will then issue a receipt report stating the final weight of the salvage materials collected. We will conduct sample check on the quality and quantity of salvage materials before they are collected by salvage materials buyers occasionally to ensure the accuracy of the receipt reports issued to us. Based on the final amount of salvage materials as agreed between the parties and the pre-agreed unit price, we will issue invoice to the salvage materials buyers. During the Track Record Period, we did not have any material disputes or claims on the quality or quantity of the salvage materials provided to the salvage materials buyers.

Earth disposal by earth providers

For projects which require excavation and earthworks and/or land reinstatement works, we coordinate with the relevant earth providers and earth depositing may take place daily or weekly at the demolition site depending on the volume of earth required. Earth providers of our projects are usually earthworks services providers or their transporting agents in Singapore. They provide earth to the designed areas of our work sites on a per load basis upon our request. Before the earth is dumped in our work sites, our workers and/or representative of our customer will inspect the quality of the earth and ensure no impurities are mixed with the earth to be disposed at our work sites.

According to the Industry Report, it is a market practice that dumping of earth is to be carried out at authorised sites including ad-hoc construction projects requiring earthfill in Singapore, and after the disposal of earth by such earth providers, a fee will be charged by the owner and/or operator of the site from the earth providers for their disposal of earth. Therefore, apart from contract sum received from our project customer, we may also receive earth depositing proceeds from earth providers in the form of earth depositing fee for their disposal of earth in some of our projects. During the Track Record Period, the earth depositing fees charged by our Group was in line with the market rate which had remained relatively stable. After the earth disposals by the earth providers, we will issue invoice on a weekly basis or a monthly basis to the earth providers. During the Track Record Period, we did not have any material disputes or claims on the quality or quantity of the earth deposited at our work sites from the earth providers.

Issue of invoice and receive interim payment from customer

We generally do not receive any sums as prepayment from our customers. For most of our projects, we will submit payment applications to our customers based on work done and interim payments are made to us throughout the project execution stage in accordance with the terms of the contract. After our Group has submitted the payment applications, our customer will inspect and verify the amount of work done. Once our customer has assessed and certified the amount, we will issue invoice to our customer.

Project completion

Final check by customer

Upon completion of our works, our customer will conduct inspection on the work site. If our customer is satisfied with our works, we will receive a practical completion certificate or written confirmation confirming completion of the relevant works performed by us.

Depending on the scale and complexity of the project, during the Track Record Period, the duration of our project from practical commencement to completion of our work at the work site ranged from approximately one to 22 months.

Defects liability period

Defects liability period refers to the period which we are responsible for rectifying defects or imperfections in relation to our works done which are discovered after completion. We generally do not grant any defects liability period to our customers but in cases where turfing is required from us, a defects liability period of three to six months may be required from our customer for grass cutting and turf maintenance works. In such cases, we usually require a defects liability period of at least three months from our turfing subcontractors. During the Track Record Period, we did not experience any request from our customers for material rectification works.

Seasonality

Our Directors believe that our business is not subject to any significant seasonality.

OUR PROJECTS

Projects with revenue contribution during the Track Record Period

During the Track Record Period, there were 79 projects which contributed revenue to our Group. Out of the 79 projects, 20 of which contributed a contract revenue of more than S\$1 million each and in aggregate account for over 83.4% of the aggregate contract revenue recognised during the Track Record Period. The following table summarises the details of such 20 projects:

Project no.	Customer (Note 6)	Sector (Note 2)	Our capacity (Main contractor/ Subcontractor) (Note 3)	Project details	Commencement date (Note 4)	Actual/expected completion date (Note 5)	Initial estimated contract revenue (\$'000)	Breakdown of contract revenue recognised during the Track Record Period by type			Breakdown of contract revenue recognised during the Track Record Period by year/period				Aggregate contract revenue recognised during the Track Record Period (Note 7) (\$'000)	Cumulative margin for the Track Record Period (Note 8) %				
								Contract sum (Note 6) (\$'000)	Contract tender fee (\$'000)	Net contract sum (\$'000)	Proceeds from disposal of salvage materials		Earth depositing proceeds (\$'000)	For the year ended 31 December				For the four months ended 30 April 2019 (\$'000)		
											2016 (\$'000)	2017 (\$'000)		2018 (\$'000)			2019 (\$'000)			
1.	UTOC Engineering Pte Ltd	Private	Subcontractor	Demolition of chemical plant, located in Western Singapore	July 2016	November 2017	18,800	687	—	687	1,586	7,860	10,620	—	18,480	62				
2.	Customer J	Private	Main Contractor	Demolition of chemical plant, located in Western Singapore	April 2016	February 2017	9,242	3,335	(970)	2,265	6,521	384	8,851	339	—	9,270	65			
3.	Customer F	Private	Main Contractor	Demolition of cement plant, located in Western Singapore	April 2018	February 2019	9,340	4,169	(4,169)	3,582	78	—	7,955	(126)	—	7,829	51			
4.	Customer A	Public	Main Contractor	Demolition of factory building, located in Northern Singapore	October 2017	December 2018	5,528	689	(481)	2,875	3,569	—	1,374	4,569	—	5,943	17			
5.	Customer G	Public	Main Contractor	Demolition of public housing, located in Central Singapore	January 2018	November 2019	5,104	1,622	(1,622)	3,852	301	—	4,649	1,127	—	5,776	20			
6.	Customer A	Public	Main Contractor	Demolition of factory building, located in Western Singapore	September 2018	November 2019	2,853	836	(836)	1,823	1,169	—	1,099	2,700	—	3,829	32			
7.	Customer B	Private	Main Contractor	Demolition of cement plant, located in Western Singapore	March 2018	February 2019	3,551	746	(746)	2,626	—	—	3,414	(43)	—	3,372	24			
8.	Customer A	Public	Main Contractor	Demolition of factory building, located in Northern Singapore	April 2017	December 2017	2,854	1,205	(1,205)	1,244	461	—	2,137	175	—	2,910	12			
9.	Customer E	Private	Subcontractor	Demolition of residential building, located in Central Singapore	September 2018	April 2019	2,218	1,068	(1,068)	1,691	32	—	1,733	1,058	—	2,791	36			
10.	Preise Group	Private	Subcontractor	Demolition of factory building, located in Western Singapore	September 2017	March 2018	2,290	880	(880)	1,525	252	—	2,333	305	—	2,636	64			
11.	Customer A	Public	Main Contractor	Demolition of chemical plant, located in Western Singapore	July 2018	December 2018	1,363	510	(510)	1,148	741	—	2,405	(5)	—	2,400	49			
12.	Customer B	Private	Subcontractor	Demolition of residential building, located in Eastern Singapore	January 2019	August 2019	3,184	864	(864)	1,488	20	—	—	2,373 (Note 9)	—	2,373	35			
13.	Customer I	Private	Subcontractor	Demolition of commercial building located in Central Singapore	September 2017	December 2017	1,782	66	(66)	1,934	—	—	1,981	19	—	2,000	23			
14.	SF Cogent Logistics Pte Ltd	Private	Main Contractor	Demolition of container yard, located in Western Singapore	October 2015	August 2017	2,847	739	(739)	385	627	224	1,726	—	—	1,957 (Note 9)	19			
15.	Customer G	Public	Main Contractor	Demolition of public housing, located in Western Singapore	January 2016	December 2016	1,606	708	(708)	792	49	—	—	—	—	1,550	1			
16.	Customer C	Private	Subcontractor	Demolition of temporary road, located in Eastern Singapore	February 2019	June 2019	1,883	1,136	(1,136)	342	—	—	—	—	—	1,478	76			
17.	Customer D	Public	Main Contractor	Demolition of school building, located in Central Singapore	December 2018	June 2019	1,166	149	(149)	1,949	277	—	—	136	—	1,383	48			
18.	Customer L	Private	Subcontractor	Demolition of residential building, located in Central Singapore	March 2018	June 2018	958	500	(500)	763	—	—	—	1,263	—	1,263	33			
19.	Customer M	Private	Subcontractor	Demolition of concrete hardstand and drain, located in Western Singapore	June 2017	August 2017	725	500	(500)	546	—	—	781	266	—	1,047	44			
20.	ECO Special Waste Management Pte Ltd	Private	Main Contractor	Demolition of chemical plant located in Western Singapore	April 2017	May 2017	943	559	(559)	469	—	—	1,028	—	—	1,028	38			
							Schedule	21,271	6,433	17,836	9,586	18,565	22,919	27,984	9,839	79,208				
								5,656	(2,679)	2,977	11,412	596	4,865	3,057	5,315	1,654	14,971			
							157	—	(157)	642	—	115	78	607	—	799				
Total							27,084	6,614	20,970	64,006	10,102	23,665	26,654	33,906	11,473	95,078				

59 other projects (each of which contributed less than S\$1 million of revenue) (Note 6)

Others (Note 11)

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Notes:

1. Save for Customer L, Customer M and ECO Special Waste Management Pte Ltd, each of the customers is one of our five largest customers during the Track Record Period. Please refer to the paragraph headed “Customers — Top five customers” in this section for details of our customers. ECO Special Waste Management Pte Ltd is one of our five largest suppliers during the Track Record Period and please refer to the paragraph headed “Suppliers — Top five suppliers (including our subcontractors)” in this section for further detail.
2. Public sector projects refer to projects which the ultimate project employer is the Singapore Government or a statutory body or statutory corporation in Singapore, whereas private sector projects refer to projects that are not public sector projects.
3. For projects which we are engaged by other contractors, we regard our role as being their subcontractor, whereas for all other types of projects, we regard our role as being the main contractor.
4. The commencement date for a particular project refers to the date of commencement as stated in the letter of award or the actual commencement of substantial works on site.
5. The actual completion date for a particular project refers to the date of completion of our works in such project as stated in the completion certification or the record provided by our customers. The expected completion date for a particular project refers to the expected date of substantial completion of our works in such project based on (i) the contractual agreement with our customers; and/or (ii) our management’s best estimation taking into account the actual work progress and current market conditions.
6. We are required to possess (i) Class 2 General Builder Licence which allows us to carry on business as a general builder with the estimated final price for each contract or engagement of no more than S\$6 million for the demolition projects; and (ii) single grade under CR03 “Demolition” workhead to undertake each of our 20 major demolition projects during the Track Record Period. During the Track Record Period, the estimated final price for each of our contract of demolition project, being the contract sum, did not exceed S\$6 million.
7. Depending on the terms of the contract and scope of work to be provided in a particular project, the aggregate contract revenue derived from the project may include (i) the net contract sum received from our customers; (ii) proceeds received from salvage materials buyers for our disposal of salvage materials removed from the demolition sites; and (iii) earth depositing proceeds from earth providers.
8. Cumulative gross profit margin is calculated as gross profit derived from the project divided by revenue recognised from the project for the Track Record Period.
9. The difference between the aggregate contract revenue recognised during the Track Record Period and its initial estimated total contract revenue was due to the amount of revenue recognised before the Track Record Period or to be recognised after the Track Record Period, as the case may be.
10. This includes one loss-making demolition project involving the demolition of a power plant located in Western Singapore. There was a significant discrepancy between the aggregate contract revenue recognised of approximately S\$1.9 million and the initial estimated total contract revenue of approximately S\$7.0 million, which was principally due to an over estimation of the proceeds from disposal of salvage materials resulting from the over estimation of the quantity of certain salvage materials that could be produced from the project and the subsequent deterioration of the market price of certain salvage materials after the initial estimation. As a result of the above factors, this project made an aggregate loss of approximately S\$2.2 million for the year ended 31 December 2016.
11. Others mainly represent revenue generated from small jobs carried out by us during the Track Record Period.

Revenue by sector

Our Group undertakes projects from both private and public sectors. Public sector projects refer to projects which the ultimate project employer is the Singapore Government or a statutory body or statutory corporation in Singapore, whereas private sector projects refer to projects that are not public sector projects. During the Track Record Period, the majority of our contract revenue was derived from private sector projects.

Set forth below is an analysis of our contract revenue derived from 79 projects which contributed to our contract revenue during the Track Record Period by sector:

	For the year ended 31 December						For the four months ended 30 April 2019													
	2016			2017			2018			2019										
	Aggregate contract revenue recognised S\$'000	% of total contract revenue	Gross profit margin %	No. of projects (Note 1)	Aggregate contract revenue recognised S\$'000	% of total contract revenue	Gross profit margin %	No. of projects (Note 2)	Aggregate contract revenue recognised S\$'000	% of total contract revenue	Gross profit margin %	No. of projects (Note 3)	Aggregate contract revenue recognised S\$'000	% of total contract revenue	Gross profit margin %					
Public sector	4	2,170	9.0	107	4.9	2	4,111	15.8	654	15.9	8	13,592	40.0	3,346	24.6	6	5,765	50.2	2,202	38.2
Private sector	21	21,476	91.0	10,511	48.9	27	21,943	84.2	10,553	48.1	22	20,314	60.0	10,285	50.6	11	5,708	49.8	1,741	30.5
Total (Note 4)	25	23,646	100.0	10,618	44.9	29	26,054	100.0	11,207	43.0	30	33,906	100.0	13,631	40.2	17	11,473	100.0	3,943	34.4

Notes:

1. Out of the 29 projects which contributed contract revenue for the year ended 31 December 2017, 6 projects also contributed contract revenue for the year ended 31 December 2016.
2. Out of the 30 projects which contributed contract revenue for the year ended 31 December 2018, 7 projects also contributed contract revenue for the year ended 31 December 2017.
3. Out of the 17 projects which contributed contract revenue for the four months ended 30 April 2019, 9 projects also contributed contract revenue for the year ended 31 December 2018.
4. The total contract revenue recognised in each of the three years ended 31 December 2018 and the four months ended 30 April 2019 also included contract revenue generated from small jobs carried out by us during the Track Record Period of approximately S\$115,000, S\$78,000, S\$607,000 and nil, respectively.

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For the year ended 31 December 2016, our gross profit margin of public projects was only approximately 4.9%, which was mainly due to the undertaking of a sizable project involved in demolition of residential buildings (which produced comparatively less salvage materials of high economic value), namely project no. 15 (project reference number corresponds with that in the table disclosed in the paragraph headed “Our Projects — Projects with revenue contribution during the Track Record Period” in this section), having a relatively low cumulative gross profit margin of approximately 1% for the Track Record Period. For the year ended 31 December 2017, our gross profit margin of public projects increased to approximately 15.9%, which was mainly due to the fact that both of the two public projects undertaken for the year ended 31 December 2017 involved in demolition of factory buildings, namely projects no. 4 and no. 8, which generally have a relatively higher cumulative gross profit margin as compared to that of residential buildings. For the year ended 31 December 2018, our gross profit margin of public projects further increased to approximately 24.6%, which was mainly due to the undertaking of a sizable project involved in demolition of chemical plant (which produced comparatively more salvage materials of high economic value such as ferrous metals and non-ferrous metals), namely project no. 11, having a relatively high cumulative gross profit margin of approximately 49% for the Track Record Period. For the four months ended 30 April 2019, our gross profit margin of public projects further increased to approximately 38.2%, which was mainly due to the undertaking of a sizable project involved in demolition of school building (which produced comparatively more salvage materials of high economic value), namely project no. 17, having a relatively high cumulative gross profit margin of approximately 48% for the Track Record Period.

Revenue by our role

During the Track Record Period, we undertook projects as main contractor or subcontractor. For projects which we are engaged by other construction contractors, we regard our role as being the subcontractor, whereas for all other types of projects, we regard our role as being the main contractor. During the Track Record Period, we acted as main contractor in 36 projects, of which 13 were public sector projects and 23 were private sector projects, and we acted as subcontractor in 43 private sector projects.

Set forth below is an analysis of our contract revenue derived from 79 projects which contributed to our contract revenue during the Track Record Period by our role in the projects:

	For the year ended 31 December					For the four months ended 30 April 2019														
	2016		2017		2018		2019		2020											
No. of projects	Aggregate contract revenue recognised	% of total contract revenue	No. of projects	Aggregate contract revenue recognised	% of total contract revenue	No. of projects	Aggregate contract revenue recognised	% of total contract revenue	No. of projects	Aggregate contract revenue recognised	% of total contract revenue									
	SS'000		(Note 1)	SS'000		(Note 2)	SS'000		(Note 3)	SS'000										
Main contractor	12	13,033	55.1	4,189	32.1	14	8,657	33.2	2,083	24.1	15	27,574	81.3	10,470	38.0	8	5,596	48.8	1,305	23.3
Subcontractor	13	10,613	44.9	6,429	60.6	15	17,397	66.8	9,124	52.4	15	6,332	18.7	3,161	49.9	9	5,877	51.2	2,638	44.9
Total	25	23,646	100.0	10,618	44.9	29	26,054	100.0	11,207	43.0	30	33,906	100.0	13,631	40.2	17	11,473	100.0	3,943	34.4

Notes:

1. Out of the 29 projects which contributed contract revenue for the year ended 31 December 2017, 6 projects also contributed contract revenue for the year ended 31 December 2016.
2. Out of the 30 projects which contributed contract revenue for the year ended 31 December 2018, 7 projects also contributed contract revenue for the year ended 31 December 2017.
3. Out of the 17 projects which contributed contract revenue for the four months ended 30 April 2019, 9 projects also contributed contract revenue for the year ended 31 December 2018.
4. The total contract revenue recognised in each of the three years ended 31 December 2018 and the four months ended 30 April 2019 also included contract revenue generated from small jobs carried out by us during the Track Record Period of approximately S\$115,000, S\$78,000, S\$607,000 and nil, respectively.

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Set out below is a breakdown of our projects based on their respective contract revenue recognised during the Track Record Period:

Contract revenue recognised	For the year ended 31 December			For the four months ended 30 April
	2016	2017	2018	2019
	<i>No. of</i>	<i>No. of</i>	<i>No. of</i>	<i>No. of</i>
	<i>projects</i>	<i>projects</i> <i>(Note 1)</i>	<i>projects</i> <i>(Note 2)</i>	<i>projects</i> <i>(Note 3)</i>
Below S\$100,000	6	11	7	4
S\$100,000 to below S\$1 million	16	11	15	7
S\$1 million to below S\$3 million	1	6	4	6
S\$3 million to below S\$10 million	2	—	4	—
Above S\$10 million	—	1	—	—
Total	<u>25</u>	<u>29</u>	<u>30</u>	<u>17</u>

Notes:

1. Out of the 29 projects which contributed contract revenue for the year ended 31 December 2017, 6 projects also contributed contract revenue for the year ended 31 December 2016.
2. Out of the 30 projects which contributed contract revenue for the year ended 31 December 2018, 7 projects also contributed contract revenue for the year ended 31 December 2017.
3. Out of the 17 projects which contributed contract revenue for the four months ended 30 April 2019, 9 projects also contributed contract revenue for the year ended 31 December 2018.

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Project movement

Set out below is a table showing the number and details of projects completed and awarded to us during the Track Record Period and up to the Latest Practicable Date:

	Number of projects	Contract sum <i>S\$'000</i>	Contract tender fee <i>S\$'000</i>	Aggregate net contract sum <i>S\$'000</i>
As at 1 January 2016				
Projects on hand	8	2,930	(3,380)	(450)
For the year ended 31 December 2016				
Projects completed	19	2,726	(3,443)	(717)
New projects awarded	22	<u>5,572</u>	<u>(1,033)</u>	<u>4,539</u>
As at 31 December 2016				
Projects on hand	11	5,776	(970)	4,806
For the year ended 31 December 2017				
Projects completed	26	9,099	(1,511)	7,588
New projects awarded	22	<u>6,736</u>	<u>(1,740)</u>	<u>4,996</u>
As at 31 December 2017				
Projects on hand	7	3,413	(1,200)	2,213
For the year ended 31 December 2018				
Projects completed	17	3,424	(1,379)	2,045
New projects awarded	21	<u>9,375</u>	<u>(1,332)</u>	<u>8,043</u>
As at 31 December 2018				
Projects on hand	11	9,364	(1,152)	8,212
For the four months ended 30 April 2019				
Projects completed	9	6,270	(150)	6,120
New projects awarded	13	<u>10,764</u>	<u>—</u>	<u>10,764</u>
As at 30 April 2019				
Projects on hand	15	13,858	(1,002)	12,856
For the period from 1 May 2019 to the Latest Practicable Date				
Projects completed	11	8,568	(1,002)	7,566
New projects awarded	12	<u>11,640</u>	<u>(650)</u>	<u>10,990</u>
As at the Latest Practicable Date				
Projects on hand	16	16,930	(650)	16,280

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The net contract sum in respect of each contract in the above table represents the contract sum stated in the contract, net of the contract tender fees we incurred to the project owners (if any) to secure the relevant contract.

As at the Latest Practicable Date, we had a total of 16 projects on hand (including projects in progress and projects awarded to us but had not yet commenced) with total estimated contract revenue of approximately S\$30.7 million (comprising (i) net contract sum of approximately S\$16.3 million; (ii) proceeds from disposal of salvage materials of approximately S\$12.4 million; and (iii) earth depositing proceeds of approximately S\$2.0 million), of which approximately S\$9.6 million was recognised during the Track Record Period and approximately S\$16.3 million, S\$4.5 million and S\$0.3 million is expected to be recognised for the years ending 31 December 2019, 2020 and 2021, respectively.

Projects on hand as at the Latest Practicable Date

As at the Latest Practicable Date, we had 16 projects on hand (including projects in progress and projects awarded to us but had not yet commenced) with an aggregate net contract sum of approximately S\$16.3 million. Out of the 16 projects, six of which were awarded to us during the Track Record Period, and ten of which were awarded to us after the Track Record Period. The following table summarises our projects on hand as at the Latest Practicable Date:

Project no.	Sector <i>(Note 1)</i>	Our capacity (Main contractor/ Subcontractor) <i>(Note 2)</i>	Project details	Approximate net contract sum <i>(Note 3)</i> (S\$'000)	Commencement date <i>(Note 4)</i>	Expected completion date <i>(Note 5)</i>
1.	Public	Main contractor	Demolition of public housing, located in South-Western Singapore	1,520	January 2018	November 2019
2.	Public	Main contractor	Demolition of factory building, located in Western Singapore	227	September 2018	November 2019
3.	Private	Subcontractor	Demolition of residential building, located in Central Singapore	108	September 2019	December 2019
4.	Private	Subcontractor	Demolition of factory building located in Western Singapore	2,200	June 2019	December 2019
5.	Private	Subcontractor	Demolition of factory building located in South-Western Singapore	1,000	June 2019	November 2019
6.	Private	Subcontractor	Demolition of factory building located in South-Western Singapore	300	March 2021	May 2021
7.	Private	Main contractor	Demolition of commercial building located in South-Western Singapore	(208)	July 2019	March 2020
8.	Private	Main contractor	Demolition of residential building located in Southern Singapore	1,500	August 2019	February 2020
9.	Private	Main contractor	Demolition of residential building located in Southern Singapore	998	September 2019	February 2020
10.	Private	Subcontractor	Demolition of factory building located in Western Singapore	2,500	September 2019	February 2020

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Project no.	Sector <i>(Note 1)</i>	Our capacity (Main contractor/ Subcontractor) <i>(Note 2)</i>	Project details	Approximate net contract sum <i>(Note 3)</i> (S\$'000)	Commencement date <i>(Note 4)</i>	Expected completion date <i>(Note 5)</i>
11.	Private	Subcontractor	Demolition of factory building located in South-Western Singapore	2,500	September 2019	April 2020
12.	Public	Main contractor	Demolition of school located in Eastern Singapore	269	August 2019	October 2019
13.	Private	Subcontractor	Demolition of residential building located in South-Western Singapore	2,880	September 2019	February 2020
14.	Private	Subcontractor	Demolition of tank terminals located in South-Western Singapore	323	October 2019	December 2019
15.	Private	Subcontractor	Demolition of factory building located in South-Western Singapore	80	October 2019	November 2019
16.	Private	Subcontractor	Demolition of mock up building located in Eastern Singapore	83	November 2019	December 2019
Approximate total net contract sum				<u>16,280</u>		

Notes:

1. Public sector projects refer to projects which the ultimate project employer is the Singapore Government or a statutory body or statutory corporation in Singapore, whereas private sector projects refer to projects that are not public sector projects.
2. For projects which we are engaged by other contractors, we regard our role as being their subcontractor, whereas for all other types of projects, we regard our role as being the main contractor.
3. The net contract sum in respect of each contract represents the contract sum stated in the contract, net of the contract tender fee we incurred to the project owners (if any) to secure the relevant contract.
4. The commencement date for a particular project refers to the date of commencement as stated in the letter of award or the date of actual commencement of substantial works on site.
5. The expected completion date for a particular project refers to the expected date of substantial completion of our works in such project based on (i) the contractual agreement with our customers; and/or (ii) our management's best estimation taking into account the actual work progress and current market conditions. Such period does not include the relevant defects liability period (if any).

QUALIFICATIONS AND CERTIFICATIONS

Registrations and qualifications

Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, Beng Soon Machinery, our principal operating subsidiary, had obtained all necessary registrations, licenses, permits and approvals for our business operation in Singapore.

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Set out below are the requisite licences held by Beng Soon Machinery for our business operations as at the Latest Practicable Date:

Registration authority/ organization	Relevant category/ workhead	Qualification/ Grading	Tendering limit/Type of waste	Date of upcoming expiry
BCA	CR03, Demolition	Single grade	Unlimited	1 December 2020
BCA	CW02, Civil Engineering	C1	S\$4 million	1 December 2020
BCA	CW01, General Building	C3	S\$0.65 million	1 December 2020
BCA	General Builder Class 2	GB2	S\$6 million	16 June 2021
National Environment Agency of Singapore	General Waste Collector	Class A	Inorganic waste (e.g. construction and renovation debris, tree trunks and branches, discarded furniture, electrical appliances, wooden crates, pallets and other bulky items destined for disposal); and recyclable waste (excluding food waste).	30 June 2020

With the current licences held by our Group, we shall not carry out (i) general demolition works in public and private projects with the estimated final price for each contract or engagement of more than S\$6 million; (ii) civil engineering work in public projects with tendering amount of more than S\$4 million; and (iii) all types of building work for different structures in public projects with tendering amount of more than S\$0.65 million.

We shall arrange to apply for the renewal of the relevant licence or qualification before its respective expiry in accordance with the relevant Singaporean laws and regulations. To the best of our Directors' knowledge, information and belief having made all reasonable enquiry, there are no legal impediments to the renewal of the relevant licence.

During the Track Record Period and up to the Latest Practicable Date, our Group had not experienced any instances of suspension or revocation of material licences, permits and approvals granted to us.

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Certifications and awards

Set forth below are the major certifications and awards granted to our Group:

Registration authority/ organization	Certification/Award	Description	Date of upcoming expiry
Certification International (Singapore) Pte Ltd	SS506 Part 1: 2009 BS OHSAS 18001:2007	Occupational safety & health management system for the scope of demolition activities with minor construction works, recycling of concrete aggregate and sales and rental of machinery	11 March 2021
Certification International (Singapore) Pte Ltd	ISO 14001:2015	Environmental management system for the scope of demolition activities with minor construction works, recycling of concrete aggregate and sales and rental of machinery	25 September 2022
Certification International (Singapore) Pte Ltd	ISO 9001:2015	Quality management for the scope of demolition activities with minor construction works, recycling of concrete aggregate and sales and rental of machinery	25 September 2022
Workplace Safety and Health Council	bizSAFE Level Star	bizSAFE	11 March 2021

CUSTOMERS

Our customers are principally the projects owners who award us demolition projects. Projects owners for our public projects are Singapore Government, statutory bodies or statutory corporations while project owners for our private projects are either owners of demolition objects, or the main contractors or subcontractors of various building projects.

Top five customers

We have maintained stable business relationship with our major customers. Among our five largest customers (by aggregate contract revenue contributed to us from the relevant projects), we have been providing services to a majority of them for over three years, and the longest of which is 15 years. For the three years ended 31 December 2018 and the four months ended 30 April 2019, revenue derived

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from our five largest customers (by aggregate contract revenue contributed to us from the relevant projects) amounted to approximately S\$19.7 million, S\$21.8 million, S\$26.3 million and S\$9.7 million, representing approximately 79.6%, 78.2%, 77.5% and 83.7% of our total revenue, respectively; and the revenue derived from our largest customer (by aggregate contract revenue contributed to us from the relevant projects) amounted to approximately S\$8.9 million, S\$10.6 million, S\$8.6 million and S\$3.3 million, representing approximately 36.1%, 38.1%, 25.3% and 28.2% of our total revenue, respectively.

The following tables set forth an analysis of our five largest customers (by aggregate contract revenue contributed to us from the relevant projects) during the Track Record Period:

For the four months ended 30 April 2019

Rank	Customer	Major types of works undertaken by us for the customer during the Track Record Period	Background of customer	Year of commencement of business relationship	Typical credit terms of net contract sum ^(Note 1)	Approximate revenue recognised during the Track Record Period					Approximate aggregate revenue recognised from the relevant projects ^(Note 2)	Approximate percentage of our total revenue %
						Total contract sum derived (\$'000)	Total contract tender fee paid (\$'000)	Net contract sum (\$'000)	Proceeds from disposal of salvage materials (\$'000)	Earth depositing proceeds (\$'000)		
1.	Customer A	Demolition works, removal of salvage materials, excavation and earthworks, and land reinstatement works	A body corporate established under the Jurong Town Corporation Act (Chapter 150) of Singapore, being a Singaporean state-owned developer and manager of industrial estates and their related facilities, and statutory board under the Ministry of Trade and Industry of Singapore	2003	30 days	834	—	834	1,471	951	3,256	28.2
2.	Customer B	Demolition works and removal of salvage materials	A private company which principally engaged in the business of construction of buildings	2011	Cash on delivery	864	—	864	1,489	20	2,373	20.5
3.	Customer C	Demolition works, removal of salvage materials and land reinstatement works	A private company which principally engaged in the business of construction of civil engineering projects	2012	Cash on delivery	1,136	—	1,136	342	—	1,478	12.7
4.	Customer D	Demolition works, removal of salvage materials, excavation and earthworks and land reinstatement works	A statutory board under the Ministry of Law of the Singapore Government	2013	30 days	299	(1,043)	(744)	1,834	292	1,382	12.0
5.	Customer E	Demolition works, removal of salvage materials and land reinstatement works	A subsidiary of a company listed on the Shanghai Stock Exchange and is principally engaged in the business of construction of buildings. Its parent listed group's revenue and profit for the year ended 31 December 2018 amounted to approximately RMB1,199 billion and RMB55 billion, respectively, according to its parent's company annual report	2018	Cash on delivery	306	—	306	875	6	1,187	10.3
Five largest customers combined						3,439	(1,043)	2,396	6,011	1,269	9,676	83.7
All other customers						1,641	—	1,641	341	(185)	1,888	16.3
Total						5,080	(1,043)	4,037	6,352	1,084	11,564	100.0

Notes:

- For the details of the typical credit terms of proceeds from our disposal of salvage materials, please refer to the paragraph headed "Salvage materials buyers" in this section.
- Depending on the terms of the contract and scope of work to be provided in a project, the aggregate contract revenue derived from the project may include (i) the net contract sum received from our customers; (ii) proceeds received from salvage materials buyers for our salvage materials removed from the demolition sites; and (iii) earth depositing proceeds from earth providers.

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For the year ended 31 December 2018

Rank	Customer	Major type of works undertaken by us for the customer during the Track Record Period	Background of customer	Year of commencement of business relationship	Typical credit terms of net contract sum ^(Note 1)	Approximate revenue recognised during the Track Record Period					Approximate aggregate revenue recognised from the relevant projects ^(Note 2)	Approximate percentage of our total revenue %
						Total contract sum derived (\$S'000)	Total contract tender fee paid (\$S'000)	Net contract sum (\$S'000)	Proceeds from salvage materials (\$S'000)	Earth depositing proceeds (\$S'000)		
1.	Customer A	Demolition works, removal of salvage materials, excavation and earthworks and land reinstatement works	A body corporate established under the Jurong Town Corporation Act (Chapter 150) of Singapore, being a Singaporean state-owned developer and manager of industrial estates and their related facilities, and statutory board under the Ministry of Trade and Industry of Singapore	2003	30 days	1,400	(731)	669	3,797	4,111	8,577	25.3
2.	Customer F	Demolition works, removal of salvage materials, excavation and earthworks and land reinstatement works	A subsidiary of a company listed on the SIX Swiss Exchange and Euronext Paris in France and is principally engaged in the business of innovative building materials such as concrete and cement product. Its parent listed group's revenue and profit for the year ended 31 December 2018 amounted to approximately CHF27,466 million and CHF1,719 million, respectively, according to its parent's company annual report	2018	Cash on delivery	3,411	—	3,411	4,272	272	7,955	23.5
3.	Customer G	Demolition works, removal of salvage materials, excavation and earthworks and land reinstatement works	A statutory body responsible for public housing in Singapore	2005	Cash on delivery	1,493	—	1,493	3,017	139	4,649	13.7
4.	Customer H	Demolition works and removal of salvage materials	A subsidiary of a company listed on the Bursa Malaysia Securities Berhad and the Tokyo Stock Exchange. It is principally engaged in the business of brick laying, stone setting and cement works. Its parent listed group's revenue and profit for the year ended 30 June 2018 amounted to approximately RM15,905 million and RM1,003 million, respectively, according to its parent's company annual report	2018	Cash on delivery	717	—	717	2,543	154	3,414	10.1
5.	Customer E	Demolition works, removal of salvage materials and land reinstatement works	A subsidiary of a company listed on the Shanghai Stock Exchange and is principally engaged in the business of construction of buildings. Its parent listed group's revenue and profit for the year ended 31 December 2018 amounted to approximately RMB1.199 billion and RMB55 billion, respectively, according to its parent's company annual report	2018	Cash on delivery	835	—	835	873	25	1,733	5.1
Five largest customers combined						7,856	(731)	7,125	14,502	4,701	26,328	77.5
All other customers						1,646	(309)	1,337	5,921	320	7,659	22.5
Total						9,502	(1,040)	8,462	20,423	5,021	33,987	100.0

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Notes:

1. For details of the typical credit terms of proceeds from our disposal of salvage materials, please refer to the paragraph headed “Salvage materials buyers — Top five salvage materials buyers” in this section.
2. Depending on the terms of the contract and scope of work to be provided in a project, the aggregate contract revenue derived from the project may include (i) the net contract sum received from our customers; (ii) proceeds received from salvage materials buyers for our disposal of salvage materials removed from the demolition sites; and (iii) earth depositing proceeds from earth providers.

For the year ended 31 December 2017

Rank	Customer	Major type of works undertaken by us for the customer during the Track Record Period	Background of customer	Year of commencement of business relationship	Typical credit terms of net contract sum ^(Note 1)	Total contract sum derived (S\$'000)	Total contract tender fee paid (S\$'000)	Approximate revenue recognized during the Track Record Period			Approximate aggregate revenue recognised from the relevant projects ^(Note 2) (S\$'000)	Approximate percentage of our total revenue (%)
								Net contract sum (S\$'000)	Proceeds from disposal of salvage materials (S\$'000)	Earth depositing proceeds (S\$'000)		
1.	UTOE Engineering Pte Ltd	Demolition works, removal of salvage materials, excavation and earthworks, and land reinstatement works	A subsidiary of a company listed on the Tokyo Stock Exchange and is principally providing plant facility construction, material planning and production, equipment installation and construction, and facility renewal and maintenance construction. Its parent listed group's revenue and profit for the year ended 31 March 2018 amounted to approximately JPY55,870 million and JPY2,366 million, respectively, according to its parent's company annual report	2014	14 days	783	—	783	8,785	1,052	10,620	38.1
2.	Customer A	Demolition works, removal of salvage materials, excavation and earthworks, and land reinstatement works	A body corporate established under the Jurong Town Corporation Act (Chapter 150) of Singapore, being a Singaporean state-owned developer and manager of industrial estates and their related facilities, and statutory board under the Ministry of Trade and Industry of Singapore	2003	30 days	1,604	(742)	862	2,286	963	4,111	14.8
3.	Precise Group ^(Note 3)	Demolition works, removal of salvage materials, excavation and earthworks, and land reinstatement works	A private company which principally engaged in the business of construction of buildings	2014	Cash on delivery	1,018	—	1,018	1,951	30	2,999	10.8
4.	SH Cogent Logistics Pte Ltd	Demolition works, removal of salvage materials, excavation and earthworks, and land reinstatement works	A subsidiary of a company listed on the Singapore Stock Exchange and is principally engaged in the provision of warehousing management services, container depot management services and transportation of containers and cargoes. Its parent listed group's revenue and profit for the year ended 31 December 2018 amounted to approximately S\$164 million and S\$13 million, respectively, according to its parent company's annual report.	2015	30 days	907	—	907	538	621	2,066	7.4
5.	Customer I	Demolition works and removal of salvage materials	A private company which principally engaged in the business of construction of buildings	2010	Cash on delivery	47	—	47	1,934	—	1,981	7.1
Five largest customers combined						4,359	(742)	3,617	15,494	2,666	21,777	78.2
All other customers						1,825	(238)	1,587	2,684	6	6,089	21.8
Total						6,184	(980)	5,204	18,178	2,672	27,866	100.0

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Notes:

1. For details of the typical credit terms of proceeds from our disposal of salvage materials, please refer to the paragraph headed “Salvage materials buyers — Top five salvage materials buyers” in this section.
2. Depending on the terms of the contract and scope of work to be provided in a project, the aggregate contract revenue derived from the project may include (i) the net contract sum received from our customers; (ii) proceeds received from salvage materials buyers for our disposal of salvage materials removed from the demolition sites; and (iii) earth depositing proceeds from earth providers.
3. Precise Group comprises of Precise Development Pte Ltd, Precise Projects Pte Ltd and Precise Leasing Pte Ltd.

For the year ended 31 December 2016

Rank	Customer	Major type of works undertaken by us for the customer during the Track Record Period	Background of customer	Year of commencement of business relationship	Typical credit terms of net contract sum ^(Note 1)	Total contract sum derived (S\$'000)	Total contract tender fee paid (S\$'000)	Approximate revenue recognized during the Track Record Period			Approximate aggregate revenue recognised from the relevant projects ^(Note 2) (S\$'000)	Approximate percentage of our total revenue (%)
								Net contract sum (S\$'000)	Proceeds from disposal of salvage materials (S\$'000)	Earth depositing proceeds (S\$'000)		
1.	Customer J	Demolition works, removal of salvage materials, excavation and earthworks, and land reinstatement works	A subsidiary of a company listed on the London Stock Exchange and is principally engaged in the business of manufacturing of food products. Its parent listed group's revenue and profit for the year ended 31 March 2018 amounted to approximately £2,710 million and £265 million, respectively, according to its parent company's annual report	2016	60 days	3,296	(970)	2,326	6,221	384	8,931	36.1
2.	UTOE Engineering Pte Ltd	Demolition works, removal of salvage materials, excavation and earthworks, and land reinstatement works	A subsidiary of a company listed on the Tokyo Stock Exchange and is principally engaged in the business of plant facility construction, material planning and production, equipment installation and construction, and facility renewal and maintenance construction. Its parent listed group's revenue and profit for the year ended 31 March 2018 amounted to approximately JPY55,870 million and JPY2,366 million, respectively, according to its parent's annual report	2014	14 days	(96)	—	(96)	7,422	534	7,860	31.8
3.	Customer G	Demolition works, removal of salvage materials, excavation and earthworks, and land reinstatement works	A statutory body responsible for public housing in Singapore	2005	Cash on delivery	708	—	708	791	49	1,548	6.3

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Rank	Customer	Major type of works undertaken by us for the customer during the Track Record Period	Background of customer	Year of commencement of business relationship	Typical credit terms of net contract sum ^(Note 1)	Approximate revenue recognized during the Track Record Period					Approximate aggregate revenue recognised from the relevant projects ^(Note 2)	Approximate percentage of our total revenue (%)
						Total contract sum derived (\$'000)	Total contract tender fee paid (\$'000)	Proceeds Net from disposal contract of salvage materials (\$'000)	Earth depositing proceeds (\$'000)	Earth depositing proceeds (\$'000)		
4.	SH Cogent Logistics Pte Ltd	Demolition works, removal of salvage materials, excavation and earthworks, and land reinstatement works	A subsidiary of a company listed on the Singapore Stock Exchange and is principally engaged in the provision of warehousing management services, container depot management services and transportation of containers and cargoes. Its parent listed group's revenue and profit for the year ended 31 December 2018 amounted to approximately S\$164 million and S\$13 million, respectively, according to its parent company's annual report	2015	30 days	171	—	171	291	229	691	2.8
5.	Customer K	Demolition works, removal of salvage materials, excavation and earthworks, and land reinstatement works	A private company which principally engaged in the business of real estate activities	2016	Cash on delivery	—	(63)	(63)	717	21	675	2.7
Five largest customers combined						4,079	(1,033)	3,046	15,442	1,217	19,705	79.6
All other customers						2,240	(2,018)	222	3,612	107	5,037	20.4
Total						6,319	(3,051)	3,268	19,054	1,324	24,742	100.0

Notes:

- For details of the typical credit terms of proceeds from our disposal of salvage materials, please refer to the paragraph headed "Salvage materials buyers — Top five salvage materials buyers" in this section.
- Depending on the terms of the contract and scope of work to be provided in a project, the aggregate contract revenue derived from the project may include (i) the net contract sum received from our customers; (ii) proceeds received from salvage materials buyers for our disposal of salvage materials removed from the demolition sites; and (iii) earth depositing proceeds from earth providers.

UTOC Engineering Pte Ltd is also our supplier which provides office equipment rental services to us for the years ended 31 December 2016 and 2017 and we incurred cost of sales of approximately S\$1.1 million and S\$11,000, respectively for the rental services provided by UTOC Engineering Pte Ltd during the said years. Customer A, being a body corporate established under the Jurong Town Corporation Act (Chapter 150) of Singapore, leased to us the land on which our headquarters in Singapore locates. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we incurred approximately S\$536,000, S\$552,000, S\$569,000 and S\$194,000, respectively as land rent paid to Customer A. Save as disclosed above, our Directors confirm that none of our five largest customers (by aggregate contract revenue contributed to us from the relevant projects) in each of the years/period during the Track Record Period is also our supplier or subcontractor during the Track Record Period, and all of them are Independent Third Parties. None of our Directors, or any of their respective close associates or any existing Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following the completion of the Global Offering and the Capitalisation Issue, had any interest in any of our five largest customers in each of the years/period during the Track Record Period.

Major terms of engagement with our customers

We did not enter into any long-term agreement with our customers and the projects are awarded to us on a case-by-case basis which are non-recurring in nature. Our Directors consider that such arrangement is in line with the industry practice. The major terms of engagement with our customers are summarised as follows:

Contract sum : The contract sum is a fixed sum which represents the total amount which we may receive from our customer upon completion of demolition services.

However, in some cases, we may incur contract tender fee which we are required to pay a fee before commencement of the contract in order to secure the contract. In other words, there may be no direct revenue inflow from the project owners for those demolition projects based on the industry understanding that the benefits and income to be generated from the disposal of salvage materials and/or earth depositing at the work site may outweigh the relevant costs to be incurred in providing the demolition services. As such, our Directors consider that it is inconclusive to rely solely on the net contract sum to assess or predict the expected contract revenue or profitability of a project or our financial performance. During the Track Record Period, our Group was awarded ten projects which we had incurred an aggregate of approximately S\$6.1 million of contract tender fee to secure such projects.

Scope of work : The scope of works together with the details and location of the project are specified in the contract.

Contract period : The period within which the project has to be completed. Such period may be extended pursuant to the terms of the contract.

Depending on the scale and complexity of the project, during the Track Record Period, the duration of our project from practical commencement to completion of our work at the work site ranged from approximately one to 22 months.

Payment terms : Depending on the terms of the contract, we usually provide our customers with a written statement of our work done on a monthly basis or by stage of completion. The credit period for settlement of payment by our customers is generally 30 days from the date of issue of our invoice.

Liquidated damages : For most of our contracts, our customers require us to complete works within a specified period or in accordance with their works schedule. If we fail to do so, we may be liable to compensate our customers at a specified rate on a daily basis unless an extension of time was granted by them. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material delay in completing our works.

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Insurance : For contracts which we are the main contractor, we are usually required to effect proper insurance policies against damages, claims and compensation in relation to all of our works. Examples of required insurance include work injury compensation policies for all our manual workers and certain non-manual workers as stipulated by the MOM, and contractors' all risks policy to cover against loss or damage to materials and third party liability for accidental bodily injury in connection with the performance of the contract.

Apart from the compulsory insurance as required by law and/or our customers, we also maintain additional insurance policy such as public liability insurance policy and motor vehicle policy. Please refer to the paragraph headed "Insurance" in this section for further details of the insurance policies maintained by us.

Defects liability period : Defects liability period refers to the period which we are responsible for rectifying defects or imperfections in relation to our works done which are discovered after completion.

No defects liability period is provided for majority of our projects given that our work is mainly concerned with demolition and removal of concrete and structures. Therefore, we are generally not required to provide any follow-up maintenance or rectification work which are necessary after practicable completion of our jobs. In some cases, however, such as projects which require turfing, a defects liability period of three to six months may be required for subsequent grass cutting and maintenance works.

Indemnities : Pursuant to most of our contracts, we shall indemnify our customers against all liabilities for bodily injury, damage to property, penalties, proceedings, damages, cost and expenses which may arise out of or in connection with execution of our work being in breach of any applicable laws or regulation, unless the aforementioned liabilities are caused solely by the wrongful acts or omissions of our customers.

Performance bond : Our customer may require us to take out performance bond as security for our Group's due performance and observance of the contract.

The amount of the performance bond usually ranging from 5% to 10% of the contract sum.

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Collection of trade receivables

We face risk in relation to the collectability of our trade receivables. As at 31 December 2016, 2017, 2018 and 30 April 2019, we recorded trade receivables of approximately S\$3.0 million, S\$5.2 million, S\$6.7 million and S\$5.0 million, respectively. Our trade receivables turnover days were approximately 45 days, 68 days, 72 days and 52 days for the three years ended 31 December 2018 and the four months ended 30 April 2019. For details of our credit risk, please refer to the section headed “Risk factors — Risks relating to our business — We are subject to delays or defaults in collecting our trade or other receivables which may materially and adversely affect our credit risk and financial position.” in this prospectus.

To mitigate our risk in relation to the collectability of our trade receivables, we have implemented the following risk control measures:

- Credit assessment procedures shall be performed on our customers, salvage materials buyers and earth providers including checking our internal record regarding their payment history and evaluating the credit terms and credit period offered to them;
- Monitoring procedures shall be performed regularly to ensure that follow-up actions, such as issuing payment reminders, actively liaising with the customers and taking legal actions, are taken to recover overdue debts; and
- Recoverable amount of each receivable balance shall be reviewed at the end of each reporting period to ensure adequate impairment losses are provided for irrecoverable amounts.

Please refer to the section headed “Financial information — Principal components of consolidated balance sheets — Trade receivables” in this prospectus and note 17 of the accountant’s report set out in Appendix I to this prospectus for further information of our trade receivables and credit risks.

SALVAGE MATERIALS BUYERS

During the Track Record Period, apart from the net contract sum received from the project owners, depending on the scope of the contract, we may receive proceeds from our disposal of salvage materials to salvage materials buyers who are usually recycling companies engaged in the trading of salvage materials business and/or salvage materials processing plants. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we derived approximately S\$19.1 million, S\$18.2 million, S\$20.4 million and S\$6.4 million, representing approximately 77.0%, 65.2%, 60.1% and 54.9% of our total revenue, from our disposal of salvage materials such as ferrous metal, non-ferrous metal and recycled concrete aggregate to salvage materials buyers, respectively.

Top five salvage materials buyers

For the three years ended 31 December 2018 and the four months ended 30 April 2019, the aggregate proceeds received from our five largest salvage materials buyers were approximately S\$15.8 million, S\$14.5 million, S\$12.6 million and S\$5.5 million, representing approximately 83.2%, 79.7%, 61.8% and 86.0% of our total proceeds received from our disposal of salvage materials, respectively; and the proceeds received from our largest salvage materials buyer was approximately S\$5.8 million, S\$6.2 million, S\$7.4 million and S\$2.7 million, representing approximately 30.3%, 34.3%, 36.0% and 43.2% of our total proceeds received from our disposal of salvage materials, respectively.

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The following tables set forth an analysis of our five largest salvage materials buyers (by proceeds from disposal of salvage materials contributed to us) during the Track Record Period:

For the four months ended 30 April 2019

Rank	Salvage material buyer	Major type of salvage materials purchased from us during the Track Record Period	Background of salvage material buyer	Year of commencement of business relationship	Typical credit terms	Approximate amount of proceeds recognised (\$'000)	Approximate percentage of our total proceeds derived from disposal of salvage material %
1.	Natsteel Recycling Pte Ltd (Formerly Known As Natferrous Pte Ltd)	Ferrous metal	A subsidiary of a company listed on BSE Limited and National Stock Exchange of India Limited in India and is principally engaged in the business of waste collection and metal recycling. Its parent listed group's revenue and profit for the year ended 31 March 2019 amounted to approximately INR1,577 billion and INR91 billion, respectively, according to its parent company's annual report	2007	30 days	2,747	43.2
2.	Yi Hui Metals Pte Ltd	Non-ferrous metal (including aluminum, stainless steel, copper, titanium and wire)	A private company which principally engaged in trading of ferrous and nonferrous scrap metals	2011	Cash on Delivery	2,129	33.5
3.	Esun International Pte Ltd	Ferrous and nonferrous metal (including aluminum and stainless steel)	A private company which principally engaged in the business of waste collection	2014	Cash on delivery	228	3.6
4.	Yew Hock Scaffolding Pte Ltd	Ferrous Metal	A private company which principally engaged in provision of scaffolding works	2004	30 days	214	3.4
5.	Salvage Material Buyer A	Recycled concrete aggregate	A subsidiary of a company listed on the Singapore Stock Exchange and is principally engaged in the business of manufacturing other non-metallic mineral products. Its parent listed group's revenue and profit for the year ended 31 December 2018 amounted to approximately S\$864 million and S\$7.6 million, respectively, according to its parent company's annual report	2011	Cash on delivery	146	2.3
Five largest salvage material buyers combined						5,464	86.0
All other salvage material buyers						888	14.0
Total proceeds from disposal of salvage materials						6,352	100.0

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For the year ended 31 December 2018

Rank	Salvage material buyer	Major type of salvage materials purchased from us during the Track Record Period	Background of salvage material buyer	Year of commencement of business relationship	Typical credit terms	Approximate amount of proceeds recognised (S\$'000)	Approximate percentage of our total proceeds derived from disposal of salvage material %
1.	Yi Hui Metals Pte Ltd	Non-ferrous metal (including aluminum, stainless steel, copper, titanium and wire)	A private company which principally engaged in trading of ferrous and non-ferrous scrap metals	2011	Cash on delivery	7,359	36.0
2.	Esun International Pte Ltd	Ferrous and non-ferrous metal (including aluminum and stainless steel)	A private company which principally engaged in the business of waste collection	2014	Cash on delivery	2,331	11.4
3.	Natsteel Recycling Pte Ltd (Formerly Known As Natferrous Pte Ltd)	Ferrous metal	A subsidiary of a company listed on BSE Limited and National Stock Exchange of India Limited in India and is principally engaged in the business of waste collection and metal recycling. Its parent listed group's revenue and profit for the year ended 31 March 2019 amounted to approximately INR1,577 billion and INR91 billion, respectively, according to its parent company's annual report	2007	30 days	2,004	9.8
4.	World Metal Industries Pte Ltd	Ferrous metal	A private company which principally engaged in the business of waste collection	2018	Cash on delivery	607	3.0
5.	Yew Hock Scaffolding Pte Ltd	Ferrous metal	A private company which principally engaged in provision of scaffolding works	2004	30 days	320	1.6
Five largest salvage material buyers combined						12,621	61.8
All other salvage material buyers						7,802	38.2
Total proceeds from disposal of salvage materials						20,423	100.0

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For the year ended 31 December 2017

Rank	Salvage materials buyer	Major type of salvage materials purchased from us during the Track Record Period	Background of salvage materials buyer	Year of commencement of business relationship	Typical credit terms	Approximate amount of proceeds recognised (S\$'000)	Approximate percentage of our total proceeds derived from disposal of salvage material (%)
1.	Yi Hui Metals Pte Ltd	Non-ferrous metal (including aluminium, stainless steel, copper, titanium and wire)	A private company which principally engaged in the business of trading of ferrous and non-ferrous scrap metals	2011	Cash on delivery	6,231	34.3
2.	Natsteel Recycling Pte Ltd (formerly known as Natferrous Pte Ltd)	Ferrous metal	A subsidiary of a company listed on BSE Limited and National Stock Exchange of India Limited in India and is principally engaged in the business of waste collection and metal recycling. Its parent listed group's revenue and profit for the year ended 31 March 2019 amounted to approximately INR1,577 billion and INR91 billion, respectively, according to its parent company's annual report	2007	30 days	4,699	25.8
3.	Esun International Pte Ltd	Ferrous and non-ferrous metal (including aluminium and stainless steel)	A private company which principally engaged in the business of waste collection	2014	Cash on delivery	1,981	10.9
4.	Salvage materials buyer B	Ferrous metal	A subsidiary of a company listed on the Singapore Stock Exchange and is principally engaged in the business of manufacturing of basic iron and steel. Its parent listed group's revenue and profit for the year ended 30 June 2018 amounted to approximately S\$69 million and S\$794,000, respectively, according to its parent company's annual report	2007	Cash on delivery	1,025	5.6
5.	Salvage materials buyer A	Recycled concrete aggregate	A subsidiary of a company listed on the Singapore Stock Exchange and is principally engaged in the business of manufacturing other non-metallic mineral products. Its parent listed group's revenue and profit for the year ended 31 December 2018 amounted to approximately S\$864 million and S\$7.6 million, respectively, according to its parent company's annual report	2011	Cash on delivery	557	3.1
Five largest salvage materials buyers combined						14,493	79.7
All other salvage materials buyers						3,685	20.3
Total proceeds from disposal of salvage materials						18,178	100.0

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For the year ended 31 December 2016

Salvage Rank	Materials buyer	Major type of salvage materials purchased from us during the Track Record Period	Background of salvage materials buyer	Year of commencement of business relationship	Typical credit terms	Approximate amount of proceeds recognised (S\$'000)	Approximate percentage of our total proceeds derived from disposal of salvage material (%)
1.	Yi Hui Metals Pte Ltd	Non-ferrous metal (including aluminium, stainless steel, copper, titanium and wire)	A private company which principally engaged in the business of trading of ferrous and non-ferrous scrap metals	2011	Cash on delivery	5,768	30.3
2.	Natsteel Recycling Pte Ltd (formerly known as Natferrous Pte Ltd)	Ferrous metal	A subsidiary of a company listed on BSE Limited and National Stock Exchange of India Limited in India and is principally engaged in the business of waste collection and metal recycling. Its parent listed group's revenue and profit for the year ended 31 March 2019 amounted to approximately INR1,577 billion and INR91 billion, respectively, according to its parent company's annual report	2007	30 days	4,909	25.8
3.	Esun International Pte Ltd	Ferrous and non-ferrous metal (including aluminium and stainless steel)	A private company which principally engaged in the business of waste collection	2014	Cash on delivery	3,050	16.0
4.	Salvage materials buyer C	Recycled concrete aggregate	A foreign company listed on the Tokyo Stock Exchange and is principally engaged in the business of construction of buildings. Its revenue and profit for the year ended 31 March 2018 amounted to approximately JPY161,045 million and JPY1,773 million, respectively, according to its annual report	2014	Cash on delivery	1,185	6.2
5.	JTL Industries Pte Ltd	Ferrous and non-ferrous metal (including stainless steel)	A private company that principally engaged in the business of recycling of metal waste and scrap	2016	Cash on delivery	932	4.9
Five largest salvage materials buyers combined						15,844	83.2
All other salvage materials buyers						3,210	16.8
Total proceeds from disposal of salvage materials						19,054	100.0

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Save for Yew Hock Scaffolding Pte Ltd which is also our subcontractor of scaffolding works during the Track Record Period (details of which are set out in the paragraph headed “Suppliers” in this section) and Yi Hui Metals Pte Ltd which is also our subcontractor of scrap removal service for the year ended 31 December 2018 and the four months ended 30 April 2019, our Directors confirm that none of our five largest salvage materials buyers (by proceeds from disposal of salvage materials contributed to us) in each of the years/period during the Track Record Period is also our supplier or subcontractor during the Track Record Period, and all of them are Independent Third Parties. Yew Hock Scaffolding Pte Ltd, who is principally engaged in the provision of scaffolding works and other specialized construction activities, had purchased salvage materials, mainly steel i-beams and other steel metals, from our Group in the year ended 31 December 2018 and the four months ended 30 April 2019 for its scaffolding works in its other projects. Yi Hui Metals Pte Ltd, one of our five largest salvage materials buyers for each of the three years ended 31 December 2018 and the four months ended 30 April 2019, who is principally engaged in the trading of ferrous and non-ferrous scrap metals, also engages in, to a lesser extent, the provision of loose fitting-out removal services. Our Group engaged Yi Hui Metals Pte Ltd to provide scrap removal service for our projects in the year ended 31 December 2018 and the four months ended 30 April 2019 with aggregate service fees paid to it of approximately S\$348,000 and S\$162,000 during that year/period. None of our Directors, or any of their respective close associates or any existing Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share capital of our Company immediately following the completion of the Global Offering and the Capitalisation Issue, had any interest in any of our five largest salvage materials buyers in each of the years/period during the Track Record Period.

For refer to the paragraph headed “Our operation flow — Project execution — Disposal of salvage materials” in this section for our business operation flow with the salvage materials buyers.

Relationship with our salvage materials buyers

We have maintained over seven years of business relationship with a majority of our five largest salvage materials buyers (by proceeds from disposal of salvage materials contributed to us) and the longest time of which is approximately 14 years. According to the Industry Report, it is not a common practice for salvage materials buyers to enter into any written contract or exclusive supply or sole source agreement with the salvage materials provider to fix the quantity and price of salvage materials in advance. Accordingly, we did not enter into formal written contracts with our salvage materials buyers. We communicated with our salvage materials buyers by telephone or email to fix the unit price of salvage material and we sell salvage materials to our salvage materials buyers at a pre-agreed unit price. Typically, the salvage materials are inspected and collected by the salvage materials buyers from our work sites. During the Track Record Period, our Group had not encountered any disputes with our salvage materials buyers in the course of our disposal of salvage materials, or in ascertaining the salvage material price, or the salvage materials delivery arrangement.

The prices for each type of the salvage materials vary depending on (i) the types and nature of the materials; (ii) the prevailing market price; (iii) the supply and demand of the materials in Singapore or overseas countries; and (iv) purity of the materials or whether the materials are mixed with other foreign contaminants. Apart from the quotations on the unit price of salvage materials we obtained from the salvage materials buyers at the tendering stage of our projects, we keep in touch with most of the salvage materials buyers in an ongoing basis in order to keep track with the latest price trends and the

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demand of salvage materials from different salvage materials buyers to ensure we can sell the salvage materials at the best possible price. Hence, we are generally able to minimise the risk of price fluctuation to our customers when preparing our tender proposal.

SUPPLIERS

We maintain a pre-approved list of suppliers with over 210 suppliers. During the Track Record Period, our suppliers include: (i) suppliers of diesel fuels, machinery parts and site and safety equipment; (ii) our subcontractors; and (iii) suppliers of other miscellaneous services such as transportation services of machinery.

The table below sets out a breakdown of our total direct cost of sales with respect to our engagement of supplies of goods and subcontracting services by type during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Maintenance expenses	1,188	15.7	1,271	14.1	1,217	8.8	399	9.2	352	6.8
Raw material, consumables and other overheads	2,795	37.0	4,651	51.7	4,912	35.4	2,151	49.6	2,001	39.0
Subcontractor charges	1,529	20.2	1,394	15.5	4,556	32.9	908	20.9	1,915	37.2
Transportation expenses	747	9.9	812	9.0	1,173	8.5	460	10.6	410	8.0
Others	1,304	17.2	869	9.7	2,007	14.4	421	9.7	463	9.0
Total	<u>7,563</u>	<u>100.0</u>	<u>8,997</u>	<u>100.0</u>	<u>13,865</u>	<u>100.0</u>	<u>4,339</u>	<u>100.0</u>	<u>5,141</u>	<u>100.0</u>

Top five suppliers (including our subcontractors)

For the three years ended 31 December 2018 and the four months ended 30 April 2019, we incurred approximately S\$2.7 million, S\$4.6 million, S\$5.7 million and S\$2.5 million for our five largest suppliers (including our subcontractors), representing approximately 36.2%, 51.4%, 41.0% and 48.9% of our total direct cost of sales in the relevant period, respectively; and we incurred approximately S\$0.9 million, S\$1.7 million, S\$1.6 million and S\$744,000 for our largest supplier, representing approximately 12.2%, 19.4%, 11.8% and 14.5% of our total direct cost of sales in the relevant period, respectively.

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The following tables set forth an analysis of our five largest suppliers (including our subcontractors) during the Track Record Period:

For the four months ended 30 April 2019

Rank	Supplier	Type of goods/ services supplied to us during the Track Record Period	Background of supplier	Year of commencement of business relationship	Typical credit terms	Approximate amount of direct cost of sales (S\$'000)	Approximate percentage of our total direct costs of sales ^(Note) %
1.	ECO Special Waste Management Pte Ltd	Chemical waste disposal services	A private company which principally engaged in process and industrial plant engineering design and consulting services	2004	30 days	744	14.5
2.	Victor Enterprise Pte Ltd	Diesel	A private company which principally provides diesel fuel	2016	45 days	663	12.9
3.	Yew Hock Scaffolding Pte Ltd	Subcontracting of scaffolding works	A private company which principally engaged in the business of specialized construction activities	2004	30 days	611	11.9
4.	Supplier A	Manpower	A private company which principally engaged as general contractor	2008	30 days	276	5.4
5.	MHTT Enterprise Pte Ltd	Transportation services	A private company which principally engaged as general contractor	2011	Cash on delivery	214	4.2
Five largest suppliers combined						<u>2,508</u>	<u>48.9</u>
All other suppliers						<u>2,633</u>	<u>51.1</u>
Total direct cost of sales						<u><u>5,141</u></u>	<u><u>100.0</u></u>

Note: Our direct cost of sales include maintenance expenses, cost of raw materials, consumables and other overheads, subcontractor charges, transportation expenses and other cost of sales.

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For the year ended 31 December 2018

Rank	Supplier	Type of goods/ services supplied to us during the Track Record Period	Background of supplier	Year of commencement of business relationship	Typical credit terms	Approximate amount of direct cost of sales (S\$'000)	Approximate percentage of our total direct costs of sales ^(Note) %
1.	Yew Hock Scaffolding Pte Ltd	Subcontracting of scaffolding works	A private company which principally engaged in specialised construction activities	2004	30 days	1,631	11.8
2.	ECO Special Waste Management Pte Ltd	Chemical waste disposal services	A private company which principally engaged in process and industrial plant engineering design and consultancy services	2004	30 days	1,377	9.9
3.	Victor Enterprise Pte Ltd	Diesel	A private company which principally provides diesel fuel	2016	45 days	1,107	8.0
4.	MHTT Enterprise Pte Ltd	Transportation services	A private company which principally engaged as general contractor	2011	Cash on delivery	804	5.8
5.	ACE Petroleum Co Pte Ltd	Diesel	A private company which principally engaged in the business of wholesale of crude petroleum	2007	30 days	768	5.5
Five largest suppliers combined						5,687	41.0
All other suppliers						8,178	59.0
Total direct cost of sales						13,865	100.0

Note: Our direct cost of sales include maintenance expenses, cost of raw materials, consumables and other overheads, subcontractor charges, transportation expenses and other cost of sales.

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For the year ended 31 December 2017

Rank	Supplier	Type of goods/ services supplied to us during the Track Record Period	Background of supplier	Year of commencement of business relationship	Typical credit terms	Approximate amount of direct cost of sales (S\$'000)	Approximate percentage of our total direct cost of sales ^(Note) (%)
1.	ECO Special Waste Management Pte Ltd	Chemical waste disposal services	A private company which principally engaged in process and industrial plant engineering design and consultancy services	2004	30 days	1,745	19.4
2.	Victor Enterprise Pte Ltd	Diesel	A private company which principally provides diesel fuel	2016	45 days	1,150	12.8
3.	Central Star (Singapore) Pte Ltd	Diesel	A private company which principally provides diesel fuel	2001	30 days	1,122	12.5
4.	Yew Hock Scaffolding Pte Ltd	Subcontracting of scaffolding works	A private company which principally engaged in the business of specialised construction activities	2004	30 days	322	3.6
5.	Thong Hup Gardens Pte Ltd	Subcontracting of turfing works	A private company which principally engaged in cleaning and landscape maintenance services	2013	30 days	285	3.2
Five largest suppliers combined						4,624	51.4
All other suppliers						4,373	48.6
Total direct cost of sales						8,997	100.0

Note: Our direct cost of sales include maintenance expenses, cost of raw materials, consumables and other overheads, subcontractor charges, transportation expenses and other cost of sales.

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For the year ended 31 December 2016

Rank	Supplier	Type of goods/ services supplied to us during the Track Record Period	Background of supplier	Year of commencement of business relationship	Typical credit terms	Approximate amount of direct cost of sales (S\$'000)	Approximate percentage of our total direct cost of sales ^(Note) (%)
1.	Central Star (Singapore) Pte Ltd	Diesel	A private company which principally provides diesel fuel	2001	30 days	925	12.2
2.	ECO Special Waste Management Pte Ltd	Chemical waste disposal services	A private company which principally engaged in process and industrial plant engineering design and consulting services	2004	30 days	651	8.6
3.	Soon Lee Heng ECO Engineering Pte Ltd	Transportation services	A private company which principally provides specialised construction activities	2016	Cash on delivery	454	6.0
4.	Hiap Tong Crane & Transport Pte Ltd	Rental of machinery	A subsidiary of a company listed on the Singapore Stock Exchange and is principally engaged in rental of cranes, prime movers, heavy machinery and equipment and trading of cranes and heavy equipment. Its parent listed group's revenue and profit for the year ended 31 March 2018 amounted to approximately S\$43 million and S\$1 million, respectively, according to its parent company's annual report	2012	30 days	355	4.7
5.	Supplier B	Subcontracting of manpower supply and pipe diversion	A private company which principally engaged in civil engineering	2015	30 days	353	4.7
Five largest suppliers combined						2,738	36.2
All other suppliers						4,825	63.8
Total direct cost of sales						7,563	100.0

Note: Our direct cost of sales include maintenance expenses, cost of raw materials, consumables and other overheads, subcontractor charges, transportation expenses and other cost of sales.

Yew Hock Scaffolding Pte Ltd is also one of our five largest salvage materials buyers (i.e. details of which are set out in the paragraph headed "Salvage materials buyers" in this section) for the year ended 31 December 2018 and the four months ended 30 April 2019, with proceeds received from it for our disposal of salvage materials amount to approximately S\$320,000 and S\$214,000, respectively. ECO Special Waste Management Pte Ltd is also our customer for the years ended 31 December 2016 and 2017, with contract revenue attributable to it recognised from relevant projects being approximately S\$499,000 and S\$1.0 million, respectively. Save as disclosed above, our Directors confirm that none of our five largest suppliers (including subcontractors) in each of the years/period during the Track Record Period is also our customer or salvage material buyer during the Track Record Period, and all of them are Independent Third Parties. None of our Directors, or any of their respective close associates or any existing Shareholders which, to the knowledge of our Directors, owns more than 5% of the issued share

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capital of our Company immediately following the completion of the Global Offering and the Capitalisation Issue, had any interest in any of our five largest suppliers (including subcontractors) in each of the years/period during the Track Record Period.

Relationship with our suppliers (including subcontractors)

We have maintained over five years of business relationship with a majority of our five largest suppliers (including subcontractors). We normally only engage suppliers on our approved list which include suppliers whom we have engaged before and of established history and size. We review our approved list of suppliers from time to time. In assessing the performance of our suppliers, we will principally consider the quality of goods or services provided and the timeliness of delivery. During the Track Record Period, we did not have any major dispute or claims with our suppliers on the quality of goods and/or services, timeliness of delivery or payment terms.

Principal terms of engagement with our suppliers (including subcontractors)

We have not entered into any long-term agreement or committed to any minimum purchase amount with our suppliers.

Principal terms of engagement with our subcontractors

The principal terms of our subcontracting engagement generally include, among other things: (i) the scope of works; (ii) the contract price, specifying the payment schedule, payment method and credit terms; (iii) the location of the work site at which the works are to be performed; and (iv) other miscellaneous job arrangement details, including the portion of various costs to be borne by our subcontractors and our Group (such as the costs of materials and insurance). Depending on our agreements with our subcontractors, we generally require our subcontractors to bear the purchase costs of materials or providing its own machinery and equipment. Similar to the progress payment arrangement with our customers, our subcontractors generally submit to us a written statement including the works completed by them on a monthly basis. Once we have assessed and certified the amount, our subcontractors will issue invoice to us.

As our work are mainly concerned with demolition, save for our turfing subcontractors, we generally do not request any defects liability period from our subcontractors. We usually require a defects liability period of at least three months from our turfing subcontractors.

Principal terms of engagement with our other suppliers

In respect of our purchases of goods or services from other suppliers, we generally place order with such suppliers on a case-by-case basis.

For some of our purchases such as diesel fuels which are priced based on the prevailing market prices and actual volume purchased, we usually monitor and obtain the latest price trend for such materials on an on-going basis, especially when preparing tender proposals. Hence, we are generally able to pass on the increase in costs and risks of price fluctuation to our customers as part of our percentage of markup in our tender proposals. During the Track Record Period, we did not experience any material fluctuations in the costs of materials and services that had a material impact on our business or financial position.

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Our order with suppliers generally include a description, quantity and specifications of the material or service required, the delivery schedule, the pricing (which are usually determined by a unit price and the total volume purchased) and the payment term. Materials are usually sent directly to the work site by our suppliers. During the Track Record Period, we did not experience any material difficulties or delays in performing our works caused by the delay or shortage in the supply of goods or services. Our Directors consider that the possibility of material shortage or delay in the supply of goods and services is remote given the abundance of suppliers in the market.

Reasons for subcontracting arrangement

We have our own team of site workers who are capable of undertaking different works at the work site to minimise our reliance on external parties. However, as the entire process of a demolition project involves different types of works, it may not be cost effective for us to directly undertake all types of works involved. In addition, some of the works such as disposal of hazardous waste must be carried out by approved contractors in accordance with relevant laws and regulations. As such, we may engage subcontractors or suppliers for better allocation of our human resources and cost efficiency, depending on the project requirements, the availability of our resources and the cost of performing the works with our own resources.

During the Track Record Period, we mainly delegated turfing, hoarding, scaffolding and disposal of hazardous waste to our subcontractors or suppliers. In such subcontracting arrangements, we may provide materials to our subcontractors or require our subcontractors to bear the purchase cost of materials or providing its own equipment, depending on our agreements with our subcontractors on a case-by-case basis. We take a supervisory role in monitoring the works performed by the subcontractors.

Basis of selection of subcontractors

We maintain a list of approved subcontractors and update the list from time to time by assessing, among others, their technical capability, track records, pricing and resources. We generally only engage subcontractors on our approved list which include subcontractors whom we have engaged before and of established history and size. During the Track Record Period, we did not have any major disputes or claims with our subcontractors in relation to the quality of their works or payment terms.

Control over subcontractors

We work closely with our subcontractors and monitor their performance on an on-going basis during the project execution stage of our project to ensure that their works comply with our customers' requirements and all applicable laws and regulations. We require our subcontractors to follow our rules in relation to work quality, occupational health and safety and environmental compliance. Our control measures include conducting on-site inspections from time to time and holding review and evaluation meetings from time to time. In the event that our subcontractors fail to perform the relevant work to our satisfaction, we direct the subcontractors to rectify the relevant work. For further information on our measures and management systems in relation to work quality, occupational safety and environmental compliance, please refer to the paragraphs headed "Quality control", "Occupational health and work safety" and "Environmental compliance" in this section. During the Track Record Period, our Directors confirm that we did not have any material disputes with our subcontractors in terms of our engagement or the works performed by them.

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INVENTORIES

During the Track Record Period, our inventories principally comprised of machinery and equipment for subsequent sales. During the Track Record Period, we sold machinery such as cranes and diesel hammers when the machinery buyers request and when it is economically attractive to do so. Leveraging our years of experience in the demolishing industry in Singapore, we are familiar with the market of various machinery, including their respective functionality, suppliers and market prices. Occasionally, we are offered with machinery at a price of which we consider we would have a return if we re-sell to other interested third parties. During the Track Record Period, these machinery suppliers are principally construction contractors. In such cases, we will purchase such machinery as our inventories and re-sell them upon the request of interested third parties. During the Track Record Period, these interested third-party buyers are principally our existing salvage materials buyers, suppliers and business partner. Unlike making purchases from machinery dealers directly, machineries we sold are mostly old machinery and readily available at the sites. Our Directors are thus of the view that these interested third-party buyers purchased machinery from us principally due to the availability of the machineries and the price we offered.

Other than the aforesaid machinery and equipment, given our purchases are made on a project-by-project basis, we did not maintain any other inventories.

MACHINERY AND EQUIPMENT

Most of our works must be carried out by specialised machinery and equipment. We possess our own fleet of machinery and equipment such as hydraulic excavators of various capacities, different types of excavator attachments, mobile crushers, cranes, articulated dump trucks and screeners. We believe our established fleet of machinery and equipment is a vital element of our continuous business growth and success. As at 30 April 2019, the aggregate net book value of our plant and machinery amounted to approximately S\$19.3 million. Our possession and control of our machinery and equipment allow us to avoid reliance on external parties for machinery rental.

The following table sets forth the details of our major machinery and equipment as at 30 April 2019:

Machinery	Function and Usage	Number of units	Approximate weighted average remaining useful life ^(Note 1) (year)	Net book value as at 30 April 2019 (S\$'000)
Hydraulic excavator	For demolition and excavation works	95	4.3	11,733
Excavator attachments <i>(Note 2)</i>	For demolition and excavation works	67	4.9	2,745
Mobile crusher	For recycling of concrete aggregate into recycled concrete aggregate	5	4.8	1,221
Crane	For hoisting/lifting activities	3	2.7	770

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Machinery	Function and Usage	Number of units	Approximate weighted average remaining useful life ^(Note 1) (year)	Net book value as at 30 April 2019 (S\$'000)
Articulated dump truck	For internal shifting of demolished material/earth	11	3.3	489
Screener	For recycling of concrete aggregate into recycled dust	4	4.0	630

Notes:

1. The weighted average of remaining useful life assumes a useful life of ten years for each unit of machinery based on our accounting policy for depreciation of plant and machinery.
2. Our excavator attachments include, among others, hydraulic crushers, hydraulic pulverizers and hydraulic breakers.

Acquisition of machinery and equipment

We normally purchase our machinery and equipment from dealers in Singapore. During the Track Record Period, our acquisition of machinery and equipment was generally funded by our internal resources or finance lease arrangements with financial institutions. The lease agreements do not have renewal clauses but transfer ownership of the leased assets to the Group by the end of the lease term. The average lease term is 3 years with effective interest rates on the finance leases between 2.10% to 5.29% per annum, 2.12% to 5.53% per annum, 2.12% to 5.53% per annum and 2.27% to 5.49% per annum, during the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively.

For the three years ended 31 December 2018 and the four months ended 30 April 2019, we acquired new plant and machinery at the aggregate cost of approximately S\$6.4 million, S\$1.3 million, S\$5.8 million and S\$620,000, respectively. In view of the growing business opportunities in the industry, we will continue to acquire new machinery and equipment in the future to enhance our capacity.

Repair and maintenance

We have our own team of machinery and equipment operators and in-house maintenance team comprising 34 employees and 14 employees, respectively, as at the Latest Practicable Date. Our maintenance team is responsible for routine checks and inspections of our machinery prior to commencement of our projects and during the execution stage of our projects to ensure our machinery are functional. We also have regular schedule of maintenance procedures such as cleaning of filters and injection of lubricants, inspection on the machinery parts and checking and serving of the machinery and equipment. Our in-house maintenance team is capable of replacing the worn-out or malfunctioning parts and components of a machinery. For malfunctioning machinery which requires major examination and repair, we will send the machinery to external repair service providers or the authorised dealers for repair if the machinery is still under warranty.

Disposal of machinery and equipment

The weighted average remaining useful life of our major machinery and equipment was approximately 4.4 years as at 30 April 2019. According to our accounting policies, depreciation of our machinery and equipment is calculated using the straight line method to allocate their cost to their residual values over its estimated useful lives of 10 years. We do not have a specific replacement cycle for our machinery and we will only replace our machinery when necessary. Replacement decisions are made on a case-by-case basis having regard to the factors such as the operating conditions of each unit of our machinery and the cost effectiveness of replacing only the malfunctioning or worn-out parts or the entire machinery. Our Directors consider that our major machinery and equipment are in good conditions as at the Latest Practicable Date.

Safe keeping of our machinery and equipment

Machinery and site equipment which are in use at the work sites are located and kept under the general management of the respective work sites equipped with locked gates and monitored by closed-circuit television security cameras. Given the number of projects on hand, almost all of our machinery and equipment are operating at full service capacity in work sites. Temporarily idle machinery and equipment are stored at our workshop next to our head office building with locked gates and monitored by closed-circuit television security cameras.

Machinery and equipment utilisation rate

The table below sets out the approximate utilisation rates of our excavators of 20 and 30 tons, which were the major types of excavators used in our demolition projects, for the three years ended 31 December 2018 and the four months ended 30 April 2019:

	For the year ended 31 December			For the four months ended 30 April
	2016	2017	2018	2019
Actual engine hours ^(Note 1)	45,093	52,067	62,198	22,622
Standard engine hours ^(Note 2)	70,200	63,960	73,320	26,520
Average utilisation rate ^(Note 3)	64.2%	81.4%	84.8%	85.3%

Notes:

1. The actual engine hours are recorded from the hour meters which display the total engine running time in hours from our excavators in use at the work sites. The actual engine hours for each excavator are recorded quarterly.
2. The standard engine hours are calculated based on (i) the number of excavators; (ii) the number of hours worked per day; and (iii) the number of days worked per year. For the purpose of calculating the standard engine hours, it is assumed that all excavators in use at the project sites worked for 6 hours per day and 260 days per year. The Directors assumed six hours as the maximum number of hours in which the excavators can be deployed on sites on the basis of (i) the normal 9-hour working day; (ii) one hour lunch time and two half-hour breaks for each working day; and (iii) one hour routine daily safety briefing, machinery check-up and maintenance for each working day; while the Directors assumed 260 days as the maximum number of days in a calendar year in which excavators can be deployed on sites after taking into account (i) the statutory holidays in Singapore; (ii) the customary holidays in Singapore; (iii) the minimum servicing on Saturdays; and (iv) routine maintenance downtime. According to the Industry Report, such basis is in line with the industry norm.

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3. The average utilisation rate for our excavators is determined based on total actual engine hours divided by the total standard engine hours times 100%.

However, in view of the nature of our business and operations, save as the excavators mentioned above, our Directors consider that it is not feasible or practicable to accurately quantify the service capacity and overall utilisation rate of all our other machinery and equipment due to the following reasons:

- (i) a typical demolition job involves the use of various types of machinery and equipment in different stages. Also, our machinery and equipment are sometimes left unused for assembling, disassembling, repairing and maintenance works to be carried out. As such, our Directors are of the view that it would be difficult to accurately measure an overall utilisation rate for our entire fleet of machinery and equipment in general. Further, it is not practicable for us to accurately record the daily or hourly usage of each individual machinery and equipment; and
- (ii) each type of machinery and equipment is highly specific to different types and specifications of demolition works. Given that we provided a range of demolition works during the Track Record Period, it is not practicable to reliably quantify the capacity of each piece of machinery and equipment by making reference to an objective and comparable scale or standard of measurement. For instance, it is difficult to record the usage of our articulated dump trucks as they were used in our general operation from time to time among different jobs, and their usage were not specifically recorded in our internal job details.

In view of the aforesaid and given the number of machinery and equipment owned by us, it would be difficult and impractical for us to collect reliable and accurate data, including the hourly usage rate of each particular machinery and equipment other than the major excavators mentioned above.

The average utilisation rate of our major types of excavators amounted to approximately 85.3% for the four months ended 30 April 2019. In view of the utilisation rate of our excavators and the growing demand in the demolition industry, we intend to utilise approximately HK\$66.0 million (equivalent to approximately S\$11.4 million) or approximately 66.0% of the net proceeds from the Global Offering, for replacement and additions of machinery and equipment including hydraulic excavators with different capacities. For details, please refer to the paragraph headed “Business strategies — Strengthen our fleet of machinery and equipment” in this section.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 128 employees (including our executive Directors). Approximately 28.9% of our employees were local employees and 71.1% were foreign employees (including site foreign workers and other foreign employees). All of our employees are located in Singapore.

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The following table sets forth a breakdown of our employees (including our executive Directors) by function as at the Latest Practicable Date:

	As at the Latest Practicable Date
Directors and senior management	8
Project managers, supervisors and safety members	23
Accounting and finance, contracts, procurement and human resources and administration staff	8
Machinery and equipment operators, maintenance and logistics staff	58
Site workers	31
TOTAL	128

Employees' remuneration and benefits

Our employees are remunerated according to their qualifications, role and responsibilities; and discretionary bonuses may be offered depending on their performance, profitability of our Group and market conditions. Our Group participates and makes mandatory contributions to the Central Provident Fund for our qualifying employees in accordance with the Central Provident Fund Act (Chapter 36) of Singapore. We also maintain our self-owned dormitory in the same building of our head office as accommodation for some of our foreign workers.

Training for our employees

Depending on the role and scope of works of our employees, we sponsor our employees to receive relevant training courses including courses in relation to occupational health and safety, work quality and compulsory courses required by the BCA and the MOM.

Employment relations

Our Directors considered that our Group have maintained good relationship with our employees. During the Track Record Period, we did not have any significant disputes with our employees nor did we had experience any material difficulties in the recruitment or any disruption to our operations due to labour dispute. Our employees are not members of any labour union.

Recruitment policies and foreign workers

We assess our available human resources on a continuous basis and recruit suitable candidates to cope with our business operations and expansion as required. We generally recruit our employees by placing advertisement in newspapers and referrals.

Employment of foreign workers is subject to various regulations and policies in Singapore such as the quota limitation which is referred to as the dependency ratio ceilings (the "DRC") based on the ratio of local to foreign workers and quotas based on the man year entitlements ("MYE") in respect of workers from non-traditional sources such as India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines ("NTS") and the PRC, and our Group strictly follows the relevant regulations.

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DRC refers to the maximum permitted ratio of foreign workers to the total workforce that a company in the stipulated sector is allowed to hire. Currently, the DRC for construction industry is at a ratio of one full-time local worker to seven foreign workers, meaning that for every full-time Singapore citizen or Singapore permanent resident employed by a company in the construction sector with regular full month Central Provident Fund contributions made by the employer, the company can employ seven foreign workers. However, the quota may not apply to higher skilled foreign employees. MYE is a work permit allocation system for employment of construction workers from NTS countries and the PRC. MYE represents the total number of work permit holders a main contractor is entitled to employ based on the value of the projects or contracts awarded by the developers or project owners. A main contractor's MYE will expire on the completion date of the relevant project. Based on the prevailing regulations and our number of employees, our Directors confirm that we had complied with the relevant regulations.

For further details in relation to the relevant regulatory requirements for employment of foreign workers, please refer to the section headed "Regulatory overview — Employment laws — Employment of foreign manpower" in this prospectus.

INSURANCE

Pursuant to the Work Injury Compensation Act (Chapter 354) of Singapore and as stipulated by the MOM, we are required to purchase injury compensation insurance for all our manual workers, regardless of salary level, and non-manual workers earning less than S\$1,600 per month. The work injury compensation policy in Singapore provides for a maximum limit of liability of medical expenses of up to S\$30,000 per employee for accidents before 1 January 2016 and up to S\$36,000 per employee for accidents from 1 January 2016.

In projects for which we act as a subcontractor, the project-based insurance policies, which generally include the work injury compensation policy and the contractors' all risks policy are taken out by the main contractor. Where we act as the main contractor of a project, we will be responsible for taking out the work injury compensation policy and the contractors' all risks insurance policy for the project we undertake to cover against loss or damage to materials and third party liability for accidental bodily injury in connection with the performance of the contract.

We have secured insurance coverage against our headquarters for damages caused by fire accidents, and public liability insurance to cover legal liabilities arising in connection with our business operation in case our business operation causes accidents and property damage. We have also maintained insurance on our motor vehicles and machinery for which our management considers valuable and desirable to maintain insurance. The insurance on our motor vehicles and machinery cover the loss of or damage to our motor vehicles and/or third-party liability in relation to the use of our motor vehicles and loss of or damage to our machinery, respectively. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we incurred total insurance expenses of approximately S\$259,000, S\$139,000, S\$168,000 and S\$62,000, respectively.

Certain types of risks disclosed in the section headed "Risk factors" in this prospectus, such as risks in relation to the our ability to secure new contracts, our ability to maintain business relationship with our customers, ability to estimate and manage of our costs accurately, our ability to retain and attract key personnel and collectability of our trade and other receivables, are generally not covered by

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insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Our Directors consider that our insurance coverage in place is in line with the practice of our industry and is adequate for our business operations.

QUALITY CONTROL

Our quality management system is certified to be in compliance with the requirement of ISO 9001: 2015 since 2016. Our quality management system had last been audited in July 2017 by an Independent Third Party and no major non-conformity issues were noted in the audit.

We have internal rules governing work procedures for different types of operations and works performed by us, such as outlining the responsibilities of personnel of different levels, setting up general procedures for project planning, project management, site inspection, accident reporting, communication with customers, procurement of material, subcontractors selection and control, to ensure our works are carried out in a safe and timely manner to the satisfaction of our customers. Besides, most of the final plans and decisions in our day-to-day business operations such as tender submission, entering into contracts with our customers and major procurement decisions were reviewed and approved by Mr. Tan, our founder, chairman of our Group, chief executive officer, executive Director and Controlling Shareholder, who has over 26 years of experience in the demolition industry.

For our quality control over our work, our project team is responsible for the quality control on project management and on-site inspection at the project execution stage. Please refer to the paragraph headed “Our operation flow — Project preparation” and “Our operation flow — Project execution” in this section for further details of our project team and the relevant quality assurance work undertaken by us in the project execution stage.

For our quality control over machinery and equipment, we only purchase our machinery and equipment and machinery parts manufactured by established brands and from authorised dealers or machinery suppliers. We also have our own team of machinery and equipment operators and in-house maintenance team responsible for regular checks and maintenance of our machinery and equipment as we believe that good maintenance and timely repairing of our machinery and equipment can minimise our machinery downtime and safety issues. For other consumables, we usually purchase materials from our approved list of suppliers and carefully inspect the quality of the goods delivered to the work sites.

For our quality control over subcontractors, please refer to the paragraph headed “Suppliers — Control over subcontractors” in this section.

During the Track Record Period and up to the Latest Practicable Date, we did not receive any material complaint or request for any kind of compensation from our customers due to quality issue in relation to services provided by us or works performed by our subcontractors.

OCCUPATIONAL HEALTH AND SAFETY POLICY

Occupational health and safety measures

We consider work safety a matter of highest priority when undertaking our demolition projects. We have adopted occupational health and safety system and policies in accordance with all applicable laws and regulations. The occupational health and safety system of our Group is certified to be in compliance with the standard under OHSAS 18001 since 2016 as a recognition of our policies and procedures undertaken to address potential safety issues. Our occupational health and safety system had last been audited in July 2017 by an Independent Third Party and no major non-conformity issues were noted in the audit. For details of the certifications, please refer to the paragraph headed “Qualifications and certifications” in this section.

Our safety department, comprises of one safety manager who is registered with the MOM as workplace safety and health officer, confined space safety assessor, work-at-height manager and fire safety manager, two safety and health coordinators and six safety supervisors, is responsible for monitoring and implementing our health and safety policies, preparing safety reports, accident records and safety training records, conducting daily site safety meeting, handling incident reporting to the relevant authorities, carrying out safety review and inspections and ensuring we comply with all latest applicable occupational health and safety requirements.

At site level, our project management team (including on-site workplace safety and health officer) is responsible for overseeing the health and safety issues of our works. Safety supervisors are allocated to our projects to implement our occupational health and safety policies and environmental compliance policies including conducting regular site inspection and review to ensure occupational health and safety as well as environmental compliance.

Our safety system and policy include general occupational health and safety procedures as well as specific operational procedures covering various aspects of works such as demolition works, work-at-height, lifting and use of machinery and equipment, for our employees to observe. Sets out below are certain general safety measures included in our safety policy to prevent work accidents:

- Proper and effective communication of safety procedures shall be established among our management, project team, safety department, workers and subcontractors by, among others, maintaining proper records of accident statistics, safety reports and training documents, holding regular internal and external safety meetings and conducting briefings on occupational health and safety to all level of site personnel.
- Health and safety risk assessments to identify potential hazards shall be conducted before commencement of our works and regularly during the project execution stage.
- The safety track record and safety standard shall be considered when selecting subcontractors for our projects.
- Our safety department shall be responsible for maintaining records of safety training, identifying appropriate training programmes for our employees and ensuring all foreign workers and new workers (including our subcontractors) had attended the compulsory occupational health and safety training courses as required by the MOM.

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- Site inspection shall be carried out on a regular basis by our site safety officers to ensure strict compliance with all applicable occupational health and safety laws and regulations and our internal safety policy.
- All identified non-compliance or potential hazards at the work sites must be recorded, reported to our project team and rectified in a timely manner.

Handling and recording workplace accidents

We have a system for handling and recording workplace accidents to ensure all workplace accidents are properly reported and investigated.

Generally, we require the following procedures must be observed:

- Our workers should inform the workplace safety and health officer immediately upon occurrence of an accident, including the venue, time and cause of injury.
- All workplace accidents which result in more than three consecutive days of medical leave or hospitalisation for at least 24 hours or fatalities are to be reported to the MOM within ten days of the accident by our safety department pursuant to all applicable laws and regulations.
- Accident report must be prepared with all requisite details including date and time of accident, place of accident, name and identification number of the injured, and brief description of the accident for review by our project manager and executive Directors.
- Investigation is to be carried out as appropriate to identify potential hazards and provide corrective actions to prevent similar accidents in the future.

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Workplace accidents during the Track Record Period

The following table sets out a comparison of the accident frequency rate and the lost time injuries frequency rate in the construction industry in Singapore between our Group and the industry average during the Track record Period:

	Singapore construction industry average ^(Note 3)	Our Group
From 1 January to 31 December 2016		
Accident frequency rate ^(Note 1)	1.7	0
Lost time injuries frequency rate ^(Note 2)	159	0
From 1 January to 31 December 2017		
Accident frequency rate ^(Note 1)	1.6	1.55
Lost time injuries frequency rate ^(Note 2)	104	0
From 1 January to 31 December 2018		
Accident frequency rate ^(Note 1)	1.6	0
Lost time injuries frequency rate ^(Note 2)	115	0
From 1 January 2019 to 30 April 2019		
Accident frequency rate ^(Note 1)	—	0
Lost time injuries frequency rate ^(Note 2)	—	0

Notes:

1. Accident frequency rate represents the number of workplace accidents reported per 1,000,000 man-hours worked. It is calculated as the number of workplace accidents reported during the year divided by the estimated number of man-hours worked, then multiplied by 1,000,000.
2. Lost time injuries frequency rate, also known as accident severity rate, represents the amount of time lost from work of one day or more per 1,000,000 man-hours worked. It is calculated as the number of man days lost to workplace accidents during the year divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man-hours worked for a year is estimated based on the number of our relevant workers directly involved in our projects as at the end of the year, multiplied by 3,650 hours per year per worker.
3. The information is extracted from the “Workplace Safety and Health Report 2016 National Statistics”, “Workplace Safety and Health Report 2017 National Statistics” and “Workplace Safety and Health Report 2018 National Statistics” published by the Workplace Safety and Health Institute, Singapore. As at the Latest Practicable Date, the information related to the accident frequency rate and lost time injuries frequency rate for the four months ended 30 April 2019 has not been published by the Workplace Safety and Health Institute, Singapore yet.

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As illustrated above, both our accident frequency rates and lost time injuries frequency rates were substantially lower than the construction industry average in Singapore in 2016, 2017 and 2018. During the Track Record Period, we recorded one workplace accident resulting in minor injury of one worker. The workplace accident happened in May 2017 involved a worker falling into an open drain near our work site. Subsequent to the accident, toolbox briefing session was conducted to our workers reminding them to keep clear from open drains or any open sides. The accident had been reported to the MOM and settled by our insurance company. Taking into account the accident had been settled by our insurance company and that no further legal action was commenced as at the Latest Practicable Date, our Directors consider that the accident did not have a material adverse impact on our Group's results of operation or financial position.

Save as disclosed above, during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any significant workplace accidents.

ENVIRONMENTAL COMPLIANCE

Our Group's operations on sites are subject to certain environmental requirements pursuant to the laws in Singapore such as the Environmental Public Health Act (Chapter 95) and the Environmental Protection and Management Act (Chapter 94A) of Singapore. For details of the regulatory requirements, please refer to the section headed "Regulatory overview" in this prospectus.

As a demolition services provider, we provide removal of salvage materials services by collecting recyclable demolition waste such as ferrous metal, non-ferrous metal and recycled concrete aggregate and we generate proceeds from the disposal of salvage materials to salvage materials buyers. We are pleased that our works derived income to our Group and helped achieving the sustainable construction plan anticipated and promoted by the Singapore Government at the same time.

We have adopted environmental management system and policies in accordance with all applicable laws and regulations. The environmental management system of our Group is certified to be in compliance with the standard under ISO 14001:2015 since 2016 as a recognition of our policies and procedures undertaken to protect the environment. Our environmental management system had last been audited in July 2017 by an Independent Third Party and no major non-conformity issues were noted in the audit. For details of the certifications, please refer to the paragraph headed "Qualifications and certifications" in this section.

Our environmental management system includes specific operational procedures covering various aspects of control including air pollution control, noise pollution control, waste management and resources conservation for our employees to observe. We will comply with our environmental management procedures when we formulate the method statements or work plans to our customers before commencement of our projects and implement as an on-going basis in the execution stage of our project.

During the Track Record Period, we did not record any material non-compliance incidents or breaches of environmental related laws and regulations. For the three years ended 31 December 2018 and the four months ended 30 April 2019, our aggregate cost for environmental compliance was approximately S\$824,000, S\$1.9 million, S\$1.7 million and S\$869,000, respectively.

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PROPERTIES

Set out below are the properties owned by us as at the Latest Practicable Date:

Address	Owner	Details and usage of property	Total approximate gross floor area (square metres)
21 Tuas South Street 7, Singapore 637111 ^(Note 1)	Beng Soon Machinery	A three-storey building as our head office (with workers' dormitory) and a single-storey workshop as our warehouse for storage ^(Note 2)	5,679
2 Venture Drive, #02-18 Vision Exchange, Singapore 608526	Beng Soon Machinery	A medical suite for investment purpose. Currently leased to an Independent Third Party for use as tuition and education centre ^(Note 3)	57

Notes:

1. Please refer to Appendix III to this prospectus for the full text of the relevant property valuation report. Please also refer to the section headed "Financial information — Property interests and property valuation" in this prospectus for a reconciliation of the amount of such property as reflected in our consolidated financial statement information as at 30 April 2019 as set out in Appendix I to this prospectus with the valuation of the property as at 31 July 2019 as set out in Appendix III to this prospectus.
2. The property is held under leasehold for a term of 22 years and 10 months commencing from 1 February 2013. The lessor is a body corporate established under the Jurong Town Corporation Act (Chapter 150) of Singapore and the lessee is Beng Soon Machinery.
3. The property is held by Beng Soon Machinery under leasehold for a term of 99 years commencing from 10 June 2013.

Save for the abovementioned, as at the Latest Practicable Date, we did not own or lease any property.

Our Directors confirm that no single property interest that formed part of our Group's non-property activities had a carrying amount of 15% or more of our consolidated total assets as at 30 April 2019.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, we registered one trademark and one domain name in Singapore. Please refer to the section headed "Statutory and general information — B. Further information about the business — 2. Intellectual property rights of our Group" in Appendix V to this prospectus for further details of the registration of our trademark and domain name.

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As at the Latest Practicable Date, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us.

SALES AND MARKETING

During the Track Record Period, we sourced public sector projects by monitoring the online GeBIZ system, which is the Singapore Government's one-stop e-procurement portal where all public sector projects' invitations for quotations and tenders are available thereon. For private projects, we secured new businesses mainly through direct invitations for quotation or tender by customers. Our Directors consider that due to our proven track record and our relationship with our existing customers, we are able to leverage our existing customer base and our reputation in the demolition industry in Singapore such that we do not rely heavily on marketing activities other than liaising with existing and potential customers from time to time for relationship building and management. During the Track Record Period, we placed advertisement in the BCA Catalogue and the BCA Directory to promote our market presence in the industry.

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.

However, we remain attentive to the latest development in the demolition techniques and machinery and equipment. We also encourage our staff to attend industry relevant trainings and invest in new machinery and equipment to enhance our efficiency and meet our existing and potential customers' requirements.

MARKET AND COMPETITION

According to the Industry Report, the demolition market in Singapore is concentrated with the top five demolition contractors accounted for approximately 80.5% of the total market share by revenue in 2018, and while there were approximately 200 registered contractors under CR 03 "Demolition" workhead in Singapore as in August 2019, there were less than 30 contractors principally engaged in the provision of demolition services. According to the Industry Report, our Group was the largest demolition services provider in Singapore with market share of approximately 33.2% in terms of revenue in 2018.

According to the Industry Report, factors of competition in the demolition market in Singapore include (i) timely delivery of services; (ii) quality and safety of work; (iii) track record and reputation; and (iv) project pricing. Entry barriers to the demolition market in Singapore include (i) capital investment and financial capability; (ii) possession of licences and approvals; (iii) market knowledge and technical capability; and (iv) ability to maintain reputation and relationship with stakeholders. For details, please refer to the section headed "Industry overview — Competitive landscape of Singapore demolition services market" in this prospectus.

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In view of the competition in the demolition market in Singapore, our Directors believe that we are well equipped to compete with our competitors and capture the continuing demand of demolition services in Singapore with our proven track record, possession of necessary and advanced technological equipment, in-house maintenance team, experienced management team and stable relationship with our key business partners. For further details of our competitive strengths, please refer to the paragraph headed “Competitive strengths” in this section.

INTERNAL CONTROL AND RISK MANAGEMENT

We have maintained an internal control and risk management system which is regularly reviewed and supervised by our Directors and senior management.

To further improve our internal control system and in preparation for the Listing, we engaged an independent internal control consultant in December 2017 to perform review and evaluation on our internal control and risk management system. The review covered the documentation, testing and assessment of the effectiveness of the procedures, systems and controls established by our Group including various operational cycles of our Group such as the revenue and receipts, purchases and payments, project management, fixed assets and capital expenditure management, financial reporting and industrial safety and environmental protection, as well as the corporate governance practice of our Group. No material deficiencies in relation to our Group’s internal control and risk management system was found. We have adopted the recommendations from the independent internal control consultant to improve and strengthen our internal control and risk management system. In particular, our Group has adopted the following key measures:

- To enhance our Directors’ understanding of their respective obligations and duties as a director of company whose shares are listed on the Stock Exchange, our Directors attended training sessions conducted by Wong, Wan & Partners in association with Seyfarth Shaw, our Hong Kong legal advisers, in March and April 2018 and February 2019.
- We have established an audit committee comprising all independent non-executive Directors to oversee our accounting and finance functions and internal control procedures.
- We have appointed Honestum International Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines.

BUSINESS

In relation to some of the major risks relating to our business operations, the following sets out some of the key measures adopted:

Major Risks

Relevant key measures adopted

Risk of cost overrun

We take into account the estimated costs of suppliers and subcontractors fees when preparing our tender proposals in order to have a more accurate cost estimation and budget proposal. We also manage the risk of cost overrun by (i) buffering a markup in our tender proposal to capture any unanticipated increase in cost; (ii) closely monitor the price trend and market conditions of our required materials, salvage materials we remove from demolition sites and earth to reduce the risk of price fluctuation and; (iii) closely monitor the progress of our demolition projects to avoid delay of our work. Please refer to the paragraph headed “Our operation flow — Tender or quotation — Preparation of tender proposal or quotation — Pricing strategy” in this section for further details.

Liquidity risk

We measure and monitor our liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of our Group. We also maintain a conservative level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the course of ordinary business.

Credit risk

We assess the credit quality of the customers, salvage materials buyers and earth providers by taking into account their financial positions and past payment history. In particular, our purchasing manager or the recycling and logistics manager is responsible for reviewing the credit limits and credit period for our customers, salvage materials buyers and earth providers from time to time. Any credit granted requires the approval of our Directors. We have adopted monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Risk relating to occupational health and safety

Please refer to the paragraph headed “Occupational health and safety policy” in this section for details of our occupational health and safety system and procedures to minimise workplace accidents.

Risk relating to environmental compliance

Please refer to the paragraph headed “Environmental compliance” in this section for details of our environmental management system and measures to prevent non-compliance with the relevant laws and regulations.

BUSINESS

Major Risks

Relevant key measures adopted

Corporate governance

Our Company will comply with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. In particular, 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. Please refer to the section headed “Directors and senior management — Board committees” in this prospectus for further details.

COMPLIANCE AND LEGAL PROCEEDINGS

Compliance

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, there was no non-compliance incident the nature of which is of material impact or systemic; and our Group has been in compliance in all material respects with all applicable laws and regulations in the jurisdiction where we conduct our business.

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, Beng Soon Machinery was involved in the following four civil litigations in relation to three traffic accidents in October 2016, February 2017 and July 2018, respectively:

	Nature of the legal proceedings	Particulars of the legal proceedings	Status of proceedings	Amount of claim	Covered by insurance
1.	Negligence (motor accidents without death/injury)	Beng Soon Machinery as the owner of a motor vehicle was involved in a road traffic accident involving a chain collision on 31 July 2018 and brought action against the owner of another motor vehicle as plaintiff in August 2019.	Pending	S\$16,955.00	Yes
2.	Negligence (motor accidents with injury)	Beng Soon Machinery as the owner of a motor vehicle involved in a road traffic accident involving a chain collision with three other motor vehicles on 24 February 2017 was sued by a driver of a motor vehicle involved in the accident.	Pending	To be assessed	Yes
3.	Negligence (motor accidents with injury)	Beng Soon Machinery as the owner of a motor vehicle involved in a road traffic accident involving a chain collision with three other motor vehicles on 24 February 2017 was sued by a passenger of a motor vehicle involved in the accident.	Pending	To be assessed	Yes
4.	Negligence (motor accidents without death/injury)	Beng Soon Machinery was sued as the owner of a motor vehicle involved in a road traffic accident involving a chain collision with three other motor vehicles on 19 October 2016.	Concluded	S\$52,630.50	Yes

BUSINESS

As confirmed by our Directors the above legal proceedings fell within the coverage of the relevant insurance policies maintained by Beng Soon Machinery. As such, no provision has been made to cover our potential liability under the claims. Our Directors believe that such legal proceedings would not have any material adverse effect on our results of operations or financial position.

Save as abovementioned, during the Track Record Period and as at the Latest Practicable Date, no member of our Group was engaged in any litigation, claim or arbitration of material importance and no litigation, claim or arbitration is known to the Directors to be pending or threatened against any member of our Group which would have a material adverse effect on our results of operations or financial position.

Indemnity given by our Controlling Shareholders

Our Controlling Shareholders have entered into the Deed of Indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the Deed of Indemnity, in respect of, among others, any claim to which our Group may be subject to in respect of any disputes, arbitrations or legal proceedings occurring on or before the Listing Date. Further details of the Deed of Indemnity are set out in the section headed “Statutory and general information — E. Other information — 1. Tax and other indemnities” in Appendix V to this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Reorganisation, the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), TCB and its beneficial shareholder Mr. Tan will be interested in 49.17% of our Company's issued Shares, and K Luxe and its beneficial shareholder Ms. Lee will be interested in 16.39% of our Company's issued shares. By virtue of Mr. Tan and Ms. Lee's relationship of being spouses, they are entitled to, through TCB and K Luxe, control the exercise of a total of 65.56% of the voting power at the general meetings of our Company. Therefore, Mr. Tan, Ms. Lee, TCB and K Luxe will form and remain as a group of controlling shareholders of our Company within the meaning of the Listing Rules upon Listing. For details regarding the shareholding interest of the Controlling Shareholders, please refer to the section headed "Substantial Shareholders" in this prospectus.

Our Controlling Shareholders have confirmed that none of them and their respective close associates is interested in any business which competes or is likely to compete, directly or indirectly with the business of our Group.

Mr. Tan, one of our Company's Controlling Shareholders, is the founder and chairman of the Group, chief executive officer and an executive Director of our Company. Mr. Tan is the spouse of Ms. Lee, who is also one of our Company's Controlling Shareholders. Mr. Tan is the father and Ms. Lee is the mother of Mr. Alvin Tan, who is an executive Director of our Company. For further details, please refer to the section headed "Directors and senior management" in this prospectus.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Our Directors consider that our Group is capable of carrying on its business independently from our Controlling Shareholders and their respective close associates after the Listing on the basis of the following reasons:

Management independence

Our Group's management and operational decisions are made by our Board and our senior management. Our Board has seven Directors comprising three executive Directors, one non-executive Director and three independent non-executive Directors. Mr. Tan, our founder and chairman of the group, chief executive officer and an executive Director, is one of our Company's Controlling Shareholders. Save as for Mr. Tan, none of the other Directors or members of our senior management is a Controlling Shareholder.

Although Mr. Tan holds directorship in our Company, our Directors are of the view that our Board and our senior management are capable of operating our business and manage all actual or potential conflicts of interest independently of our Controlling Shareholders because:

- (a) our Directors are aware of his/her fiduciary duties as a Director which require, amongst others, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) our Directors recognise the importance of good corporate governance in protecting our Shareholders' interests. 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 close associates, the interested Director(s) shall abstain from voting at the relevant meetings of the Board in respect of such transactions and shall not be counted in the quorum. Our Group has also adopted a number of corporate governance measures to identify and manage potential conflicts of interests between our Company and our Controlling Shareholders and to safeguard the interests of our independent Shareholders, details of which are set out in the paragraph headed "Corporate governance measures" in this section;
- (c) all of our independent non-executive Directors are professional parties having extensive experience in their respective areas of expertise. For further details, please refer to the section headed "Directors and senior management" in this prospectus. Our independent non-executive Directors are appointed in accordance with the requirements under the Listing Rules to ensure that the decisions of our Board are made only after due consideration of independent and impartial opinions. None of our independent non-executive Directors are connected with our group in any manner that may affect their independent judgement or independence as required under the Listing Rules;
- (d) all of our senior management members are independent from our Controlling Shareholders. They have substantial experience in the industry we are engaged in and have served our Group for a period of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders; and
- (e) all essential administration and daily operations of our Group are carried out by a team of staff employed by our Group independently of and without any support from the Controlling Shareholders.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management are able to perform the managerial role in our Group independently.

Operational independence

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities for daily operations of our Group. Our Group also has its own fleet of machinery and are either owned by our Group or leased from independent third parties. Our Group has not shared operational resources, such as suppliers, customers, marketing, sales and general administrative resources with our Controlling Shareholders and/or their close associates. Our Group has established a set of internal controls to facilitate the effect operation of our business.

Based on the above, our Directors are of the view that there is no operational dependence on our Controlling Shareholders and are satisfied that our Group has been operating independently from our Controlling Shareholders during the Track Record Period and will continue to operate independently.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Financial independence

Our Group has independent financial systems and makes financial decisions according to our own business needs. During the Track Record Period and up to the Latest Practicable Date, our Group had our own internal financial systems, accounting and finance department.

During the Track Record Period, personal guarantees were given by two of the Controlling Shareholders, Mr. Tan and Ms. Lee, over certain bank borrowings, premium finance loan, finance leases and security bonds of Beng Soon Machinery. All such personal guarantees will be released and replaced by a corporate guarantee provided by our Company upon Listing. During the Track Record Period, there were certain amount due to Mr. Tan. Such outstanding debt owed by us to Mr. Tan has been either repaid to Mr. Tan or waived by Mr. Tan and our Group has been released from all the obligations thereunder as at the Latest Practicable Date. For more information about the personal guarantees and amounts due to our Controlling Shareholder, please refer to the section headed “Financial information — Indebtedness” in this prospectus and Notes 22 and 28 of the accountant’s report set out in Appendix I to this prospectus.

Our Directors confirmed that, as at the Latest Practicable Date, (i) we did not have any outstanding loans or borrowings from any of our Controlling Shareholders or any of their respective close associates; and (ii) there were no bank borrowings for which any of the Controlling Shareholders or any of their close respective associates have provided personal guarantee or pledges. Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Global Offering as we expect that our working capital will be funded by our operating income and bank borrowings.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/she/it fully comprehends his/her/its obligations to act in the best interests of our Company and our Shareholders as a whole. To avoid, identify and manage potential conflicts of interest, our Group will implement the following corporate governance measures:

- (a) our Board is committed to the view that our Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong independent element on our Board which can effectively exercise independent judgment. Our Company has appointed three independent non-executive Directors. Our Directors believe that our independent non-executive Directors are of sufficient calibre, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Please refer to the section headed “Directors and senior management” in this prospectus for further details of our independent non-executive Directors;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (b) our Company has appointed Honestum International Limited as our compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and internal controls. Please refer to the section headed "Directors and senior management — compliance adviser" in this prospectus for further details in relation to the appointment of compliance adviser; and
- (c) in the event that there is any potential conflict of interests relating to the business of the Group between the Group and the Controlling Shareholders, the interested Directors, or as the case maybe, the Controlling Shareholders would, according to the Articles and the Listing Rules, be required to declare his/her/its interests and, abstain from participating in the relevant Board meeting or general meeting and voting on the transaction and not count as quorum where required.

Based on the above, the Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between the Company and our Controlling Shareholders, and to protect our Shareholders' interests after the Listing.

DIRECTORS AND SENIOR MANAGEMENT

OVERVIEW

The Board currently consists of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. The major functions and duties of the Board include, but are not limited to, convening the general meetings, reporting on the performance of the Board at the general meeting, implementing the resolutions passed at the general meetings, formulating and approving business plans and investment plans of the Company, preparing the annual financial budgets and final accounts, preparing proposals on profit distribution and increasing or decreasing the registered capital, as well as performing the other authorities, functions and responsibilities in accordance with the Articles.

Directors

The following table sets forth the information regarding the members of the Board.

Name	Age	Date of Joining our Group	Present Position	Date of Appointment as Director	Roles and Responsibilities	Relationship with the other Directors
Executive Directors						
Mr. TAN Chee Beng	64	8 January 1993	Chief executive officer, Chairman of the Board and executive Director	6 April 2018	Overall management and formulation of business strategy of our Group, chairman of the nomination committee of the Board; serves on the remuneration committee of the Board	Father of Mr. Tan Wei Leong
Ms. TANG Ling Ling	47	10 April 2000	Executive Director	6 April 2018	Overall management and operation of our Group; serves on the remuneration committee of the Board	N/A
Mr. TAN Wei Leong	29	15 April 2011	Executive Director	6 April 2018	Overall management and administration of our Group	Son of Mr. Tan Chee Beng
Non-executive Director						
Mr. CHEUNG Kam Fai (張錦輝)	47	6 April 2018	Non-executive Director	6 April 2018	Supervising the overall management and Group	N/A
Independent non-executive Directors						
Mr. WEE Chorng Kien	45	15 October 2019	Independent non-executive Director	15 October 2019	Supervising and providing independent advice to our Group; serves on the audit committee, the nomination committee and the remuneration committee of the Board	N/A

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Date of Joining our Group	Present Position	Date of Appointment as Director	Roles and Responsibilities	Relationship with the other Directors
Mr. LEUNG Yau Wan John (梁又穩)	60	15 October 2019	Independent non- executive Director	15 October 2019	Supervising and providing independent advice to our Group, chairman of the audit committee and the remuneration committee of the Board	N/A
Mr. LEUNG Kee Wai (梁基偉)	55	15 October 2019	Independent non- executive Director	15 October 2019	Supervising and providing independent advice to our Group, serves on the audit committee, the nomination committee and the remuneration committee of the Board	N/A

Executive Directors

Mr. Tan Chee Beng, aged 64, is the founder and chairman of the Group, chief executive officer, an executive Director, chairman of the nomination committee of the Board and a member of the remuneration committee of the Board. Mr. Tan was appointed as our Director on 6 April 2018, and was re-designated as our executive Director on 25 June 2018. Mr. Tan is responsible for the overall management, business development and formulation of business strategy of our Group.

Mr. Tan has over 26 years of experience in the demolition industry. In 1979, Mr. Tan established a sole proprietorship in the trade name of Beng Soon Machinery Service Co, providing demolition services as a general contractor in Singapore. Mr. Tan founded Beng Soon Machinery, our principal operating subsidiary, in 1993 as a limited liability company. Mr. Tan has been the managing director of Beng Soon Machinery since its incorporation, and was mainly responsible for the overall management, operation, as well as the growth of, Beng Soon Machinery.

Mr. Tan's professional and personal contributions have been recognized by the community. Mr. Tan was awarded The Public Service Medal (Pingat Bakti Masyarakat) and The Public Service Star (Bintang Bakti Masyarakat) in 2010 and 2017, respectively, which recognize individuals who have rendered commendable public service or achievement in Singapore.

Mr. Tan obtained a certificate of completion of the Building Construction Supervisors Safety Course conducted by the BCA in July 2008. Mr. Tan holds a certificate of completion of the Essential Knowledge in Construction Regulations & Management for Licensed Builders Course conducted by the BCA in April 2009.

Mr. Tan is a Controlling Shareholder and the spouse of Ms. Lee, who is also a Controlling Shareholder, and father of Mr. Alvin Tan, who is an executive Director. Save as for disclosed in this prospectus, Mr. Tan is not connected with any other Directors or members of the senior management.

DIRECTORS AND SENIOR MANAGEMENT

During the three years immediately preceding the Latest Practicable Date, Mr. Tan has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Tan was a director of the following companies at the time of their respective dissolution:

Company	Place of incorporation	Principal business activity immediately before business cessation	Date of dissolution	Means of dissolution
Bintan Resources Pte Ltd	Singapore	Quarrying of sand and clay; and general wholesale trade (including general importers and exporters)	8 June 2010	Dissolved by creditors' voluntary winding up (<i>Note 1</i>)
Soon Soon Heng (2009) Pte Ltd	Singapore	Never carried on/ceased business	10 August 2011	Struck off (<i>Note 2</i>)

Note:

- Mr. Tan was a director of Bintan Resources Pte. Ltd. ("**Bintan**"). Bintan was a limited liability company incorporated in Singapore which was principally engaged in the quarrying of sand and clay prior to its creditors' voluntary winding up. On 9 September 2009, the shareholders and creditors of Bintan respectively passed a resolution to place Bintan under creditors' voluntary liquidation, with Mr. Tan being one of the creditors. The reason for commencing creditors' voluntary winding up of Bintan was that the then shareholders of Bintan considered that the business of Bintan was not promising. The dissolution of Bintan was concluded on 8 June 2010 pursuant to the Singapore Companies Act. The dissolution of Bintan has not resulted in any liability or obligation imposed against Mr. Tan.
- Mr. Tan confirmed that the reason for dissolution of Soon Soon Heng (2009) Pte Ltd ("**Soon Soon Heng**") was that it had ceased to carry on business or operation prior to its dissolution, that he has not been involved in any dispute with Soon Soon Heng's creditors, shareholders and directors in respect of the dissolution, that Soon Soon Heng has been deregistered or dissolved with no outstanding liability or claim in relation thereto, that the dissolution of Soon Soon Heng had not resulted in any liability or obligation being imposed against him, that his involvement in Soon Soon Heng was in relation to his appointment as director of such entity and that no misconduct or misfeasance on his part had been involved in the dissolution.

Ms. Tang Ling Ling (Alias: Chen Ling Ling), aged 47, is the general manager of Beng Soon Machinery, an executive Director of the Company and a member of the remuneration committee of the Board. Ms. Tang was appointed as our Director on 6 April 2018, and was re-designated as our executive Director on 25 June 2018. Ms. Tang is responsible for the overall management and operation, and in particular human resources and tenders of our Group.

Ms. Tang has worked in the demolition industry for more than 19 years. Ms. Tang joined Beng Soon Machinery in April 2000 as an administration/personnel executive and has been Beng Soon Machinery's general manager since June 2009.

Ms. Tang obtained a diploma in management studies from the Singapore Institute of Management, Singapore in October 2002. Ms. Tang obtained a certificate of completion of the Asbestos Removal and Management Course co-conducted by the National Environment Agency and the Ministry of Manpower in July 2005, two certificates of completion issued by EQS Asia Pte. Ltd., Singapore, one in Workplace Risk Assessment Training in August 2006 and the other in Workplace Safety and Health Act Training in October 2006, a certificate of attendance of the bizSAFE Risk Management Course conducted by Team-6 Safety Training and Consultancy(s) Pte. Ltd. in June 2010, certificates of completion of the

DIRECTORS AND SENIOR MANAGEMENT

Demolition Safety Course, bizSAFE Level 1 Workshop for company CEO/Top Management and the Project Management for Construction Professionals in Building & Construction Industry conducted by the BCA in March 2009, March 2009 and October 2011, respectively, and a certificate of completion of the Building Construction Supervisors Safety Course conducted by Absolute Kinetics Consultancy Pte. Ltd. in October 2013.

During the three years immediately preceding the Latest Practicable Date, Ms. Tang has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Tan Wei Leong, aged 29, is the recycling and logistics manager of Beng Soon Machinery and an executive Director of our Company. Mr. Alvin Tan was appointed as our Director on 6 April 2018, and was re-designated as our executive Director on 25 June 2018. Mr. Alvin Tan is responsible for the overall management, administration and development of the recycling and logistics our Group.

Mr. Alvin Tan has worked in the demolition field for more than 8 years. Mr. Alvin Tan joined Beng Soon Machinery in April 2011 as a project coordinator. Mr. Alvin Tan was subsequently promoted to the position of project executive from June 2013 to July 2014. Mr. Alvin Tan was promoted to his current position in July 2017.

Mr. Alvin Tan obtained a diploma in civil and environmental engineering from Ngee Ann Polytechnic, Singapore in May 2011. Being sponsored by our Group to further his studies in engineering, Mr. Alvin Tan obtained a bachelor of engineering (mechanical) degree with honours from the Singapore campus of University of Newcastle, Australia in October 2017.

Mr. Alvin Tan completed the Building Construction Supervisor Safety Course conducted by NTUC LearningHub Pte. Ltd. in March 2011, and obtained a certificate of completion of the Registered Earthwork Supervisor Course conducted by the BCA in July 2017.

Mr. Alvin Tan is the son of Mr. Tan, who is our founder and chairman of the Group, chief executive officer, a Controlling Shareholder and an executive Director, and son of Ms. Lee, who is a Controlling Shareholder and spouse of Mr. Tan. Save as for disclosed in this prospectus, Mr. Alvin Tan is not connected with any other Directors or members of the senior management.

During the three years immediately preceding the Latest Practicable Date, Mr. Alvin Tan has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Non-executive Director

Mr. Cheung Kam Fai (張錦輝), aged 47, was appointed as our Director on 6 April 2018, and was re-designated as our non-executive Director on 25 June 2018. Mr. Cheung is primarily responsible for overseeing and supervising the management of our Group independently.

Mr. Cheung was a managing director of Baron Group International Limited from January 2012 to September 2015 and was mainly responsible for the overall group's operation and development in China. Mr. Cheung was an executive director of Ping An Securities Group (Holdings) Limited, a company listed on the Stock Exchange (Stock Code: 231) from January 2016 to June 2019.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Cheung was a director of the following companies at the time of their respective dissolution:

Company	Place of incorporation	Principal business activity immediately before business cessation	Date of dissolution	Means of dissolution
Environment & Technology (HK) Co. Limited	Hong Kong	Investment Holding	25 June 2004	Deregistration
Golden City Food Supply Limited	Hong Kong	Investment Holding	21 September 2007	Struck off
Golden River (Asia) Finance Limited	Hong Kong	Investment Holding	18 August 2017	Deregistration
Golden River (Japan) Finance Limited	Hong Kong	Investment Holding	24 June 2016	Deregistration
Morning Breeze Limited	Hong Kong	Investment Holding	28 September 2007	Struck off
Polygon Investment Holdings Limited	Hong Kong	Investment Holding	19 January 2007	Struck off
Poly Light Development Limited	Hong Kong	Investment Holding	17 November 2006	Struck off

Mr. Cheung confirmed that the reason for dissolution of the above companies was that they had ceased to carry on business or operation prior to their respective dissolution, that he has not been involved in any dispute with the above companies' creditors, shareholders and directors in respect of the dissolution, that the above companies have been deregistered or dissolved with no outstanding liability or claim in relation thereto, that the dissolution of the companies had not resulted in any liability or obligation being imposed against him, that his involvement in the above companies was in relation to his appointment as director of each entity and that no misconduct or misfeasance on his part had been involved in the dissolution.

Independent non-executive Directors

Mr. Wee Chong Kien, aged 45, was appointed as our independent non-executive Director, a member of the audit committee of the Board, a member of the remuneration committee of the Board and a member of the nomination committee of the Board on 15 October 2019. Mr. Wee is primarily responsible for supervising the management of our Group independently.

Mr. Wee has over 18 years of investment experience and has held various positions in the investment and private equity industry. Mr. Wee has served as the chief executive officer of Celligenics Pte. Ltd., a company principally engaged in research and experimental development on biotechnology, life and medical science, since August 2016. Mr. Wee has also served as the chief executive officer of Quantisys Pte. Ltd., a company principally engaged in turnaround advisory and consultancy, since June 2014. Prior to his current positions, Mr. Wee founded Conrad & Ottess Private Asset Management Limited, a company principally engaged in financial service activities, in late 1999 and served as its director and vice president prior to its dissolution in April 2014.

Mr. Wee obtained a bachelor of arts (economics and Southeast Asian studies) degree from National University of Singapore in July 1998. Mr. Wee has successively served as a vice-president and president currently of the Association of Small & Medium Enterprises in Singapore since November 2003, a council member of the Singapore Business Federation and the chairman of the Small and Medium-Sized Enterprises Committee, and an executive committee member of the Singapore Children's Society since 2007 and chair of its Appeals Standing Committee since 2008. Mr. Wee served as a member of the Corporate Governance Council of the Monetary Authority of Singapore from February 2017 to August 2018. Mr. Wee was appointed as a Justice of the Peace for Singapore in April 2018.

DIRECTORS AND SENIOR MANAGEMENT

During the three years immediately preceding the Latest Practicable Date, Mr. Wee has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Wee was a director of the following companies prior to their respective dissolution:

Company	Place of incorporation	Principal business activity immediately before business cessation	Date of dissolution	Means of dissolution
Adigenics Pte Ltd	Singapore	Biotechnology and medical science research	29 December 2017	Dissolved by creditors' voluntary winding up (Note 1)
Conrad & Ottess Private Asset Management Limited	BVI	Asset Management	4 April 2014	Struck off (Note 2)
Suposat Pte Ltd	Singapore	Investment Holding	11 August 2010	Struck off (Note 2)

Note:

1. Mr. Wee was a director of Adigenics Pte Ltd. (“**Adigenics**”). Adigenics was a limited liability company incorporated in Singapore which was principally engaged in biotechnology and medical science research prior to its creditors' voluntary winding up. On 23 August 2016, the creditors of Adigenics passed an ordinary resolution to appoint the liquidators of Adigenics and to wind up Adigenics voluntarily, with Mr. Wee being one of the creditors. The reason for commencing creditors' voluntary winding up of Adigenics was that the then shareholders of Adigenics considered that the business of Adigenics was not promising. The dissolution of Adigenics was concluded on 29 December 2017 pursuant to the Singapore Companies Act. The dissolution of Adigenics has not resulted in any liability or obligation imposed against Mr. Wee.
2. Mr. Wee confirmed that the reason for dissolution of Conrad & Ottess Private Asset Management Limited (“**Conrad & Ottess**”) and Suposat Pte Ltd (“**Suposat**”) was that they had ceased to carry on business or operation prior to their respective dissolution, that he has not been involved in any dispute with Conrad & Ottess and Suposat's creditors, shareholders and directors in respect of the dissolution, that Conrad & Ottess and Suposat have been deregistered or dissolved with no outstanding liability or claim in relation thereto, that the dissolution of Conrad & Ottess and Suposat had not resulted in any liability or obligation being imposed against him, that his involvement in Conrad & Ottess and Suposat was in relation to his appointment as director of each company and that no misconduct or misfeasance on his part had been involved in the dissolution.

Mr. Leung Yau Wan John (梁又穩), aged 60, was appointed as our independent non-executive Director, the chairman of the audit committee of the Board and the chairman of the remuneration committee of the Board on 15 October 2019. Mr. Leung is primarily responsible for overseeing and supervising the management of our Group independently.

Mr. Leung has over 30 years of corporate and financial management experience and has held various positions in the financial services industry. Since January 2014, Mr. Leung has served as an executive director at Easternflair Investment and Development Management Limited, a company principally engaged in the management and development of real estates, and a senior partner at Linkers CPA Limited, a company principally engaged in corporate compliance and corporate secretarial services. Mr. Leung has been the managing director at JR Plus Capital Limited, a company principally engaged in business consulting services, since November 2015.

DIRECTORS AND SENIOR MANAGEMENT

The following table sets forth the summary of Mr. Leung's working experience prior to his current positions:

Period of services	Name of companies	Principal business activities	Position
July 2000 to May 2003	Guangdong Assets Management Limited; Guangdong Alliance Limited	Asset management and direct investment	Chief financial officer and director
July 2003 to May 2005	Beijing Oriental Plaza Co., Ltd	Management of real estates	Financial controller
August 2003 to May 2005	Beijing Oriental Plaza Co., Ltd	Management of real estates	Deputy general manager
November 2005 to February 2006	SMI Holdings Group Limited (formerly SMI Corporation Limited) (listed on the Stock Exchange, stock code: 198)	Operation of theaters filmmaking and complementary businesses	Chief executive officer
June 2006 to March 2007	K Wah Construction Materials (China) Limited	Development and production of concrete	General manager — finance department (Eastern China)
December 2007 to April 2010	Greenland (Hong Kong) Holdings Limited (formerly SPG Land (Holdings) Limited) (listed on the Stock Exchange, stock code: 337)	Management and development of real estate properties	Group Financial Controller
May 2010 to February 2012	South China Assets Holdings Limited (formerly South China Land Limited) (listed on the Stock Exchange, stock code: 8155)	Management and development of real estate properties	Chief financial officer
January 2011 to February 2012	South China Assets Holdings Limited (formerly South China Land Limited) (listed on the Stock Exchange, stock code: 8155)	Management and development of real estate properties	Company secretary and authorised representative
May 2012 to October 2013	China Aoyuan Property Group Limited (listed on the Stock Exchange, stock code: 3883)	Management and development of real estate properties	Chief financial officer and company secretary

Mr. Leung has been an independent non-executive director of Redsun Properties Group Limited, a company listed on the Stock Exchange (Stock Code: 1996), since June 2018.

Mr. Leung obtained a master of business administration from the University of Macau (formerly the University of East Asia Macau) in October 1988. Mr. Leung obtained a master of accounting studies from the University of New England, Australia in April 1994.

Mr. Leung was admitted as an associate and subsequently a certified practising accountant of the Certified Practising Accountants Australia in November 1993 and November 1995, respectively. Mr. Leung has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since February 1996. Mr. Leung has been a fellow of the Association of Taxation and Management Accountants, Australia since October 1993. Mr. Leung has been a founding associate member of the Hong Kong Independent Non-executive Director Association and a founding member of the Hong Kong Business Accountant Association since January 2016 and July 2014, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Saved as disclosed above, during the three years immediately preceding the Latest Practicable Date, Mr. Leung has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Leung was a director of the following companies prior to their respective dissolution :

Company	Place of incorporation	Principal business activity immediately before business cessation	Date of dissolution	Means of dissolution
Guangdong Development Fund Limited	Jersey, Channel Islands	Investment Holding	15 April 2002	Ceased place of business
Imagine UN Limited	Australia	Investment Holding	2 April 2016	Deregistered
Popeye Boat Club Limited	Hong Kong	Investment Holding	15 May 2000	Dissolved by members' voluntary winding up
Transverse 8 Limited	Hong Kong	Investment Holding	6 July 2018	Dissolved by striking off

Mr. Leung confirmed that the reason for dissolution of the above companies was that they had ceased to carry on business or operation prior to their respective dissolution, that he has not been involved in any dispute with the above companies' creditors, shareholders and directors in respect of the dissolution, that the above companies have been deregistered or dissolved with no outstanding liability or claim in relation thereto, that the dissolution of the companies had not resulted in any liability or obligation being imposed against him, that his involvement in the above entities was in relation to his appointment as director of each company and that no misconduct or misfeasance on his part had been involved in the dissolution.

Mr. Leung Kee Wai (梁基偉), aged 55, was appointed as our independent non-executive Director, a member of the audit committee of the Board, a member of the remuneration committee of the Board and a member of the nomination committee of the Board on 15 October 2019. Mr. Leung is primarily responsible for overseeing and supervising the management of our Group independently.

Mr. Leung has over 28 years of accounting and corporate management experience and has held various positions in the accounting industry. Since October 2015, Mr. Leung has been primarily responsible for the company secretary and compliance matters of Century Ginwa Retail Holdings Limited, a company listed on the Stock Exchange (Stock Code: 162), and was subsequently promoted to the position of chief financial officer and company secretary in March 2019. Prior to his current position, Mr. Leung was an accountant at PT International Development Corporation Limited (formerly known as ITC Corporation Limited), a company listed on the Stock Exchange (stock code: 372), from August 1991 to March 1992. Mr. Leung was a finance manager at Sino Products Proposition Co., Ltd., a company principally engaged in property agency, from April 1992 to August 1994. Mr. Leung was successively a senior accountant and a deputy financial controller at Kung Sheung International Holdings Limited, a company principally engaged in the trading of leisure, beauty and fitness equipment, from February 1995 to January 2014, and was mainly responsible for overseeing the company's finance and accounting operations. Mr. Leung was a company secretary at Culturecom Holdings Limited, a company listed on the Stock Exchange (Stock Code: 343), from June 2014 to July 2015, and was mainly responsible for overseeing the company's corporate and regulatory compliance issues.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Leung obtained a diploma in accounting from the Hong Kong Shue Yan University (formerly the Hong Kong Shue Yan College) in July 1988. Mr. Leung obtained a master of business administration from the University of Bradford, United Kingdom in December 1989. Mr. Leung was certified as an associate of the Hong Kong Institute of Certified Public Accountants in October 1995. Mr. Leung was admitted as a fellow of the Association of Chartered Certified Accountants in January 2001. Mr. Leung was elected a fellow of the Hong Kong Institute of Chartered Secretaries in August 2001. Mr. Leung was admitted as a fellow of the Institute of Chartered Secretaries and Administrators in August 2001. Mr. Leung has been a holder of the Practitioner's Endorsement from the Hong Kong Institute of Chartered Secretaries since August 2014.

During the three years immediately preceding the Latest Practicable Date, Mr. Leung has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Save as disclosed above, none of our Directors holds any other directorship in any other public company, the shares of which are listed in Hong Kong or overseas stock markets, during the three years immediately preceding the date of this prospectus. For more details about the Directors, including the particulars of their service contracts and remuneration, and details of the interests of the Directors in Shares (within the meaning of Part XV of SFO), please refer to Appendix V to this prospectus. Save as disclosed herein, there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there is no other material matters relating to our Directors that need to be brought to the attention of our shareholders.

SENIOR MANAGEMENT

The following table sets forth the information regarding the senior management of our Company:

Name	Age	Date of Joining our Group	Present Position	Date of Appointment to Position	Roles and Responsibilities	Relationship with the other Directors
Ms. CHENG Chiew Ngok	44	18 October 2007	Accounts manager	1 June 2009	Responsible for the Group's accounting and tax matters	N/A
Mr. KHOO Leng Kong	67	21 October 2005	Equipment operation manager	2 January 2016	Responsible for overseeing the Group's machinery and workshop	N/A
Mr. NG Boon Hoo	55	15 April 2016	Professional engineer	15 April 2016	Responsible for the Group's civil and structural engineering matters	N/A
Mr. TAN Chin Tien	53	1 April 2013	Project manager and projects coordinating officer	1 April 2013	Overseeing the Group's project	N/A

DIRECTORS AND SENIOR MANAGEMENT

Ms. Cheng Chiew Ngok, aged 44, has been Beng Soon Machinery's accounts manager since June 2009 and is responsible for the overall management of the accounting and taxation functions of our Group.

Ms. Cheng has over 21 years of experience of accounting and corporate management experience. Prior to her joining of our Group, Ms. Cheng was an accounts officer at Eastern Wire Pte. Ltd., a company principally engaged in the design and manufacturing of customized welded steel mesh reinforcement and mesh cages, from March 1996 to April 2002, and was mainly responsible for the company's accounting functions. Ms. Cheng was a senior accounts officer at NatFerrous Pte. Ltd., a company principally engaged in the recycling of metal waste and scrap, from April 2002 to October 2007.

Ms. Cheng was awarded a diploma in the third level of business studies from the London Chamber of Commerce and Industry Examinations Board on April 1998. Ms. Cheng was awarded certificates of completion of the Information Technology Processes Examination and the Certified Accounting Technician Examinations conducted by the Association of Chartered Certified Accountants in May 2003 and June 2004, respectively. Ms. Cheng was awarded a certificate of accomplishment for completing the Basic GST Course conducted by the Inland Revenue Authority of Singapore in June 2004.

During the three years immediately preceding the Latest Practicable Date, Ms. Cheng has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Khoo Leng Kong, aged 67, joined Beng Soon Machinery in October 2005 as a service manager and has been Beng Soon Machinery's equipment operation manager since January 2016 and is responsible for the overall management of our Group's fleet of machinery and operation of the workshop.

Mr. Khoo obtained certificates of completion of the Lifting Supervisors Safety Course, the Signalman Course and the Rigger Course co-conducted by the Singapore Contractors Association Ltd. and the Singapore Construction Safety & Consultancy Pte. Ltd. in May 2001, May 2001 and August 2001, respectively. Mr. Khoo is approved as a certified crane erector by the Ministry of Manpower.

During the three years immediately preceding the Latest Practicable Date, Mr. Khoo has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Ng Boon Hoo, aged 55, has been Beng Soon Machinery's professional engineer since April 2016 and is responsible for all civil and structural engineering matters of our Group.

Mr. Ng obtained a bachelor of engineering (civil) degree from The National University of Singapore in June 1989. Mr. Ng obtained a master of science (international construction management) degree from the Nanyang Technological University in January 1998. Mr. Ng has been registered as a qualified erosion control professional with the Association of Consulting Engineers Singapore since January 2018. Mr. Ng was approved as a professional engineer in civil engineering in Singapore by the Singapore Professional Engineers Board in October 1996. Mr. Ng has been registered as a professional engineer with practicing certificate in Malaysia by the Board of Engineers Malaysia since February 2018.

DIRECTORS AND SENIOR MANAGEMENT

During the three years immediately preceding the Latest Practicable Date, Mr. Ng has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Tan Chin Tien, aged 53, has been Beng Soon Machinery's project manager and projects coordinating officer since April 2013 and is responsible for overseeing, and to ensure the safe execution and timely execution of, our Group's projects.

Mr. Tan obtained a diploma in manufacturing engineering from Singapore Polytechnic in May 1992. Mr. Tan obtained a certificate of completion of the Industrial Technician (mechanical engineering) Program conducted by Singapore Technical Institute in August 1985. Mr. Tan obtained a certificate of completion of the Building Construction Supervisors Safety Course conducted by NTUC LearningHub Pte. Ltd. in April 2013, a certificate of completion of the Work-at-Height Course conducted by QMT Industrial & Safety Pte Ltd in May 2013, a certificate of completion of the Work-at-Height Course for Assessors conducted by Absolute Kinetics Consultancy Pte Ltd in April 2014, and a certificate of completion of the Work-at-Height Course for Managers conducted by Eversafe Consultants Pte. Ltd. in January 2015. Mr. Tan obtained a certificate of competency in Earth Control Measures for Construction Site Personnel by the Institute of Engineers Singapore in September 2015.

During the three years immediately preceding the Latest Practicable Date, Mr. Tan has not been a director of a public company the securities of which are listed on any securities market in Hong Kong or overseas.

COMPANY SECRETARY

Ms. Lo Kim Fong (盧劍芳), aged 52, was appointed as our company secretary on 25 June 2018 and is responsible for the Group's company secretarial duties and corporate governance matters.

Ms. Lo has over 28 years of experience in the corporate secretarial field. Since January 2018, Ms. Lo has served as a manager at VC Corporate Services Limited and is mainly responsible for the full range of company secretarial duties. Prior to her current position, Ms. Lo was an assistant accountant at Onward Kashiyama Ladies' Apparel Limited from October 1990 to August 1993. Ms. Lo worked at Richfirm Industries (Holdings) Limited from September 1993 to September 1997 where her last position was assistant company secretary. Ms. Lo worked at McCabe Secretarial Services Limited from September 1997 to May 2005 and her last position was secretarial supervisor. Ms. Lo was an assistant company secretary at BMI Corporate Services Limited from August 2006 to January 2007. Ms. Lo was a company secretarial officer at Lei Shing Hong Limited, a company previously listed on the Stock Exchange (Stock Code: 238) whose listing status was withdrawn as from March 2008 following a privatisation by way of a scheme of arrangement, from January 2007 to August 2007. Ms. Lo worked at Hopewell Holdings Limited, a company listed on the Stock Exchange (Stock Code: 54) whose listing status was withdrawn as from May 2019 following privatisation by way of a scheme of arrangement, from August 2007 to July 2009 and her last position was company secretarial assistant manager. Ms. Lo was an assistant company secretarial manager at Shun Tak Holdings Limited, a company listed on the Stock Exchange (Stock Code: 242), from July 2009 to July 2011. Ms. Lo was an assistant company secretarial services manager in company secretarial services at Hong Kong Land Group Limited, a company principally engaged in property investment, management and development, from August 2011 to February 2013. Ms. Lo was a company secretary and adviser of corporate services at Smart Professional Accountancy Limited from October 2013 to January 2018.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Lo obtained a master of arts in international accounting from the City University of Hong Kong in November 2000. Ms. Lo obtained a postgraduate certificate in Hong Kong law from the City University of Hong Kong in November 2002. Ms. Lo obtained a master of laws in arbitration and dispute resolution from the City University of Hong Kong in October 2013. Ms. Lo was admitted associate of The Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries in May 1996.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance in management and internal procedures so as to achieve effective accountability and to protect shareholders' equity. Therefore, we will comply with the Corporate Governance Code. For further details of the corporate governance measures in relation to competing interest and conflict of interest of Directors adopted by our Group, please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus.

Non-segregation of the roles of chairman and chief executive officer

Under paragraph A.2.1 of Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer of an issuer should be separate and should not be performed by the same individual. Mr. Tan is currently our Chairman of the Board and the chief executive officer of our Group who is primarily responsible for the day-to-day management of our Group's business. Our Directors consider that vesting the roles of our chairman of the Board and chief executive officer in the same person facilitates the execution of our Group's business strategies and decision making, and maximises the effectiveness of our Group's operation. Our Directors also believe that the presence of three independent non-executive Directors provides added independence to our Board, and that the Board is appropriately structured to maintain the balance of power and to provide sufficient checks to protect the interests of the Company and its shareholders. Our Directors will review the structure from time to time and consider an adjustment should it become appropriate. Except for the deviation from the said Corporate Governance Code Provision A.2.1, our corporate governance practices have complied with the Corporate Governance Code.

BOARD COMMITTEES

Our Board delegates certain responsibilities to committees. In accordance with Singapore laws, our Articles and the Hong Kong Listing Rules, we have formed three Board committees, namely the Audit Committee, Nomination Committee and Remuneration Committee.

Audit committee

An audit committee was established by our Company pursuant to a resolution of the Board on 15 October 2019 with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the audit committee are to review and approve our Group's financial reporting process and internal control and risk management systems. The members of the audit committee are Mr. Wee Chorng Kien, Mr. Leung Kee Wai and Mr. Leung Yau Wan John, all of whom are independent non-executive Directors. Mr. Leung Yau Wan John is the chairman of the audit committee. The Board has determined that Mr. Leung Yau Wan John possesses the appropriate professional qualifications and financial expertise for the purposes of compliance with the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

Nomination committee

A nomination committee was established by our Company pursuant to a resolution of the Board on 15 October 2019 with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the nomination committee are to make recommendations to the Board on appointment of Directors and the management of the Board succession. The members of the nomination committee are Mr. Tan, Mr. Leung Kee Wai and Mr. Wee Chorng Kien. Mr. Tan is the chairman of the nomination committee.

Remuneration committee

A remuneration committee was established by our Company pursuant to a resolution of the Board on 15 October 2019 with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the remuneration committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to Directors and senior management of our Group. The members of the remuneration committee are Mr. Leung Yau Wan John, Mr. Leung Kee Wai, Mr. Wee Chorng Kien, Mr. Tan and Ms. Tang. Mr. Leung Yau Wan John is the chairman of the remuneration committee.

COMPENSATION OF THE DIRECTORS, SENIOR MANAGEMENT AND STAFF

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to the performance of our Company. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations.

The aggregate amount of remuneration including salaries, allowances bonus, director fees and benefits in kind which were paid to our Directors for each of the three years ended 31 December 2018 and the four months ended 30 April 2019 were approximately S\$677,000, S\$882,000, S\$841,000 and S\$411,000, respectively.

The aggregate amount of remuneration including salaries, allowances bonus and bonus paid to the five highest paid individuals, including our directors for each of the three years ended 31 December 2018 and the four months ended 30 April 2019 were approximately S\$1,090,000, S\$1,438,000, S\$1,310,680 and S\$682,000, respectively.

No remuneration was paid by our Group to, or received by, our Directors or senior management or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office during the Track Record Period and the four months ended 30 April 2019. There was no arrangement under which a Director waived or agreed to waive any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable in respect of each of the three years ended 31 December 2018 and the four months ended 30 April 2019 by any member of our Group to any of our Directors.

DIRECTORS AND SENIOR MANAGEMENT

For each of the three years ended 31 December 2018 and the four months ended 30 April 2019, our total staff costs were approximately S\$6,310,000, S\$7,069,000, S\$7,285,000 and S\$3,422,000, respectively. As of the Latest Practicable Date, we employed 128 full-time employees.

COMPLIANCE ADVISER

Pursuant to Rule 3A.19 of the Listing Rules, our Company has appointed Honestum International Limited as our compliance adviser. Pursuant to Rule 3A.23 of the Listing Rules, our Company will consult with and seek advice from our compliance adviser on a timely basis in the following circumstances:

- (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 our Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry of our Company under Rule 13.10 of the Listing Rules.

The term of this appointment will commence on the Listing Date and is expected to end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of the financial results of the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

SHARE OPTION SCHEME

The Share Option Scheme was adopted pursuant to the written resolutions of the Shareholders of our Company passed on 15 October 2019. The purpose of the Share Option Scheme is to enable us to grant options to selected participants as incentives or rewards for their contribution to us. Our Directors consider the Share Option Scheme, with its broadened basis of participation, will enable us to reward the employees, our Directors and other selected participants for their contributions to us. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the section headed “Statutory and general information” set out in Appendix V to this prospectus.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), the following persons/entities will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings:

Name of Shareholder	Capacity/nature of interest	Number of Shares ^(Note 1)	Approximate percentage of shareholding interest in our Company
TCB	Beneficial owner	491,700,000 (L)	49.17%
Mr. Tan	Interest of a controlled corporation ^(Note 2)	655,600,000 (L)	65.56%
	Interest of spouse ^(Note 3)		
K Luxe	Beneficial owner	163,900,000 (L)	16.39%
Ms. Lee	Interest of a controlled corporation ^(Note 4)	655,600,000 (L)	65.56%
	Interest of spouse ^(Note 5)		
Prosperity Delight	Beneficial owner	94,424,000 (L)	9.44%
Mr. Cheung Kam Fai	Interest of a controlled corporation ^(Note 6)	94,424,000 (L)	9.44%

Notes:

1. The Letter (L) denotes the person's long position in the Shares.
2. Mr. Tan beneficially owns all of the issued shares of TCB, which in turn holds 49.17% of the Shares. Therefore, Mr. Tan is deemed, or taken, to be interested in the Shares held by TCB for the purposes of the SFO. Mr. Tan is a director of TCB.
3. Mr. Tan is the spouse of Ms. Lee. Accordingly, Mr. Tan is deemed, or taken to be, interested in the Shares which Ms. Lee is interested in for the purposes of the SFO.
4. Ms. Lee beneficially owns all of the issued shares of K Luxe, which in turn holds 16.39% of the Shares. Therefore, Ms. Lee is deemed, or taken, to be interested in the Shares held by K Luxe for the purposes of the SFO. Ms. Lee is a director of K Luxe.
5. Ms. Lee is the spouse of Mr. Tan. Accordingly, Ms. Lee is deemed, or taken to be, interested in the Shares which Mr. Tan is interested in for the purposes of the SFO.
6. Mr. Cheung Kam Fai beneficially owns 50% of the issued shares of Prosperity Delight, which in turn holds 9.44% of the Shares. Therefore, Mr. Cheung Kam Fai is deemed, or taken to be interested in the Shares held by Prosperity Delight for the purposes of the SFO. Mr. Cheung Kam Fai is a director of Prosperity Delight.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed above, our Directors are not aware of any other persons who will, immediately following completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), have interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly, interested in 10% or more of the issued voting shares of any other members of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

SHARE CAPITAL

SHARE CAPITAL

Without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, the share structure of our Company immediately following the Capitalisation Issue and the Global Offering will be as follows:

Maximum authorised shares

10,000,000,000 Shares of HK\$0.01 each HK\$100,000,000

Shares in issue or to be issued, fully paid or credited as fully paid:

10,000	Shares in issue	HK\$100
749,990,000	Shares to be issued under the Capitalisation Issue	HK\$7,499,900
<u>250,000,000</u>	<u>Shares to be issued under the Global Offering</u>	<u>HK\$2,500,000</u>

Total

1,000,000,000 Shares HK\$10,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and does not take into account any Shares which may be allotted and issued or repurchased pursuant to the general mandates given to the Directors described in the paragraphs headed “General mandate to issue Shares” and “General mandate to repurchase Shares” in this section.

RANKING

The Offer Shares will rank *pari passu* in all respects with all our Shares currently in issue or to be issued as mentioned in this prospectus, and in particular, will qualify in full for all dividends or other distributions declared, made or paid on our Share in respect of a record date which falls after the date of this prospectus, save for entitlements under the Capitalisation Issue.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. Please refer to the paragraphs headed “Statutory and general information — D. Share Option Scheme” in Appendix V to this prospectus for details of the principal terms of the Share Option Scheme.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares upon exercise of any subscription rights attached to any warrants or convertible securities or pursuant to the exercise of any options which might be granted under the Share Option Scheme or any other option scheme(s) or other similar arrangements or under the

SHARE CAPITAL

Global Offering or any scrip dividends in accordance with the Articles or a specific authority granted by the Shareholders, Shares or securities or options convertible into Shares and to make or grant offers and agreements which or might require Shares to be allotted with such number of Shares not exceeding the sum of:

- (a) 20% of the total number of Shares in issue immediately following the completion of the Capitalisation Issue and the Global Offering (not including Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme); and
- (b) the total number of Shares repurchased by the Company (if any) pursuant to the general mandate to repurchase Shares referred to the paragraph headed “General Mandate to Repurchase Shares” in this section below.

This general mandate to issue Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and the Articles or the Companies Act or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by a resolution of the Shareholders in general meeting.

Please refer to the section headed “Statutory and general information — A. Further information about our Company and our subsidiaries — 5. Resolution in writing of our Shareholders dated 15 October 2019” in Appendix V to this prospectus for further details of this general mandate.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with such number of Shares not exceeding 10% of the total number of Shares in issue following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme). This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and general information — A. Further information about our Company and our subsidiaries — 6. Repurchase of our Shares” in Appendix V to this prospectus.

The general mandates to repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;

SHARE CAPITAL

- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Memorandum and the Articles or the Companies Act or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by a resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the section headed “Statutory and general information — A. Further information about our Company and our subsidiaries — 6. Repurchase of our Shares” in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of the Companies Law, an exempted company is not required by law to hold any general meetings or class meetings. The holding of general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed “Appendix IV — Summary of the constitution of our Company and the Cayman Islands Company Law” to this prospectus.

FINANCIAL INFORMATION

You should read the following discussion and analysis of our results of operations and financial condition in conjunction with our consolidated financial information, including the notes thereto, as set out in the accountant's report contain in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRSs. The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. 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, as well as other factors our Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet our Group's expectations and projections depends on a number of risks and uncertainties over which our Group does not have control. For further information, prospective investors should refer to the section headed "Risk factors" in this prospectus.

OVERVIEW

We are the largest demolition services provider in Singapore in terms of total revenue in 2018, with an approximate 33.2% of market share, according to the Industry Report. We principally provide demolition services for various types of projects in both the public and private sectors, including demolition of industrial buildings, power stations, chemical plants, high rise commercial and residential properties, large commercial structures, bridges and marine structures. We also lease and sell machinery to third parties in Singapore.

During the Track Record Period, the demolition works conducted by us principally include structural demolition, disposal of salvage materials, excavation and earthworks, and land reinstatement works. In undertaking the demolition projects, we derived contract revenue which comprised of (i) the net contract sum from the project owners; (ii) the proceeds from disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (iii) the earth disposal proceeds received from earth providers for their disposal of earth at our demolition sites for landfilling purpose.

We have distinguished ourselves from other competitors by our core competencies, which include (i) our possession of specialised equipment and machinery which contributed to our efficiency and effectiveness in delivering our demolishing works; (ii) our vast experience and know-how in demolition of different types of complex structures, including power stations and chemical plants; and (iii) our long track record of provision of quality and reliable demolition services.

BASIS OF PRESENTATION

Prior to the Reorganisation, the Beng Soon Machinery was controlled by Mr. Tan and Ms. Lee. In preparation of the Listing, our Company was incorporated as an exempted company under the Companies Law on 6 April 2018 with limited liability and the companies comprising our Group underwent the Reorganisation, further details of which are set out in the section headed "History, reorganisation and corporate structure" in this prospectus. Upon completion of the Reorganisation, on 26 June 2018, our Company has become the holding company of the companies now comprising our Group. Our Group comprising our Company and our subsidiaries resulting from the Reorganisation is regarded as a continuing entity, and accordingly, the consolidated financial statements have been prepared as if our Company had always been the holding company of our Group.

FINANCIAL INFORMATION

The consolidated statements of comprehensive income, consolidated balance sheets, consolidated statements of changes in equity and consolidated statements of cash flows of our Group for the Track Record Period as set out in the accountant's report in Appendix I to this prospectus are prepared as if the current group structure had been in existence throughout the Track Record Period. For further details, please refer to Note 1.3 of the accountant's report set out in Appendix I to this prospectus.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group has been prepared in accordance with accounting policies which conform to IFRSs. The significant accounting policies adopted by our Group are set forth in detail in Note 2 of the accountant's report set out in Appendix I to this prospectus. Some of the accounting policies involve judgments, estimates and assumptions made by our management. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Further information regarding the key judgments made in applying our accounting policies are set forth in Note 4 of the accountant's report set out in Appendix I to this prospectus.

Adoption of IFRS 9 and IFRS 15

Our historical consolidated financial information has been prepared based on the underlying financial statements, in which IFRS 9, 'Financial instruments' ("IFRS 9") and IFRS 15, 'Revenue from contracts with customers' ("IFRS 15") have been adopted and applied consistently since the beginning of, and throughout, the Track Record Period. Given that the Track Record Period spans from 1 January 2016 to 30 April 2019 by which time IFRS 9 and IFRS 15 would be mandatorily applied, we have adopted IFRS 9 and IFRS 15, in lieu of IAS 11 'Construction Contracts' ("IAS 11"), IAS 18 'Revenue' ("IAS 18"), and IAS 39 'Financial Instruments: Recognition and Measurement' ("IAS 39") in the preparation of our financial statements, such that our historical consolidated financial information prepared under IFRS 9 and IFRS 15 is comparable on a period-to-period basis.

We have carried out internal assessments with our best efforts based on the principles set out in IAS 11, IAS 18 and IAS 39, and set forth below certain estimated key impact on our financial position and performance if IAS 11, IAS 18 and IAS 39 were adopted instead:

Adoption of new impairment model: IFRS 9 requires the recognition of impairment provisions of financial assets measured at amortised cost based on expected credit losses while it is based on as incurred model under IAS 39. We have assessed that the adoption of these two different models would not result in significant difference on bad debt provision and the adoption of IFRS 9 would not result in significant impact on the Group's financial position and performance as compared with IAS 39 for each of the reporting periods ended during the track record period.

Revenue recognition:

Provision of demolition services

According to IFRS 15, demolition revenue is recognised over time as the project owners simultaneously receive and consume the benefits provided by the Group as the demolition services are performed. The measure of demolition progress is determined based on the proportion of costs

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incurred to-date to the estimated total costs for each service. There would be no change of method in measuring the revenue progress should the Group apply IAS 11 throughout the Track Record Period.

Furthermore, the adoption of IFRS 15 resulted in the reclassification of the amounts due from customers and amounts due to customers to contract assets and contract liabilities respectively in the statement of financial position.

In addition, IFRS 15 imposes explicit guidance on the treatment of the variable considerations and consideration payable to customers and the treatment of the loss-making contracts has been changed when compare with that of IAS 11. However, based on the management assessment, these changes would not result in material impacts to the Group financial position and performance throughout the Track Record Period.

Sales of inventories

Under IFRS 15, revenue from sales of inventories is recognised when or as the control of the asset is transferred to the purchaser, being when the products are delivered to the customer, which is the point where significant risks and rewards of ownership have been transferred to customers under IAS 18.

Hence, the adoption of IFRS 15 would not result in significant impact on our financial position and performance as compared with IAS 18 throughout the Track Record Period.

The adoption of IFRS 9 and IFRS 15 would not have material impact to other areas of the Group's financial statements, and we considered that the adoption of IFRS 9 and IFRS 15 would not result in significant impact on our financial position and performance as compared with IAS 11, IAS 18 and IAS 39.

Adoption of IFRS 16

IFRS 16 is mandatorily effective for the annual periods beginning on or after 1 January 2019. We decided to apply IFRS 16 retrospectively in our historical consolidated financial statements throughout the Track Record Period. IFRS 16 superseded IAS 17 *Leases* and the related interpretations.

Under IFRS 16, leases are recognised as right-of-use assets and the corresponding liabilities at the date on which the respective leased asset is available for use by our Group. Further, upon the adoption of IFRS 16, the Group reclassifies the assets under finance leases from property, plant and equipment to right-of-use assets and the liabilities under finance leases payables from borrowings to lease liabilities for presentation purpose. Our Directors consider that the adoption of IFRS 16 results in an increase in the Group's right-of-use assets and related lease liabilities and materially affects our related financial ratios, including an increase in gearing ratio and net debt to equity ratio and a decrease in return on total assets. In our consolidated statement of comprehensive income, the adoption of IFRS 16 gives rise to recognition of depreciation of the right-of-use assets instead of recognition of lease payments as rental expenses. 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

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remaining balance of the liability for each period, which leads to a decrease in interest coverage ratio. The following table sets forth a comparison of our financial position and related financial ratios as presented with the adoption of IAS 17 and IFRS 16:

	Year ended 31 December or as at 31 December			Four months ended 30 April 2019 or as at 30 April 2019
	2016	2017	2018	
With the adoption of IAS 17:				
Property, plant and equipment (S\$'000)	27,745	26,192	27,928	27,097
Right-of-use assets (S\$'000)	—	—	—	—
Borrowings (current and non-current) (S\$'000)	9,839	7,009	7,846	9,636
Lease liabilities (current and non-current) (S\$'000)	—	—	—	—
Gearing ratio (%)	45.9	32.7	32.8	30.6
Net debt to equity ratio (times)	0.2	0.2	0.2	0.2
Return on total assets (%)	12.8	11.4	6.5	0.2
Interest coverage ratio (times)	33.4	28.2	20.7	4.1
With the adoption of IFRS 16:				
Property, plant and equipment (S\$'000)	19,524	17,766	19,944	19,074
Right-of-use assets (S\$'000)	17,738	17,432	16,503	16,370
Borrowings (current and non-current) (S\$'000)	4,360	3,764	6,182	5,985
Lease liabilities (current and non-current) (S\$'000)	16,076	13,559	14,112	13,573
Gearing ratio (%)	86.5	74.3	67.5	64.9
Net debt to equity ratio (times)	0.6	0.6	0.6	0.5
Return on total assets (%)	10.2	9.0	5.2	0.1
Interest coverage ratio (times)	14.1	12.1	9.7	2.2

The combination of straight-line depreciation of the right-of-use assets and the effective interest rate method applied to the lease liabilities results in a higher total charge to profit or loss in the initial year of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. Our Directors consider that the adoption of IFRS 16 does not have a material impact on the financial performance of our Group.

Other than these changes, the adoption of IFRS 16 does not have a significant impact on our financial position and results of operations during the Track Record Period.

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SIGNIFICANT FACTORS AFFECTING OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Group's financial condition and results of operations have been and will continue to be affected by a number of factors, including those set forth below. The following factors are not exhaustive and our operating results and financial conditions may also be affected by the risk factors set forth in the section headed "Risk factors" in this prospectus.

Fluctuation of the price of salvage materials

For the three years ended 31 December 2018 and the four months ended 30 April 2019, we derived approximately 77.0%, 65.2%, 60.1% and 54.9% of our total revenue from the disposal of salvage materials such as ferrous metal, non-ferrous metal and recycled concrete aggregate to third party salvage materials buyers, respectively. The prices of salvage materials may be subject to fluctuation as a result of various factors beyond our control, such as the global economic and financial conditions, sourcing policies of the salvage materials buyers, import and export regulations and market supply and demand conditions of the relevant materials. In addition, as at the Latest Practicable Date, our Group had not entered into long-term contracts with the third party salvage materials buyers for the supply of salvage materials, our selling prices of salvage materials are subject to market fluctuation from time to time. In the event there is a material decrease in the price of salvage materials, our profitability may be adversely affected.

The prices of salvage materials directly affect our revenue to be derived from disposal of salvage materials. The following table is for reference only and illustrates the impact of hypothetical fluctuations in the prices of salvage materials on our profits before taxation during the Track Record Period. The hypothetical fluctuation rates are set at 5% and 10% with reference to the fluctuation in our historical prices of salvages materials, which are considered reasonable for the purpose of this sensitivity analysis:

Hypothetical fluctuations in prices of salvage materials	-10.0%	-5.0%	+5.0%	+10.0%
<i>Year ended 31 December 2016</i>				
(Decrease)/increase revenue derived from disposal of salvage materials (<i>S\$'000</i>)	(1,905)	(953)	953	1,905
(Decrease)/increase profit before taxation (<i>S\$'000</i>)	(1,905)	(953)	953	1,905
<i>Year ended 31 December 2017</i>				
(Decrease)/increase revenue derived from disposal of salvage materials (<i>S\$'000</i>)	(1,818)	(909)	909	1,818
(Decrease)/increase profit before taxation (<i>S\$'000</i>)	(1,818)	(909)	909	1,818
<i>Year ended 31 December 2018</i>				
(Decrease)/increase revenue derived from disposal of salvage materials (<i>S\$'000</i>)	(2,042)	(1,021)	1,021	2,042
(Decrease)/increase profit before taxation (<i>S\$'000</i>)	(2,042)	(1,021)	1,021	2,042

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Hypothetical fluctuations in prices of salvage materials -10.0% -5.0% +5.0% +10.0%

Four months ended 30 April 2019

(Decrease)/increase revenue derived from disposal of salvage materials (<i>S\$'000</i>)	(635)	(318)	318	635
(Decrease)/increase profit before taxation (<i>S\$'000</i>)	(635)	(318)	318	635

Pricing of our projects

Pricing is one of the key considerations of tender or quotation evaluation by our customers, and also directly affects our tender/quotation success rate and project profitability. We determine our tender or quotation price primarily by estimating our operating costs with a certain percentage of markup, having regard to factors such as project schedule, availability of resources, nature and complexity of the project, the estimated types and numbers of machinery and workers required and expected proceeds from the disposal of salvage materials and/or earth depositing (if applicable). There is no assurance that we can make our cost estimation accurately. We may make mistakes and errors in our tender proposal or quotation if there is inaccurate estimation of costs, errors in calculation of value of salvage materials to be derived, oversight of material tender or quotation terms or inaccurate assumptions. There is no assurance that the actual amount of time and costs incurred during the execution of our projects would not exceed our estimation. Any material cost overrun may adversely affect our Group's profitability and financial performance. Our pricing directly affects our profitability and financial performance.

Investment in machinery and equipment

Our demolition works require substantial use of machinery and equipment. To attain to our customer requirements, we need to invest in suitable and advanced technological machinery and equipment to cope with the latest development in the demolition industry in Singapore and maintain our competitiveness. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we acquired new machinery and equipment at an aggregate cost of approximately S\$6.4 million, S\$1.3 million, S\$5.8 million and S\$620,000 respectively. One of our future plans is to acquire machinery and equipment by utilising a portion of the net proceeds from the Global Offering, together with our internal resources and finance leases to be arranged, for the replacement and enhancement of our fleet of machinery by acquiring hydraulic excavators and attachments to excavators to enhance our service capacity and competitiveness to cope with the expected growing demand in the demolition industry. As a result of the expected acquisition of additional machinery and equipment, it is expected that additional depreciation will be charged to our profit or loss account and may therefore affect our financial performance after the Listing. In addition, there is no assurance that our machinery and equipment will not be malfunctioned, damaged or lost as a result of, among others, improper operation, accidents, fire, adverse weather conditions, theft or robbery. If the damaged or lost machinery and equipment cannot be repaired and/or replaced in a timely manner or any write-off of machinery and equipment is required, our operations and financial performance could be adversely affected.

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Market demand of demolition services and/or salvage materials in Singapore

Our business operation was based in Singapore since our incorporation and as at the Latest Practicable Date and we will continue to rely on the Singaporean market in the foreseeable future. Our demolition contracts are on a non-recurring and project basis. Our Group is highly dependent on the timing and pipeline of redevelopment projects, demolition projects and new building construction projects which are affected by various factors such as the general economic conditions, government spending and policies, the demolition industry and factors beyond our control. We have not entered into long-term agreements with our customers and/or salvage materials buyers and we cannot assure that our customers and/or salvage materials buyers will continue to engage our services and/or purchase our salvage materials. Fewer available projects will result in more intense competition and a downturn in our industry may lead to tighter liquidity and slower collection and/or recovery of trade receivables. In the event the number of redevelopment projects, demolition projects and new building construction projects are reduced, our financial performance will be adversely affected. Furthermore, the demand for our demolition services (including removal of salvage materials from demolition), salvage materials as well as leasing and sale of our machinery from our customers may change due to a number of factors, some of which may be beyond our control such as changes in their businesses, personnel, sourcing policies, economic conditions, import and export regulations, supply and demand conditions of the recyclable demolition wastes and change in environmental and conservation regulations. In the event that our customers and/or salvage materials buyers reduce their demand of demolition services and/or salvage materials, our Group's business operations and financial performance may be adversely affected.

Fluctuations in cost of sales

Our cost of sales refer to costs that are directly attributable to our projects. For the three years ended 31 December 2018 and the four months ended 30 April 2019, our cost of sales amounted to approximately S\$13.1 million, S\$16.4 million, S\$20.3 million and S\$7.5 million, respectively.

We manage cost fluctuations by (i) buffering for inflation and possible cost increases during the contract period when submitting our tender proposal or quotations; and (ii) obtaining quotations from suppliers, subcontractors and/or third party salvage materials buyers when preparing our tender proposal or quotation and placing purchase orders. Notwithstanding our management of costs, any material fluctuations in our cost of sales may adversely impact our financial performance.

Our (i) costs of raw materials, consumables and other overheads and (ii) direct labour costs represented a major portion of our cost of sales during the Track Record Period. For the three years ended 31 December 2018 and the four months ended 30 April 2019, our costs of raw materials, consumables and other overheads and direct labour costs in aggregate amounted to approximately S\$5.5 million, S\$7.7 million, S\$8.2 million and S\$3.3 million, which accounted for approximately 42.2%, 46.8%, 40.4% and 43.3% of our cost of sales, respectively. Our ability to control and manage our costs of raw materials, consumables and other overheads and direct labour costs will enhance our profitability.

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The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our costs of raw materials, consumables and other overheads on our profits before taxation during the Track Record Period. The hypothetical fluctuation rates are set at 35% and 70% with reference to the fluctuation in our historical costs of raw materials, consumables and other overheads, which are considered reasonable for the purpose of this sensitivity analysis:

Hypothetical fluctuations in material costs	-70.0%	-35.0%	+35.0%	+70.0%
Year ended 31 December 2016				
(Decrease)/increase in material costs (<i>S\$'000</i>)	(1,957)	(978)	978	1,957
Increase/(decrease) in profit before taxation (<i>S\$'000</i>)	1,957	978	(978)	(1,957)
Year ended 31 December 2017				
(Decrease)/increase in material costs (<i>S\$'000</i>)	(3,256)	(1,628)	1,628	3,256
Increase/(decrease) in profit before taxation (<i>S\$'000</i>)	3,256	1,628	(1,628)	(3,256)
Year ended 31 December 2018				
(Decrease)/increase in material costs (<i>S\$'000</i>)	(3,438)	(1,719)	1,719	3,438
Increase/(decrease) in profit before taxation (<i>S\$'000</i>)	3,438	1,719	(1,719)	(3,438)
Four months ended 30 April 2019				
(Decrease)/increase in material costs (<i>S\$'000</i>)	(1,401)	(700)	700	1,401
Increase/(decrease) in profit before taxation (<i>S\$'000</i>)	1,401	700	(700)	(1,401)

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in our direct labour costs on our profits before taxation during the Track Record Period. The hypothetical fluctuation rates are set at 10% and 25% with reference to the fluctuation in our historical direct labour costs, which are considered reasonable for the purpose of this sensitivity analysis:

Hypothetical fluctuations in direct labour costs	-25.0%	-10.0%	+10.0%	+25.0%
Year ended 31 December 2016				
(Decrease)/increase in direct labour costs (<i>S\$'000</i>)	(682)	(273)	273	682
Increase/(decrease) in profit before taxation (<i>S\$'000</i>)	682	273	(273)	(682)
Year ended 31 December 2017				
(Decrease)/increase in direct labour costs (<i>S\$'000</i>)	(759)	(304)	304	759
Increase/(decrease) in profit before taxation (<i>S\$'000</i>)	759	304	(304)	(759)
Year ended 31 December 2018				
(Decrease)/increase in direct labour costs (<i>S\$'000</i>)	(818)	(327)	327	818
Increase/(decrease) in profit before taxation (<i>S\$'000</i>)	818	327	(327)	(818)
Four months ended 30 April 2019				
(Decrease)/increase in direct labour costs (<i>S\$'000</i>)	(315)	(126)	126	315
Increase/(decrease) in profit before taxation (<i>S\$'000</i>)	315	126	(126)	(315)

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RESULTS OF OPERATIONS

The following is a summary of the consolidated statements of comprehensive income of our Group for the three years ended 31 December 2018 and the four months ended 30 April 2019, derived from the accountant's report set out in Appendix I to this prospectus.

	For the year ended			For the four months	
	31 December			ended 30 April	
	2016	2017	2018	2018	2019
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	(unaudited)				
Revenue	24,742	27,866	33,987	10,128	11,564
Cost of sales	<u>(13,073)</u>	<u>(16,417)</u>	<u>(20,275)</u>	<u>(6,589)</u>	<u>(7,530)</u>
Gross profit	11,669	11,449	13,712	3,539	4,034
Other income	147	44	198	28	19
Other gains — net	916	491	580	23	50
Selling and distribution expenses	(185)	(243)	(239)	(119)	(65)
Administrative expenses	<u>(5,602)</u>	<u>(5,827)</u>	<u>(9,352)</u>	<u>(4,396)</u>	<u>(3,652)</u>
Operating profit	6,945	5,914	4,899	(925)	386
Finance costs	<u>(493)</u>	<u>(487)</u>	<u>(505)</u>	<u>(150)</u>	<u>(177)</u>
Profit/(loss) before income tax	6,452	5,427	4,394	(1,075)	209
Income tax expense	<u>(826)</u>	<u>(888)</u>	<u>(1,316)</u>	<u>(97)</u>	<u>(150)</u>
Profit/(loss) after income tax	<u><u>5,626</u></u>	<u><u>4,539</u></u>	<u><u>3,078</u></u>	<u><u>(1,172)</u></u>	<u><u>59</u></u>
Profit/(loss) and total comprehensive income/ (loss) for the year/period and attributable to:					
Owners of the Company	5,626	4,539	3,078	(1,172)	59
Non-controlling interest	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u><u>5,626</u></u>	<u><u>4,539</u></u>	<u><u>3,078</u></u>	<u><u>(1,172)</u></u>	<u><u>59</u></u>

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PRINCIPAL COMPONENTS OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

For the three years ended 31 December 2018 and the four months ended 30 April 2019, our revenue amounted to approximately S\$24.7 million, S\$27.9 million, S\$34.0 million and S\$11.6 million, respectively. The table below sets out our revenue during the Track Record Period by source:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Contract revenue	23,646	95.6	26,054	93.5	33,906	99.8	10,094	99.7	11,473	99.2
— Net contract sum	3,268	13.2	5,204	18.7	8,462	24.9	1,577	15.6	4,037	34.9
— Proceeds from disposal of salvage materials	19,054	77.0	18,178	65.2	20,423	60.1	5,709	56.4	6,352	54.9
— Earth depositing proceeds	1,324	5.4	2,672	9.6	5,021	14.8	2,808	27.7	1,084	9.4
Other revenue	<u>1,096</u>	<u>4.4</u>	<u>1,812</u>	<u>6.5</u>	<u>81</u>	<u>0.2</u>	<u>34</u>	<u>0.3</u>	<u>91</u>	<u>0.8</u>
Total Revenue	<u><u>24,742</u></u>	<u><u>100.0</u></u>	<u><u>27,866</u></u>	<u><u>100.0</u></u>	<u><u>33,987</u></u>	<u><u>100.0</u></u>	<u><u>10,128</u></u>	<u><u>100.0</u></u>	<u><u>11,564</u></u>	<u><u>100.0</u></u>

(i) Contract revenue

For the three years ended 31 December 2018 and the four months ended 30 April 2019, our contract revenue amounted to approximately S\$23.6 million, S\$26.1 million, S\$33.9 million and S\$11.5 million, which contributed approximately 95.6%, 93.5%, 99.8% and 99.2% of our total revenue, respectively. Our contract revenue represents revenue we derived from undertaking demolition projects which include (i) the net contract sum received/receivable from the project owners for our provision of demolishing works services; (ii) the proceeds received/receivable from third party salvage materials buyers for our disposal of salvage materials removed from the demolition sites; and (iii) the proceeds received/receivable from earth providers for their disposal of earth at our demolition sites for landfilling purpose.

Net contract sum

Provision of our demolition works services and our contract sum are determined on a project basis. Net contract sum represented the net amount of contract sum we received from project owners for our projects after deducting the contract tender fees we incurred to project owners in certain projects during the year/period.

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The table below sets forth the breakdown of our net contract sum by nature for the years/ periods indicated:

	For the year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Contract sum	6,319	6,184	9,502	2,274	5,080
Less: Contract tender fees ^(Note)	(3,051)	(980)	(1,040)	(697)	(1,043)
Total net contract sum	<u>3,268</u>	<u>5,204</u>	<u>8,462</u>	<u>1,577</u>	<u>4,037</u>

Note: During the Track Record Period, the amount of contract tender fee were incurred from ten demolition projects, ranging from S\$29,000 to S\$2.0 million for each project.

Contract tender fee represented the amount we incurred for securing the contracts having considered the nature of the projects and requested by the project owners. For the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2019, we incurred approximately S\$3.1 million, S\$980,000, S\$1.0 million and S\$1.0 million as contract tender fee, respectively. The amount of net contract sum is recognised over time as the customers simultaneously receives and consumes the benefits provided by us as the demolition services are performed. The measure of demolition progress is determined based on the proportion of costs incurred-to-date to the estimated total costs for each service.

Proceeds from disposal of salvage materials

Depending on the terms of the contract and scope of work to be provided in a particular project, the aggregate revenue derived from the project may include proceeds received from salvage materials buyers for our disposal of salvage materials removed from the demolition site. Proceeds from our disposal of salvage materials varies according to the unit cost and volume of the salvage material disposed. For further details, please refer to the section headed “Business — Our operation flow — Project execution — Disposal of salvage materials” in this prospectus.

Earth depositing proceeds

Depending on the terms of the contract and scope of work to be provided in a particular project, the aggregate revenue derived from the project may also include proceeds received from earth providers for their disposal of earth at our work site. Earth depositing proceeds varies according to the unit cost and volume of the earth disposed by the earth providers, both of which were generally charged or calculated on a per load basis. For further details, please refer to the section headed “Business — Our operation flow — Project execution — Earth disposal by earth providers” in this prospectus.

During the Track Record Period, all our projects were located in Singapore and we undertook projects as main contractor or subcontractor. For detailed breakdown of our contract revenue during the Track Record Period by sector (public or private projects) and by our role, please refer to the section headed “Business — Our projects — Revenue by sector” and “Business — Our projects — Revenue by our role” in this prospectus.

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During the Track Record Period, our contract revenue was mainly generated from a total of 79 projects. Out of the 79 projects, 20 of which contributed a contract revenue of more than S\$1 million each and in aggregate account for over 83.4% of the aggregate contract revenue recognised during the Track Record Period. The following table summarises the details of such 20 projects:

Project no.	Customer (Note 3)	Sector (Note 2)	Our capacity (Main contractor/ Subcontractor) (Note 2)	Project details	Commencement date ^(Note 4)	Actual/expected completion date ^(Note 5)	Initial estimated contract revenue (\$'000)	Breakdown of contract revenue recognised during the Track Record Period by type				Breakdown of contract revenue recognised during the Track Record Period by year/period				Aggregate contract revenue recognised during the Track Record Period ^(Note 7) (\$'000)	Cumulative gross profit margin for the Track Record Period ^(Note 8) %	
								Contract sum ^(Note 6) (\$'000)	Contract trader fee (\$'000)	Net contract sum (\$'000)	Proceeds from disposal of salvage materials (\$'000)	Earth depositing proceeds (\$'000)	For the year ended 31 December					For the four months ended 30 April 2019 (\$'000)
													2016 (\$'000)	2017 (\$'000)	2018 (\$'000)			
1.	UTC Engineering Pte Ltd	Private	Subcontractor	Demolition of chemical plant, located in Western Singapore	July 2016	November 2017	18,800	687	—	687	16,207	1,586	10,620	—	18,480	62		
2.	Customer J	Private	Main Contractor	Demolition of chemical plant, located in Western Singapore	April 2016	February 2017	9,242	3,335	(970)	2,365	6,521	384	8,931	339	9,270	65		
3.	Customer F	Private	Main Contractor	Demolition of cancer plant, located in Western Singapore	April 2018	February 2019	9,340	4,169	—	4,169	3,382	78	—	3,955	(126)	7,829	51	
4.	Customer A	Public	Main Contractor	Demolition of factory building, located in Northern Singapore	October 2017	December 2018	5,528	(81)	(1,170)	689	2,875	3,569	—	1,374	4,569	5,943	17	
5.	Customer G	Public	Main Contractor	Demolition of public housing, located in Central Singapore	January 2018	November 2019	5,104	1,622	—	1,622	3,852	301	—	4,649	1,127	5,776	20	
6.	Customer A	Public	Main Contractor	Demolition of factory building, located in Western Singapore	September 2018	November 2019	2,853	836	—	836	1,823	1,169	—	1,099	2,790	3,829	32	
7.	Customer H	Private	Main Contractor	Demolition of cancer plant, located in Western Singapore	March 2018	February 2019	3,551	746	—	746	2,626	—	—	3,414	(43)	3,372	24	
8.	Customer A	Public	Main Contractor	Demolition of factory building, located in Northern Singapore	April 2017	December 2017	2,854	1,508	(303)	1,205	1,244	461	—	2,137	173	2,910	12	
9.	Customer E	Private	Subcontractor	Demolition of residential building, located in Central Singapore	September 2018	April 2019	2,218	1,068	—	1,068	1,691	32	—	1,723	1,058	2,791	36	
10.	Precise Group	Private	Subcontractor	Demolition of factory building, located in Western Singapore	September 2017	March 2018	2,990	880	—	880	1,825	252	—	2,333	303	2,636	64	
11.	Customer A	Public	Main Contractor	Demolition of chemical plant, located in Western Singapore	July 2018	December 2018	1,363	510	—	510	1,148	741	—	—	2,405	(5)	2,400	49
12.	Customer B	Private	Subcontractor	Demolition of residential building, located in Eastern Singapore	January 2019	August 2019	3,184	864	—	864	1,483	20	—	—	2,373	2,573 ^(Note 9)	35	
13.	Customer I	Private	Subcontractor	Demolition of commercial building located in Central Singapore	September 2017	December 2017	1,782	66	—	66	1,934	—	—	1,981	19	2,000	23	
14.	SH Cogent Logistics Pte Ltd	Private	Main Contractor	Demolition of container yard, located in Western Singapore	October 2015	August 2017	2,847	739	—	739	585	627	224	1,726	—	1,950 ^(Note 9)	19	
15.	Customer G	Public	Main Contractor	Demolition of public housing, located in Western Singapore	January 2016	December 2016	1,606	708	—	708	792	49	1,550	—	1,550	1		
16.	Customer C	Private	Subcontractor	Demolition of temporary road, located in Eastern Singapore	February 2019	June 2019	1,883	1,136	—	1,136	342	—	—	—	1,478	1,478	76	
17.	Customer D	Public	Main Contractor	Demolition of school building, located in Central Singapore	December 2018	June 2019	1,166	149	(992)	(843)	1,949	277	—	136	1,383	48		
18.	Customer L	Private	Subcontractor	Demolition of residential building, located in Central Singapore	March 2018	June 2018	958	500	—	500	763	—	—	1,263	1,263	33		
19.	Customer M	Private	Subcontractor	Demolition of concrete hardstand and drain, located in Western Singapore	June 2017	August 2017	725	500	—	500	546	—	781	266	1,047	44		
20.	ECO Special Waste Management Pte Ltd	Private	Main Contractor	Demolition of chemical plant located in Western Singapore	April 2017	May 2017	943	559	—	559	469	—	1,038	—	1,028	38		
						Subtotal		21,271	(3,433)	17,838	51,952	9,386	18,365	22,919	27,984	9,839	79,308	
								5,656	(2,679)	2,977	11,412	596	4,905	3,057	5,315	1,634	14,971	
								157	—	157	642	—	115	78	607	799		
						Total		27,084	(6,114)	20,970	64,006	10,102	23,665	26,654	33,906	11,473	95,078	

59 other projects (each of which contributed less than S\$1 million of revenue)^(Note 10)
Others^(Note 11)

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Notes:

1. Save for Customer L, Customer M and ECO Special Waste Management Pte Ltd, each of the customers is one of our five largest customers during the Track Record Period. Please refer to the section headed “Business — Customers — Top five customers” in this prospectus for details of our customers. ECO Special Waste Management Pte Ltd is one of our five largest suppliers during the Track Record Period and please refer to the section headed “Business — Suppliers — Top five suppliers (including our subcontractors)” in this prospectus for further detail.
2. Public sector projects refer to projects which the ultimate project employer is the Singapore Government or a statutory body or statutory corporation in Singapore, whereas private sector projects refer to projects that are not public sector projects.
3. For projects which we are engaged by other contractors, we regard our role as being their subcontractor, whereas for all other types of projects, we regard our role as being the main contractor.
4. The commencement date for a particular project refers to the date of commencement as stated in the letter of award or the actual commencement of substantial works on site.
5. The actual completion date for a particular project refers to the date of completion of our works in such project as stated in the completion certificate or the record provided by our customers. The expected completion date for a particular project refers to the expected date of substantial completion of our works in such project based on (i) the contractual agreement with our customers; and/or (ii) our management’s best estimation taking into account the actual work progress and current market conditions.
6. We are required to possess (i) Class 2 General Builder Licence which allows us to carry on business as a general builder with the estimated final price for each contract or engagement of no more than S\$6 million for the demolition projects; and (ii) single grade under CR03 “Demolition” workhead to undertake each of our 20 major demolition projects during the Track Record Period. During the Track Record Period, the estimated final price for each of our contract of demolition project, being the contract sum, did not exceed S\$6 million.
7. Depending on the terms of the contract and scope of work to be provided in a particular project, the aggregate contract revenue derived from the project may include (i) the net contract sum received from our customers; (ii) proceeds received from salvage materials buyers for our disposal of salvage materials removed from the demolition sites; and (iii) earth depositing proceeds from earth providers.
8. Cumulative gross profit margin is calculated as gross profit derived from the project divided by revenue recognised from the project for the Track Record Period.
9. The difference between the aggregate contract revenue recognised during the Track Record Period and its initial estimated total contract revenue was due to the amount of revenue recognised before the Track Record Period or to be recognised after the Track Record Period, as the case may be.
10. This includes one loss-making demolition project involving the demolition of a power plant located in Western Singapore. There was a significant discrepancy between the aggregate contract revenue recognised of approximately S\$1.9 million and the initial estimated total contract revenue of approximately S\$7.0 million, which was principally due to an over estimation of the proceeds from disposal of salvage materials resulting from the over estimation of the quantity of certain salvage materials that could be produced from the project and the subsequent deterioration of the market price of certain salvage materials after the initial estimation. As a result of the above factors, this project made an aggregate loss of approximately S\$2.2 million for the year ended 31 December 2016.
11. Others mainly represent revenue generated from small jobs carried out by us during the Track Record Period.

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(ii) *Other revenue*

For the three years ended 31 December 2018 and the four months ended 30 April 2019, our other revenue amounted to approximately S\$1.1 million, S\$1.8 million, S\$81,000 and S\$91,000, which contributed approximately 4.4%, 6.5%, 0.2% and 0.8% of our total revenue, respectively. The table below sets forth a breakdown of our other revenue during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	(unaudited)			
Sale of inventories	47	4.3	1,636	90.3	—	—	—	—	—	—
Leasing of machinery	1,033	94.2	156	8.6	79	97.5	31	91.2	89	97.8
Others	16	1.5	20	1.1	2	2.5	3	8.8	2	2.2
Total other revenue	1,096	100.0	1,812	100.0	81	100.0	34	100.0	91	100.0

Our Group's other revenue primarily derived from our sale of inventories and leasing of machinery for the three years ended 31 December 2018 and the four months ended 30 April 2019 which in aggregate represented approximately 98.5%, 98.9%, 97.5% and 97.8% of our total other revenue, respectively. Revenue derived from sale of inventories represents revenue we received from our sale of machinery (instead of disposal of aging machinery). During the Track Record Period, we sold machinery such as cranes and diesel hammers when the machinery buyers request and when it was economically attractive to do so. During the Track Record Period, we also leased our machinery such as articulated dumper trucks and excavators to independent third parties such as construction contractors occasionally. We only provide leasing of machinery services upon request and when the machinery is not being used by us and we usually charge based on the market rate plus a certain markup margin.

Others mainly represented miscellaneous income we received from our occasional sale of consumables and other supplies for the convenience of our subcontractors at our demolition sites.

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Cost of sales

For the three years ended 31 December 2018 and the four months ended 30 April 2019, our cost of sales amounted to approximately S\$13.1 million, S\$16.4 million, S\$20.3 million and S\$7.5 million, respectively. Our cost of sales refer to costs that are directly related to our projects. During the Track Record Period, our cost of sales mainly comprised of (i) direct labour costs; (ii) depreciation expenses; (iii) raw materials, consumables and other overheads; and (iv) subcontractor charges. The table below sets forth a breakdown of our cost of sales by nature and percentage contribution to total cost of sales during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Direct labour costs	2,727	20.9	3,037	18.5	3,271	16.1	1,253	19.0	1,261	16.7
Depreciation	2,616	20.0	2,813	17.1	3,139	15.5	997	15.1	1,128	15.0
Raw materials, consumables and other overheads	2,795	21.4	4,651	28.3	4,912	24.2	2,151	32.6	2,001	26.6
Subcontractor charges	1,529	11.7	1,394	8.5	4,556	22.5	908	13.8	1,915	25.4
Maintenance expenses	1,188	9.1	1,271	7.7	1,217	6.0	399	6.1	352	4.7
Contract commissions	121	0.9	—	—	—	—	—	—	—	—
Transportation expenses	747	5.7	812	4.9	1,173	5.8	460	7.0	410	5.5
Cost of inventories sold	46	0.4	1,569	9.6	—	—	—	—	—	—
Others	1,304	9.9	869	5.3	2,007	9.9	421	6.4	463	6.1
Total cost of sales	13,073	100.0	16,416	100.0	20,275	100.0	6,589	100.0	7,530	100.0

Direct labour costs

Direct labour costs represented the labour costs directly incurred for the provision of our demolition works. They included the wages, salaries, bonuses and other benefits for our personnel at the project team as well as workers and machinery operators who are directly involved in our demolition projects. Accordingly, the amount of our direct labour costs incurred was positively corresponded to the amount of our demolition projects and hence our revenue during the Track Record Period.

Depreciation expenses

Depreciation expenses mainly represented the depreciation of our machinery and equipment. Depreciation expenses were calculated using straight-line method to allocate the costs of machinery and equipment over its estimated useful lives of 10 years.

Raw materials, consumables and other overheads

Costs of raw materials, consumables and other overheads mainly represented (i) the expenses for the purchase of machinery parts and consumables such as diesel fuels and other miscellaneous accessories including personal protective equipment such as reflective vests and safety helmets used by our on-site workers; and (ii) the disposal expenses for disposal of demolition waste or hazardous waste.

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Subcontractor charges

Subcontractor charges represented the costs incurred for engaging subcontractors in relation to our demolition works. During the Track Record Period, we engaged subcontractors for carrying out ancillary services associated with our demolition works such as erection of temporary hoardings, scaffolding works and turfing.

Maintenance expenses

Maintenance expenses represented the costs incurred for carrying out repair and maintenance works for our machinery and equipment used in relation to our demolition works.

Contract commissions

Contract commissions represented a certain percentage of the contract tender fee as commission we paid to the independent third parties which assisted the project owners in the tendering process for certain projects pursuant to the terms of the contracts.

Transportation expenses

Transportation expenses mainly represented (i) the expenses we incurred for the transportation of demolition waste resulting from our demolition works which we did not sell, including rental expenses of lorries, from the demolition sites to approved dumping grounds; and (ii) the fees for transportation of our machinery to or from work sites.

Cost of inventories sold

Cost of inventories sold represented the cost for the sale of our inventories (consisted of machinery and equipment). During the Track Record Period, we sold machinery and equipment such as cranes and diesel hammers when the machinery buyers request and when it was economically attractive to do so.

Others

Others mainly represented our insurance expenses, legal and professional fees, motor vehicle expenses, operating lease charges in respect of our machinery, refreshment and utility expenses.

Gross profit

Our gross profit was approximately S\$11.7 million, S\$11.4 million, S\$13.7 million and S\$4.0 million and our gross profit margin was approximately 47.2%, 41.1%, 40.3% and 34.9% for the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively.

Other income

Our other income comprised of (i) interest income from our bank accounts; (ii) government grants comprising subsidies from the Singapore Government to subsidise our Group's operation costs, which mainly include the Quieter Construction Fund, the Wage Credit Scheme, the Temporary Employment Credit, the Special Employment Credit and the Mechanisation Credit Scheme; (iii) rental income from property representing income from leasing of part of our workshop next to our head office building to third parties for storage; and (iv) miscellaneous income.

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The following table sets out the breakdown of other income during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Interest income	1	2	1	—	—
Government grants	98	40	196	28	19
Rental income from property	48	—	—	—	—
Miscellaneous income	—	2	1	—	—
Total other income	147	44	198	28	19

For the three years ended 31 December 2018 and four months ended 30 April 2019, government grants received by us amounted to approximately S\$98,000, S\$40,000, S\$196,000 and S\$19,000, respectively. For the year ended 31 December 2016, the largest components of the government grants received by our Group were the Quieter Construction Fund and the Wage Credit Scheme. The Quieter Construction Fund is a funding scheme to support Singapore-registered companies which adopt the use of quieter construction equipment, noise control equipment and encourage innovative solutions to mitigate noise and hence, reduce the impact of construction noise on sensitive premises to achieve a quieter living environment. In particular, the construction site(s) must be located less than 150 metres from any hospital, home for the aged sick, residential building or other noise sensitive premises. For the two years ended 31 December 2018 and the four months ended 30 April 2019, the largest components of the government grants received by our Group comprised of the Mechanisation Credit Scheme, the Special Employment Credit, the Temporary Employment Credit and the Wage Credit Scheme. Please refer to the section headed “Regulatory overview — Government schemes” for further details on the Mechanisation Credit Scheme, the Wage Credit Scheme, the Temporary Employment Credit and the Special Employment Credit.

Other gains — net

The table below sets forth the components of our other gains during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Gain on disposal of property, plant and equipment	906	98.8	482	98.1	584	100.7	58	252.2	66	132.0
Gain on disposal of a subsidiary	—	—	—	—	18	3.1	18	78.3	—	—
Currency exchange gain/(loss) — net	33	3.6	(7)	(1.5)	(26)	(4.5)	(54)	(234.8)	(17)	(34.0)
Fair value (loss)/gain on financial asset at fair value through profit or loss	(23)	(2.4)	16	3.4	4	0.7	1	4.3	1	2.0
Total other gains — net	916	100.0	491	100.0	580	100.0	23	100.0	50	100.0

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Other gains primarily consist of gain on disposal mainly of our used machinery such as excavators to third party used-machinery buyers. As confirmed by our Directors, the aforesaid machinery was all used in the Group's ordinary and usual course of business.

We also had net currency exchange gain for the year ended 31 December 2016 and net currency exchange loss for the two years ended 31 December 2018 and the four months ended 30 April 2019. During the Track Record Period, we received contract revenue and settled transactions in U.S. dollars for certain projects and our disposal of subsidiary in Myanmar, and we settled some of our purchases of the machinery and spare parts with our suppliers in Japanese yen. Therefore, currency exchange gain or loss were resulted from the timing difference between the recording of such non-Singapore dollar denominated receivables and payables and their settlement. Fair value (loss)/gain on financial asset at fair value through profit or loss represented the loss or gain we received in respect of the change of fair value of the life insurance policy for a key management of our Company.

For the year ended 31 December 2018, we recorded gain on disposal of a subsidiary of approximately S\$18,000 as a result of our disposal of BSM (Myanmar). For further detail, please refer to the section headed "History, reorganisation and corporate structure — Corporate History — Disposal of BSM (Myanmar)" in this prospectus.

Selling and distribution expenses

The table below sets forth a breakdown of our selling and distribution expenses during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Entertainment	128	69.2	168	69.1	112	46.8	72	60.5	35	53.8
Transportation expenses	46	24.9	56	23.1	104	43.6	33	27.7	23	35.4
Others	11	5.9	19	7.8	23	9.6	14	11.8	7	10.8
Total selling and distribution expenses	185	100.0	243	100.0	239	100.0	119	100.0	65	100.0

Our selling and distribution expenses primarily consisted of entertainment expenses which mainly represented costs in relation to the relationship building with existing and potential customers. Transportation expenses represented our travelling expenses relating to business development and expenses associated with use of motor vehicle such as fuel, licence fee, motor vehicle insurance and parking fee incurred not directly related to our projects. Others mainly represented our advertising expenses we incurred for placing advertisement at the BCA Catalogue and/or the BCA Directory and newspapers.

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Administrative expenses

Our administrative expenses primarily consisted of (i) staff costs; (ii) depreciation expenses; and (iii) operating lease charges in respect of the land and office equipment during the Track Record Period. The following table sets forth a breakdown of our administrative expenses during the Track Record Period:

	For the year ended 31 December						For the four months ended 30 April			
	2016		2017		2018		2018		2019	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Staff costs	3,583	64.0	4,032	69.2	4,014	43.0	2,062	46.9	2,161	59.2
Listing expenses	—	—	—	—	3,296	35.2	1,647	37.5	758	20.7
Depreciation of property, plant and equipment and investment property	818	14.6	873	14.9	1,004	10.7	349	7.9	327	9.0
Depreciation of right-of-use assets	510	9.1	510	8.7	514	5.5	171	3.9	171	4.7
Utility expenses	94	1.7	91	1.6	76	0.8	24	0.5	28	0.8
Property tax expenses	120	2.1	93	1.6	92	1.0	93	2.1	93	2.5
Write-off of receivables	183	3.2	—	—	—	—	—	—	—	—
Others	294	5.3	228	4.0	356	3.8	50	1.2	114	3.1
Total administrative expenses	5,602	100.0	5,827	100.0	9,352	100.0	4,396	100.0	3,652	100.0

Staff costs included compensation and benefits provided to our administrative staff and our Directors. Please refer to Notes 8 and 9 of the accountant's report set out in Appendix I to this prospectus for further details of the breakdown of the remuneration of our executive Directors and the five highest paid individuals during the Track Record Period. Listing expenses represent the professional and consultancy fees incurred by us as a result of the preparation for the Listing. Depreciation expenses comprised of depreciation expenses of our property, office equipment and motor vehicles which were not directly involved in our project works. Depreciation of right-of-use assets mainly represented the depreciation charge of the leases for the land on which our head office building was located and our office equipment such as photo-copying machines upon adoption of IFRS 16. Property tax expenses represented the expenses paid to the Singapore Government in relation to the properties owned by our Group. During the Track Record Period, both of our head office building and our investment property were subject to a property tax rate of 10%, based on their annual values. Write-off of receivables represented the impairment of trade and other receivables accrued based on the low likelihood of collectability. Others represented expenses in relation to our donation, insurance, upkeep of office and equipment, auditors' remuneration and legal and professional fees.

Finance costs

Our finance costs comprised interest expenses on (i) bank borrowings and (ii) lease liabilities. Please refer to the paragraph headed "Indebtedness" in this section for details of our bank borrowings and lease liabilities.

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Income tax expense

Since our operation is based in Singapore, our Group is liable to pay corporate income tax in accordance with the tax regulations of Singapore. For further details, please refer to the section headed “Regulatory overview — Singapore taxation” in this prospectus. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we had income tax expense of approximately S\$826,000, S\$888,000, S\$1.3 million and S\$150,000, respectively. The taxation for the Track Record Period can be reconciled to the profit before taxation as below:

	For the year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
				(unaudited)	
Profit/(loss) before income tax	6,452	5,427	4,394	(1,075)	209
Tax calculated at a tax rate of 17%	1,097	923	747	(183)	36
Expenses not deductible for tax purposes	119	106	668	335	170
Income not subject to tax	(11)	(23)	(1)	—	(3)
Tax incentives	(370)	(76)	(62)	(21)	—
Statutory stepped income exemption and tax rebate	—	(41)	(36)	(36)	(18)
Overprovision in prior year	—	—	—	—	(35)
Others	(9)	(1)	—	2	—
Income tax charge	826	888	1,316	97	150

The statutory corporate tax rate in Singapore was 17% throughout the Track Record Period. Our corresponding effective tax rate were approximately 12.8%, 16.4%, 29.9% and 71.8% for the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2019, respectively. Our effective tax rate was lower than the statutory tax rate for the two years ended 31 December 2017, which was mainly due to, amongst others, non-taxable income and tax incentives claimed under the Productivity and Innovation Credit Scheme (“**PIC Scheme**”) in accordance to Singapore Budget 2010 and 2014 and Singapore Budget 2010 to 2017 announced by the Singapore government, respectively. Under the PIC Scheme, we are entitled to claim 400% tax deductions/allowances for qualifying expenditures incurred on leasing and acquisition of information technology and automation equipment. The PIC Scheme is applicable until the year of assessment 2018 and has expired after the year of assessment 2018. For details of the PIC Scheme, please refer to the section headed “Regulatory overview — Singapore taxation — Productivity and innovation credit scheme” in this prospectus.

Our effective tax rate was higher than the statutory tax rate for the year ended 31 December 2018 and the four months ended 30 April 2019, which was mainly due to the relatively higher non-deductible expenses for tax purpose claimed. Expenses not deductible for tax purpose mainly comprised of listing expenses, private vehicles expenses and depreciation expenses in relation to our leasehold building.

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For the plant and machinery purchased by our Group, most of them could claim for tax allowance in Singapore. In addition, for certain qualifying equipment, the PIC Scheme allows 400% tax deduction allowance. As at 1 January 2015 and 2016, deferred tax assets of approximately S\$511,000 and S\$1.2 million have been recognised by our Group respectively as a result of the unutilised tax allowance of fixed assets purchased in prior years. Since there is no net taxable current income tax for the years ended 31 December 2015 and 2016 due to recognition and utilisation of such tax allowance, there were no actual tax payment for the years ended 31 December 2016 and 2017.

Our Directors have confirmed that all relevant taxes had been paid when due and there are no disputes or unresolved tax issues with the relevant tax authorities based on our submitted tax computations. Please refer to Note 11 of the accountant's report set out in Appendix I to this prospectus for further details.

YEAR (PERIOD) TO YEAR (PERIOD) COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2016 compared to year ended 31 December 2017

Revenue

Our Group's total revenue increased by approximately \$3.2 million or 13.0% from approximately S\$24.7 million for the year ended 31 December 2016 to S\$27.9 million for the year ended 31 December 2017. Such increase during the year was mainly attributable to the increase of our contract revenue of approximately S\$2.5 million or 10.6% due to (i) the increase in the number of projects with revenue contribution from 25 to 29 during the year; (ii) the revenue recognised from four sizeable projects, namely projects no. 1, 8, 10 and 13 (project reference number corresponds with that in the table disclosed in the paragraph headed "Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue" in this section) with an aggregate contract revenue recognised of approximately S\$17.7 million for the year ended 31 December 2017; (iii) the increase of earth depositing proceeds of approximately S\$1.3 million which was in line with our number of projects undertaken during the year; and (iv) the decrease in the contract tender fee we incurred by approximately S\$2.1 million for the year ended 31 December 2017. There were increases and decreases in revenue recognised from our projects due to the varying amount of works performed in different financial years.

Our other revenue increased from approximately S\$1.1 million to S\$1.8 million which was mainly resulted from our sale of three cranes which contributed an aggregate revenue of approximately S\$1.3 million despite the decrease of our revenue from the leasing of machinery.

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Set forth below is an analysis of our contract revenue by sector during the two years ended 31 December 2016 and 2017:

	For the year ended 31 December					
	2016			2017		
	<i>Aggregate contract revenue</i>			<i>Aggregate contract revenue</i>		
	<i>No. of projects</i>	<i>recognised S\$'000</i>	<i>%</i>	<i>No. of projects</i>	<i>recognised S\$'000</i>	<i>%</i>
				<i>(Note 1)</i>		
Public sector	4	2,170	9.0	2	4,111	15.8
Private sector	<u>21</u>	<u>21,476</u>	<u>91.0</u>	<u>27</u>	<u>21,943</u>	<u>84.2</u>
Total <i>(Note 2)</i>	<u>25</u>	<u>23,646</u>	<u>100.0</u>	<u>29</u>	<u>26,054</u>	<u>100.0</u>

Notes:

1. Out of the 29 projects which contributed contract revenue for the year ended 31 December 2017, 6 projects also contributed contract revenue for the year ended 31 December 2016.
2. The total contract revenue recognised in each of the two years ended 31 December 2017 also included revenue generated from small jobs carried out by us during the Track Record Period of approximately S\$115,000 and S\$78,000, respectively.

As illustrated above, there was an increase in contract revenue which was in line with the increase in revenue from the public sector for the year ended 31 December 2017. Notwithstanding the decrease in the number of public sector projects with revenue contribution for the year ended 31 December 2017, we received increased contract revenue from the public sector during the year.

Cost of sales

Our cost of sales increased by approximately S\$3.3 million or 25.2%, from approximately S\$13.1 million for the year ended 31 December 2016 to approximately S\$16.4 million for the year ended 31 December 2017, which was mainly due to an increase in (i) cost of raw materials, consumables and other overheads; (ii) cost of inventories sold; (iii) direct labour costs; and (iv) depreciation expenses:

- (a) our cost of raw materials, consumables and other overheads increased by approximately S\$1.9 million or 67.9% from approximately S\$2.8 million for the year ended 31 December 2016 to approximately S\$4.7 million for the year ended 31 December 2017. This was mainly due to the increase in our disposal expenses of demolition waste and/or hazardous waste and increased unit price and volume of diesel purchased for the operation of our machinery and equipment and as our number of projects in progress increased;
- (b) our cost of inventories sold increased by approximately S\$1.6 million or 3,478.3% from approximately S\$46,000 for the year ended 31 December 2016 to approximately S\$1.6 million for the year ended 31 December 2017 primarily due to the increase of sale of inventories such as three cranes at an aggregate amount of approximately S\$1.2 million;

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- (c) our direct labour costs also increased by approximately S\$300,000 or 11.1% from approximately S\$2.7 million for the year ended 31 December 2016 to approximately S\$3.0 million for the year ended 31 December 2017 primarily due to the increased number of project-based workers employed by us in carrying out the increasing amount of works by us; and
- (d) our depreciation expenses increased by approximately S\$200,000 or 7.7% from approximately S\$2.6 million for the year ended 31 December 2016 to approximately S\$2.8 million for the year ended 31 December 2017 because of the additions of machinery and equipment for the years ended 31 December 2016 and 2017.

Gross profit and gross profit margin

Our gross profit decreased by approximately S\$300,000 or 2.6%, from approximately S\$11.7 million for the year ended 31 December 2016 to approximately S\$11.4 million for the year ended 31 December 2017, despite an increase in total revenue for the year ended 31 December 2017. Our gross profit margin decreased from approximately 47.2% for the year ended 31 December 2016 to approximately 41.1% for the year ended 31 December 2017, such decrease was mainly due to (i) a majority of the revenue of a sizable project, namely project no. 2 (project reference number corresponds with that in the table disclosed in the paragraph headed “Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this section) having a relatively high cumulative profit margin of approximately 65% for the Track Record Period, was recognised in the year ended 31 December 2016; (ii) the undertaking of a sizable project in the public sector in the year ended 31 December 2017, namely project no. 8 (project reference number corresponds with that in the table disclosed in the paragraph headed “Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this section), having a relatively low cumulative gross profit margin of approximately 12% for the Track Record Period. We generally adopt a more competitive pricing strategy for the projects in public sector due to the fact that we generally sourced public sector projects through open tendering process which is more competitive in nature as compared to the private sector projects which were generally secured through private tendering or direct negotiation and quotation; and (iii) the relatively higher increase in cost of sales which was attributable to (a) the increase of unit price of diesel; and (b) the increase in sale of inventories, the gross profit of which was relatively lower as compared to that of undertaking demolition services.

Other income

Our other income decreased by approximately S\$104,000 or 70.7% from approximately S\$147,000 for the year ended 31 December 2016 to approximately S\$44,000 for the year ended 31 December 2017 primarily due to the decrease of government grants and absence of rental income received. For the year ended 31 December 2017, we did not receive any funding from the Quieter Construction Fund since our projects during the year did not satisfy with the requirements which the construction site(s) must be located less than 150 metres from any hospital, home for the aged sick, residential building or other noise sensitive premises. We did not receive rental income from property for the year ended 31 December 2017 since we did not lease any part of our warehouse for rental to third party during the year.

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Other gains

Our other gains decreased by approximately S\$425,000 or 46.4% from approximately S\$916,000 for the year ended 31 December 2016 to approximately S\$491,000 for the year ended 31 December 2017 primarily due to the decrease in gain on disposal on property, plant and equipment and the net currency exchange loss incurred for the year ended 31 December 2017 as compared to the net gain for the year ended 31 December 2016. The net currency exchange loss for the year ended 31 December 2017 was due to the strengthening of Singapore dollars during the year, which resulted in loss from the settlement of non-Singapore dollar denominated receivables.

Selling and distribution expenses

Our selling and distribution expenses increased by approximately S\$58,000 or 31.4% from approximately S\$185,000 for the year ended 31 December 2016 to approximately S\$243,000 for the year ended 31 December 2017 primarily due to the increase in entertainment, transportation and other expenses which were in line with the increase of business operations.

Administrative expenses

Our administrative expenses increased by approximately S\$200,000 or 3.6%, from approximately S\$5.6 million for the year ended 31 December 2016 to approximately S\$5.8 million for the year ended 31 December 2017. Such increase was primarily due to the increase in staff costs as we employed more administrative staff for our business expansion and increased the Directors' remuneration.

Finance costs

Our finance costs decreased slightly by approximately S\$6,000 or 1.2% from approximately S\$493,000 for the year ended 31 December 2016 to approximately S\$487,000 for the year ended 31 December 2017 due to the decrease in interest expenses on bank borrowings.

Income tax expense

Our income tax expense increased by approximately S\$62,000 or 7.5% from approximately S\$826,000 for the year ended 31 December 2016 to approximately S\$888,000 for the year ended 31 December 2017 despite the decrease in profit before income tax primarily due to the decrease in tax incentives from the Productivity and Innovation Credit Scheme.

Profit for the year

As a result of the cumulative effect of the above factors, our profit for the year decreased by approximately S\$1.1 million or 19.6% from approximately S\$5.6 million for the year ended 31 December 2016 to approximately S\$4.5 million for the year ended 31 December 2017.

Profit margin

Our Group's net profit margin was approximately 22.7% and 16.3% for the years ended 31 December 2016 and 2017, respectively. Our profit margin decreased by approximately 6.4% for the year ended 31 December 2017 which was mainly due to the decrease in gross profit margin as explained above.

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Year ended 31 December 2017 compared to year ended 31 December 2018

Revenue

Our Group's total revenue increased by approximately S\$6.1 million or 22.0% from approximately S\$27.9 million for the year ended 31 December 2017 to approximately S\$34.0 million for the year ended 31 December 2018. Such increase during the year was mainly attribute to the increase of our contract revenue of approximately S\$7.9 million or 30.3% due to (i) the revenue recognised from four sizeable projects, namely projects no. 3, 4, 5 and 7 (project reference number corresponds with that in the table disclosed in the paragraph headed "Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue" in this section) with an aggregate contract revenue recognised of approximately S\$20.6 million for the year ended 31 December 2018; and (ii) the increase of earth depositing proceeds of approximately S\$2.3 million which primarily derived from one of our projects which involved substantial land reinstatement works. Our proceeds from disposal of salvage materials also increased by approximately S\$2.2 million or 12.1% from approximately S\$18.2 million for the year ended 31 December 2017 to approximately S\$20.4 million for the year ended 31 December 2018, which is mainly due to the increase in the number of sizeable projects we were involved in during the year. There were increases and decreases in revenue recognised from our projects due to the varying amount of works performed in different financial periods.

Our other revenue decreased by approximately S\$1.7 million or 94.4% from approximately S\$1.8 million for the year ended 31 December 2017 to S\$81,000 for the year ended 31 December 2018 which was primarily due to (i) the absence of sales of machinery; and (ii) our higher utilisation of machinery for the year ended 31 December 2018 which leads to the decrease in our revenue from the leasing of machinery.

Set forth below is an analysis of our contract revenue by sector during the two years ended 31 December 2018:

	For the year ended 31 December					
	2017			2018		
	<i>No. of projects</i>	<i>Aggregate contract revenue recognised</i> <i>S\$'000</i>	<i>%</i>	<i>No. of projects</i> <i>(Note 1)</i>	<i>Aggregate contract revenue recognised</i> <i>S\$'000</i>	<i>%</i>
Public sector	2	4,111	15.8	8	13,592	40.0
Private sector	<u>27</u>	<u>21,943</u>	<u>84.2</u>	<u>22</u>	<u>20,314</u>	<u>60.0</u>
Total <i>(Note 2)</i>	<u>29</u>	<u>26,054</u>	<u>100.0</u>	<u>30</u>	<u>33,906</u>	<u>100.0</u>

Notes:

1. Out of the 30 projects which contributed contract revenue for the year ended 31 December 2018, 7 project also contributed contract revenue for the year ended 31 December 2017.
2. The total contract revenue recognised in each of the two years ended 31 December 2018 also included revenue generated from small jobs carried by us during the Track Record Period of approximately S\$78,000 and S\$607,000, respectively.

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As illustrated above, the increase in contract revenue for the year ended 31 December 2018 was in line with the increase in revenue recognised from the public sector for the year ended 31 December 2018, which was due to (i) the increase in number of public sector projects undertaken by us during the year; and (ii) the revenue contributed from two sizeable public sector projects, namely projects no. 4 and 5 (project reference number corresponds with that in the table disclosed in the paragraph headed “Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this section).

Cost of sales

Our cost of sales increased by approximately S\$3.9 million or 23.8%, from approximately S\$16.4 million for the year ended 31 December 2017 to approximately S\$20.3 million for the year ended 31 December 2018, which was mainly due to the increase in our (i) subcontractor charges; (ii) transportation expenses; and (iii) other cost of sales:

- (i) our subcontractor charges increased by approximately S\$3.2 million or 228.6% from approximately S\$1.4 million for the year ended 31 December 2017 to approximately S\$4.6 million for the year ended 31 December 2018. This was mainly due to the increase in sizeable projects undertaken by us for the year ended 31 December 2018 which involved more scaffolding and drainage works which we generally subcontracted to our subcontractors;
- (ii) our transportation expenses increased by approximately S\$388,000 or 47.8% from approximately S\$812,000 for the year ended 31 December 2017 to approximately S\$1.2 million for the year ended 31 December 2018. This was mainly due to the increase of the expenses we incurred for the transportation of demolition waste; and
- (iii) our other cost of sales increased by approximately S\$1.1 million or 122.2% from approximately S\$0.9 million for the year ended 31 December 2017 to approximately S\$2.0 million for the year ended 31 December 2018. This was mainly due to the increase of the expenses we incurred in machinery rental and the increase in legal and professional fees which was in line with our business expansion.

Gross profit and gross profit margin

Our gross profit increased by approximately S\$2.3 million or 20.2%, from approximately S\$11.4 million for the year ended 31 December 2017 to approximately S\$13.7 million for the year ended 31 December 2018. Our gross profit margin decreased by approximately 0.8% from approximately 41.1% for the year ended 31 December 2017 to approximately 40.3% for the year ended 31 December 2018 despite our revenue increased mainly due to (i) the undertaking of two sizable projects in the public sector for the year ended 31 December 2018, namely projects no. 4 and 5 (project reference number corresponds with that in the table disclosed in the paragraph headed “Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this section) having a relatively low cumulative profit margin of approximately 17% and 20%, respectively, for the Track Record Period. We generally adopt a more competitive pricing strategy for the projects in public sector due to the fact that we generally sourced public sector projects through open tendering process which is more competitive in nature as compared to the private sector projects which were generally secured through private tendering or direct negotiation and quotation. Further, project no. 5 involved in demolition of residential buildings which produced comparatively less salvage materials of high

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economic value such as ferrous metals and non-ferrous metals and therefore we received less proceeds from disposal of salvage materials and derived a relatively low gross profit margin from such project; and (ii) we incurred a more-than-proportionate increase in our cost of sales for the reasons explained above.

Other income

Our other income increased by approximately S\$154,000 or 350.0% from approximately S\$44,000 for the year ended 31 December 2017 to approximately S\$198,000 for the year ended 31 December 2018 primarily as a result of the increase in government grant mainly from the Mechanisation Credit Scheme received by us.

Other gains

Our other gain increased by approximately S\$89,000 or 18.1% from approximately S\$491,000 for the year ended 31 December 2017 to approximately S\$580,000 for the year ended 31 December 2018 mainly due to the increase in gain on disposal of property, plant and equipment during the year.

Selling and distribution expenses

Our selling and distribution expenses decreased slightly by approximately S\$4,000 or 1.6% mainly due to the decrease in our entertainment expenses as a result of our cost control measures.

Administrative expenses

Our administrative expenses increased by approximately S\$3.6 million or 62.1% from approximately S\$5.8 million for the year ended 31 December 2017 to approximately S\$9.4 million for the year ended 31 December 2018. Such increase was mainly due to the non-recurring listing expenses of approximately S\$3.3 million incurred for the year ended 31 December 2018.

Finance costs

Our finance costs increased by approximately S\$18,000 or 3.7% from approximately S\$487,000 for the year ended 31 December 2017 to approximately S\$505,000 for the year ended 31 December 2018 due to the increase in interest expense on our bank borrowings.

Income tax expense

Our income tax expenses increased by approximately S\$428,000 or 48.2% for the year ended 31 December 2018 as compared with the year ended 31 December 2017. Such increase was primarily due to the increase of our profit before income tax after excluding the listing expenses which are non-deductible for tax computation.

Profit for the year

As a result of the cumulative effect of the above factors, our profit for the year decreased by approximately S\$1.4 million or 31.1% from approximately S\$4.5 million for the year ended 31 December 2017 to approximately S\$3.1 million for the year ended 31 December 2018.

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Profit margin

Our Group's profit margin decreased by 7.2% from approximately 16.3% for the year ended 31 December 2017 to approximately 9.1% for the year ended 31 December 2018, which was primarily due to the non-recurring listing expenses of approximately S\$3.3 million incurred during the year.

Four months ended 30 April 2018 compared to four months ended 30 April 2019

Revenue

Our Group's total revenue increased by approximately S\$1.5 million or 14.9% from approximately S\$10.1 million for the four months ended 30 April 2018 to S\$11.6 million for the four months ended 30 April 2019. Such increase during the period was mainly attributable to the increase of our contract revenue of approximately S\$1.4 million or 13.9% due to (i) the increase in the number of projects with revenue contribution from 15 projects for the four months ended 30 April 2018 to 17 projects for the four months ended 30 April 2019; (ii) the revenue recognised from three sizeable projects, namely projects no. 6, 12 and 16 (project reference number corresponds with that in the paragraph headed "Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue" in this section) with an aggregate contract revenue recognised of approximately S\$6.6 million for the four months ended 30 April 2019; and (iii) the increase of net contract sum and proceeds from disposal of salvage materials by approximately S\$2.5 million and S\$0.7 million, respectively, which was in line with the number of sizeable projects undertaken during the four months ended 30 April 2019. There were increases and decreases in revenue recognised from our projects due to the varying amount of works performed in different financial periods.

Our other revenue increased by approximately S\$57,000 or 167.6% from approximately S\$34,000 for the four months ended 30 April 2018 to S\$91,000 for the four months ended 30 April 2019 which was primarily due to our revenue recognised from leasing of machinery increased by approximately S\$58,000 from approximately S\$31,000 for the four months ended 30 April 2018 to approximately S\$89,000 for the four months ended 30 April 2019.

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Set forth below is an analysis of our contract revenue by sector during the two financial periods ended 30 April 2018 and 2019:

	For the four months ended 30 April 2018		2019	
	No. of projects	Aggregate contract revenue recognised S\$'000	No. of projects <i>(Note 1)</i>	Aggregate contract revenue recognised S\$'000
Public projects	3	5,986	6	5,765
Private projects	<u>12</u>	<u>4,108</u>	<u>11</u>	<u>5,708</u>
Total <i>(Note 2)</i>	<u><u>15</u></u>	<u><u>10,094</u></u>	<u><u>17</u></u>	<u><u>11,473</u></u>

Notes:

1. Out of the 17 projects which contributed contract revenue for the four month ended 30 April 2019, 9 projects also contributed contract revenue for the year ended 31 December 2018.
2. The total contract revenue recognised in each of the two financial periods ended 30 April 2018 and 2019 also included revenue generated from small jobs carried by us during the Track Record Period of approximately S\$85,000 and nil, respectively.

As illustrated above, the increase in contract revenue for the four months ended 30 April 2019 was in line with the increase in revenue recognised from the private sector for the four months ended 30 April 2019, which was due to the revenue contributed from two sizeable private sector projects, namely projects no. 12 and 16 (project reference number corresponds with that in the table disclosed in the paragraph headed “Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this section).

Cost of sales

Our cost of sales increased by approximately S\$0.9 million or 13.6%, from approximately S\$6.6 million for the four months ended 30 April 2018 to approximately S\$7.5 million for the four months ended 30 April 2019, which was mainly due to a combined effect of the increase in our subcontractor charges and depreciation expenses, offsetting by the decrease in our transportation expenses:

- (i) our subcontractor charges increased by approximately S\$1.0 million or 110% from approximately S\$908,000 for the four months ended 30 April 2018 to approximately S\$1.9 million for the four months ended 30 April 2019. This was mainly due to a sizeable project, namely project 12 (project reference number corresponds with that in the paragraph headed “Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this section) undertaken by us for the four months ended 30 April 2019 which involved residential buildings located near noise sensitive premises and substantial scaffolding works (which we generally subcontracted to our subcontractors) were required to reduce the impact of construction noise;

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- (ii) our depreciation expenses increased by approximately S\$131,000 or 13.1% from approximately S\$997,000 for the four months ended 30 April 2018 to approximately S\$1.1 million for the four months ended 30 April 2019 was mainly due to the addition of machinery and equipment for the year ended 31 December 2018; and
- (iii) our transportation expenses decreased by approximately S\$50,000 or 10.9% from approximately S\$460,000 for the four months ended 30 April 2018 to approximately S\$410,000 for the four months ended 30 April 2019 was mainly due to the decrease of our customers' demand for the transportation of demolition waste.

Gross profit and gross profit margin

Our gross profit increased by approximately S\$0.5 million or 14.3%, from approximately S\$3.5 million for the four months ended 30 April 2018 to approximately S\$4.0 million for the four months ended 30 April 2019. Our gross profit margin remained stable at approximately 34.9% and 34.9% for the four months ended 30 April 2018 and 2019.

Our gross profit margin for the four months ended 30 April 2019, being approximately 34.9%, was lower than that of each of the three years ended 31 December 2018, being approximately 47.2%, 41.1% and 40.3%, respectively, which was mainly due to (i) a large portion of revenue for the three years ended 31 December 2018 was recognised and derived from three sizable projects, namely projects no. 1, 2 and 3 (project reference number corresponds with that in the table disclosed in the paragraph headed "Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue" in this section), having relatively high cumulative gross profit margin of approximately 62%, 65% and 51% for the Track Record Period, respectively. Such projects involved in the demolition of chemical plant and cement plant which produced comparatively more salvage materials of high economic value such as ferrous metals and non-ferrous metals, and thus our Group derived a relatively high gross profit margin from such projects during the three years ended 31 December 2018; (ii) while projects no. 1, 2 and 3 were completed in November 2017, February 2017 and February 2019, respectively, our Group did not take up any new sizable projects involving demolition of chemical plant nor cement plant which produced comparatively more salvage materials of high economic value such as ferrous metals and non-ferrous metals for the four months ended 30 April 2019; and (iii) a large portion of our revenue for the four months ended 30 April 2019 were derived from two sizable projects involving the demolition of residential and factory buildings, namely projects no. 6 and 12 which produced comparatively less salvage materials of high economic value such as ferrous metals and non-ferrous metals and therefore having a relatively low cumulative gross profit margin of approximately 32% and 35% for the Track Record Period, respectively.

Other income

Our other income decreased by approximately S\$9,000 or 32.1% from approximately S\$28,000 for the four months ended 30 April 2018 to approximately S\$19,000 for the four months ended 30 April 2019. Such decrease was primarily due to the decrease in government grant received.

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Other gains

Our other gains increased by approximately S\$27,000 or 117% from approximately S\$23,000 for the four months ended 30 April 2018 to approximately S\$50,000 for the four months ended 30 April 2019. Such increase was mainly due to the increase in gain on disposal of property, plant and equipment and the decrease in currency exchange loss.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately S\$54,000 or 45.4% from approximately S\$119,000 for the four months ended 30 April 2018 to approximately S\$65,000 for the four months ended 30 April 2019. Such decrease was mainly due to the decrease in our entertainment expenses as a result of our cost control measures.

Administrative expenses

Our administrative expenses decreased by approximately S\$0.7 million or 15.9% from approximately S\$4.4 million for the four months ended 30 April 2018 to approximately S\$3.7 million for the four months ended 30 April 2019. Such decrease was mainly due to the decrease of the non-recurring listing expenses.

Finance costs

Our finance costs increased by approximately S\$27,000 or 18.0% from approximately S\$150,000 for the four months ended 30 April 2018 to approximately S\$177,000 for the four months ended 30 April 2019. Such increase was mainly due to the increase in interest expense on our bank borrowings.

Income tax expense

Our income tax expenses increased by approximately S\$53,000 or 54.6% for the four months ended 30 April 2019 as compared with the four months ended 30 April 2018. Such increase was primarily due to the increase of our profit before income tax after excluding the listing expenses which are non-deductible for tax computation.

Profit for the period

As a result of the cumulative effect of the above factors, we recorded profit of approximately S\$59,000 for the four months ended 30 April 2019 as compared with the loss of approximately S\$1.2 million for the four months ended 30 April 2018.

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CONSOLIDATED BALANCE SHEETS

	As at 31 December			As at
	2016	2017	2018	30 April
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
ASSETS				
Non-current assets				
Property, plant and equipment	19,524	17,766	19,944	19,075
Right-of-use assets	17,738	17,432	16,503	16,370
Deposits and prepayment	1,435	82	285	285
Investment property	—	2,186	2,142	2,127
Financial asset at fair value through profit or loss	<u>145</u>	<u>152</u>	<u>159</u>	<u>158</u>
	<u>38,842</u>	<u>37,618</u>	<u>39,033</u>	<u>38,015</u>
Current assets				
Contract related assets and costs	3,613	2,910	7,904	9,667
Deposits paid to customers	6	733	1,159	398
Trade receivables	3,033	5,223	6,663	5,047
Deposits, prepayments and other receivables	1,627	490	1,076	1,138
Inventories	1,570	—	—	—
Cash and cash equivalents	6,266	3,561	2,977	3,711
Amount due from a director	<u>18</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>16,133</u>	<u>12,917</u>	<u>19,779</u>	<u>19,961</u>
Total assets	<u><u>54,975</u></u>	<u><u>50,535</u></u>	<u><u>58,812</u></u>	<u><u>57,976</u></u>
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	—	—	0	0
Other reserves	2,000	2,000	5,405	5,405
Retained earnings	<u>25,056</u>	<u>23,595</u>	<u>24,673</u>	<u>24,732</u>
	27,056	25,595	30,078	30,137
Non-controlling interest	<u>13</u>	<u>13</u>	<u>—</u>	<u>—</u>
Total equity	<u><u>27,069</u></u>	<u><u>25,608</u></u>	<u><u>30,078</u></u>	<u><u>30,137</u></u>

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	As at 31 December			As at 30 April
	2016	2017	2018	2019
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
LIABILITIES				
Non-current liability				
Borrowings	3,608	3,023	2,438	2,243
Lease liabilities	10,550	10,252	9,846	9,651
Deferred income tax liabilities	1,221	1,793	1,887	1,805
	<u>15,379</u>	<u>15,068</u>	<u>14,171</u>	<u>13,699</u>
Current liabilities				
Contract liabilities	887	—	—	—
Trade and other payables	2,375	3,785	5,259	5,197
Borrowings	753	741	3,744	3,742
Lease liabilities	5,525	3,308	4,266	3,921
Current income tax liabilities	—	315	1,294	1,280
Amount due to a director	2,987	1,710	—	—
	<u>12,527</u>	<u>9,859</u>	<u>14,563</u>	<u>14,140</u>
Net current assets	<u>3,606</u>	<u>3,058</u>	<u>5,216</u>	<u>5,821</u>
Total liabilities	<u>27,906</u>	<u>24,927</u>	<u>28,724</u>	<u>27,839</u>
Total equity and liabilities	<u>54,975</u>	<u>50,535</u>	<u>58,812</u>	<u>57,976</u>

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PRINCIPAL COMPONENTS OF CONSOLIDATED BALANCE SHEETS

Property, plant and equipment

Our property, plant and equipment as at 31 December 2016, 2017, 2018 and 30 April 2019 were approximately S\$19.5 million, S\$17.8 million, S\$19.9 million and S\$19.1 million, respectively. These property, plant and equipment mainly related to (i) plant and machinery; and (ii) leasehold building which comprised of our head office building.

The following table sets out the respective carrying values of our Group's property, plant and equipment as at the respective dates indicated:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$'000	S\$'000	S\$'000	2019 S\$'000
Plant and machinery	11,484	10,143	12,570	11,943
Leasehold building	7,611	7,190	6,770	6,629
Motor vehicles	363	383	557	459
Office equipment, furniture and fittings	66	50	47	43
Total property, plant and equipment	19,524	17,766	19,944	19,074

Our property, plant and equipment decreased by approximately S\$1.7 million or 8.7% from approximately S\$19.5 million as at 31 December 2016 to approximately S\$17.8 million as at 31 December 2017, which was primarily due to the depreciation provided for the year of approximately S\$2.6 million and disposals of property, plant and equipment of approximately S\$424,000, which was partially offset by the additions of property, plant and equipment for our operations of approximately S\$384,000 and the transfer from right-of-use assets for such year of approximately S\$906,000.

Our property, plant and equipment increased by approximately S\$2.1 million or 6.5% from approximately S\$17.8 million as at 31 December 2017 to approximately S\$19.9 million as at 31 December 2018, which was primarily due to the additions of plant and machinery of approximately S\$1.3 million and the transfer from right-of-use assets for such year of approximately S\$4.0 million which was partially offset by the depreciation provided for such year of approximately S\$3.1 million.

Our property, plant and equipment decreased by approximately S\$0.8 million or 4.0% from approximately S\$19.9 million as at 31 December 2018 to approximately S\$19.1 million as at 30 April 2019, which was primarily due to the depreciation provided for the period of approximately S\$1.1 million and disposal of property, plant and equipment of approximately S\$83,000, which was partially offset by the additions of property, plant and equipment for operations of approximately S\$139,000 and the transfer from right-of-use assets for such period of approximately S\$182,000.

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Right-of-use assets

Right-of-use assets represent the capitalisation of the rental payments under the leases of properties and plant and equipment under finance leases. During the Track Record Period, we leased the land on which our head office building was located and office equipment such as photo-copying machines. We also acquired our machinery and equipment and motor vehicles by way of finance lease arrangements. Our right-of-use assets as at 31 December 2016, 2017, 2018 and 30 April 2019 were approximately S\$17.7 million, S\$17.4 million, S\$16.5 million and S\$16.4 million, respectively. The following table sets forth the details of our right-of-use assets as at the dates indicated:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$'000	S\$'000	S\$'000	2019
				S\$'000
Land	9,495	8,994	8,492	8,324
Office equipment	21	13	27	23
Plant and machinery	7,571	7,057	7,301	7,336
Motor vehicles	651	1,368	683	687
	<u>17,738</u>	<u>17,432</u>	<u>16,503</u>	<u>16,370</u>

Our leases are recognised as right-of-use assets and corresponding liability at the date of which the leased assets are available for use by our Group. Right-of-use asset arising from a lease is initially measured at cost on a present value basis and is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The fluctuation of our right-of-use assets were principally due to the additions of the properties and plant and equipment under finance leases and the depreciation charge recognised during the year/period.

Investment property

Our investment property represented the net book value of an investment property located at 2 Venture Drive, #02-18 Vision Exchange, Singapore which our Group entered into relevant sale and purchase agreement in 2014 and obtained title to in 2017. The investment property relates to a medical facility unit with a lease term of 94 years as at 30 April 2019 which is intended for disposal or leasing to a third party for generating rental income. As at 30 April 2019, it has not been leased. As at the Latest Practicable Date, it was leased to an Independent Third Party.

Investment property is stated at cost less accumulated depreciation as the Group has elected to adopt the cost model method to measure its investment properties. As at 30 April 2019, the investment property had a net book value of approximately S\$2.1 million.

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Contract related assets and costs

Our contract related assets and costs as at 31 December 2016, 2017, 2018 and 30 April 2019 were approximately S\$3.6 million, S\$2.9 million, S\$7.9 million and S\$9.7 million, respectively. The table below sets out the breakdown of our contract related assets and costs as at 31 December 2016, 2017 and 2018 and 30 April 2019:

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Contract assets — demolition projects	3,613	2,910	7,904	9,667
Total contract related assets and costs	3,613	2,910	7,904	9,667

Contract assets are recognised if our right to payment for services transferred to our customer exceed the billings issued. Our right to payment for services transferred to our customer is determined based on (i) the estimated total transaction price; and (ii) the progress of the demolition project (which is determined based on the proportion of costs incurred to-date to the estimated total costs for each demolition project). Due to the contiguous and inseparable demolition works performed by us, the estimated total transaction price includes not only the fixed amount of net contract sum received or receivable directly from the project owners, but also a variable consideration in the form of proceeds from (i) disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (ii) earth providers for depositing earth at demolition sites for landfilling purpose on behalf of the project owners. Our contract assets decreased to S\$2.9 million as at 31 December 2017 which was mainly due to completion of some of the projects for which full billings have been made during 2017. Furthermore, there was also commencement of new projects which were still at a relatively early stage with slight progress made at the end of 2017 and therefore led to a lower contract assets being recognised. Our contract assets increased to S\$7.9 million as at 31 December 2018 and further increased to S\$9.7 million as at 30 April 2019 as there were more on-going projects at the end of 2018 and 30 April 2019 which have made substantial progress of the contract activity ahead of the total amount of progress billings and in turn resulted in a higher level of balances of contract assets as at 31 December 2018 and as at 30 April 2019.

We generally do not receive any sums as prepayment for our demolition projects from our customers. For our demolition projects, we generally incur large amount of costs at the early stage of the projects for purchasing materials, setting up site office if required, arranging transportation of our machinery and providing our services before payments are received from our customers. We will submit various payment applications to our customers based on work done throughout the project execution stage in accordance with our actual work progress. Depending on the scale and complexity of the project and the actual work performed, during the Track Record Period we submitted payment applications to our customers in the range of one to six months after the commencement of relevant works. After our Group has submitted the payment applications, our customers will inspect and verify the respective amount of work done by endorsing on our payment application or issuing a payment certificate to us. In

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general, our customers need approximately two to three months to complete the certification process upon receiving our payment application. Once our customers have assessed and certified the amount, we will issue progress billing to our customers. Thus, we normally would have a substantial lag time between the commencement of our works and the issuance of the relevant progress billing to our customers. Further, we generally receive proceeds from the disposal of salvage materials and earth depositing (if any) at a later stage of our projects after our demolition works at the demolition sites. As a result, depending on (i) the different working stages of our projects as at the end of the reporting periods; (ii) the amount of works completed by our Group at the time close to the end of each reporting period, by reference to the actual costs incurred to date and the total budgeted costs for the projects; and (iii) the timing and the amount of works certified by our customers for progress billing as at the end of the reporting periods, we may incur significant amount of contract assets before billings have been made to our customers.

As at 30 April 2019, the amount of contract assets which remained unbilled was approximately S\$9.7 million, which was mainly attributed to five sizeable on-going projects, namely projects no. 6, 12, 5, 16 and 9 (project reference number corresponds with that in the table disclosed in the paragraph headed “Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this section) which were in the process of progress claims and in aggregate represented approximately S\$7.2 million or 74.2% of our contract assets as at 30 April 2019. The increase in our contract assets as at 30 April 2019 as compared to that as at 31 December 2018 was primarily due to (i) the increase in the number of demolition works that were completed but were not certified by our customers at the end of 30 April 2019, such as project no. 6, the relevant works were completed but were not certified as at 30 April 2019 as a result of more works performed by us in the period prior to 30 April 2019 as compared to the period prior to 31 December 2018. We recorded contract revenue from such project of approximately S\$1.1 million and S\$2.1 million for the year ended 31 December 2018 and four months ended 30 April 2019, respectively, and our unbilled contract assets for such project increased from approximately S\$0.7 million as at 31 December 2018 to S\$2.1 million as at 30 April 2019 accordingly; and (ii) the commencement of new sizeable projects, such as projects no. 12 and 16, during the four months period 30 April 2019, which we incurred large amount of costs to perform the site preparatory works at the early stage of such projects. As a general practice, we submitted our first payment application only after the performance of the site preparatory works. Therefore, the costs of site preparatory works for these projects had not been billed by the end of April 2019, resulting in a higher amount of unbilled contract assets as at 30 April 2019.

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The following table sets out the breakdown of our contract assets by projects as at 30 April 2019:

	Contract assets as at 30 April 2019 S\$'000	Subsequently billed up to the Latest Practicable Date S\$'000	Subsequently billed and settled up to the Latest Practicable Date S\$'000	Remaining unbilled balance as at the Latest Practicable Date S\$'000	Expected subsequent billing date/settlement date
Project no. 6	2,133	1,283	868	850	October 2019/ October to November 2019
Project no. 12	1,971	1,971	1,971	—	N/A
Project no. 5	1,141	984	799	157	October 2019/ October to November 2019
Project no. 16	1,038	1,038	1,038	—	N/A
Project no. 9	887	693	168	194	October 2019/ October 2019
Others	2,497	2,497	1,778	—	N/A/ October 2019
	<u>9,667</u>	<u>8,465</u>	<u>6,621</u>	<u>1,201</u>	

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The following tables set out the ageing analysis of our contract assets as at 31 December 2018 and 30 April 2019 respectively:

	Contract assets as at 31 December 2018	Remaining unbilled balance as at the Latest Practicable Date	Remaining unsettled balance as at the Latest Practicable Date
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Up to 30 days	2,570	—	208
31–60 days	1,196	—	104
61–90 days	716	—	104
91–120 days	773	—	104
Over 120 days	2,649	—	431
	7,904	—	951
		Remaining unbilled balance as at the Latest Practicable Date	Remaining unsettled balance as at the Latest Practicable Date
	Contract assets as at 30 April 2019	Remaining unbilled balance as at the Latest Practicable Date	Remaining unsettled balance as at the Latest Practicable Date
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Up to 30 days	4,906	319	918
31–60 days	1,321	160	352
61–90 days	664	160	352
91–120 days	554	160	330
Over 120 days	2,222	403	1,094
	9,667	1,202	3,046

As at the Latest Practicable Date (based on our Group's management accounts), approximately S\$8.5 million and S\$6.6 million, or 87.6% and 68.5%, of the contract related assets and costs as at 30 April 2019 has been subsequently billed and settled, respectively. Having considered, among others, (i) the substantial lag time between the commencement of our works and the issuance of the relevant progress billing to our customers as mentioned above; (ii) the status and progress of the respective projects; and (iii) the credit history and the financial condition of the respective customers individually, our Directors consider that the outstanding amount as at 30 April 2019 are recoverable and no provision has been made.

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Deposits paid to customers

Deposits paid to customers represented the amount of tender fee and/or deposit we paid in advance to our project customers for securing the relevant projects which was uncompleted as at 31 December 2016, 2017, 2018 and 30 April 2019. Deposits paid to customers for secured contracts increased to approximately S\$733,000 as at 31 December 2017 from approximately S\$6,000 as at 31 December 2016, further increased to approximately S\$1.2 million as at 31 December 2018, and decreased back to approximately S\$398,000 as at 30 April 2019, which principally due to the fact that the Group had incurred more tender fees to secure public projects which were uncompleted as at 31 December 2017 and 2018.

Trade receivables

Our trade receivables as at 31 December 2016, 2017, 2018 and 30 April 2019 were approximately S\$3.0 million, S\$5.2 million, S\$6.7 million and S\$5.0 million respectively, and mainly consisted of trade receivables from third parties and retentions. The table below sets out the breakdown of our trade receivables as at 31 December 2016, 2017, 2018 and 30 April 2019:

	As at 31 December			As at
	2016	2017	2018	30 April
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade receivables from third parties	2,715	5,207	6,509	5,008
Less: Allowance for impairment of trade receivables	—	—	(110)	(213)
Retentions	318	16	264	252
Total trade receivables	3,033	5,223	6,663	5,047

Trade receivables from third parties

Our trade receivables from third parties represented amounts receivable from (i) our customers who are the project owners for our provision of demolition services; (ii) salvage materials buyers for our sales of salvage materials; (iii) earth providers for their disposal of earth at our demolition sites for landfilling purpose; and (iv) sales of inventories. For receivables from our customers who are the project owners, since our Group's business is project-based, our relevant receivables are subject to the progress and the progress billings issued as at the reporting date. For receivables from our salvage materials buyers and earth providers, the amount of receivables are subject to the amount of salvage materials sold and earth disposed respectively. As at 31 December 2016, 2017, 2018 and 30 April 2019, our trade receivables from third parties amounted to approximately S\$2.7 million, S\$5.2 million, S\$6.5 million and S\$5.0 million, respectively. In addition, our Group had made provision for impairment of our trade receivables as at 31 December 2018 and 30 April 2019 amounting to approximately S\$110,000 and S\$213,000, respectively.

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We normally collect proceeds from salvage materials buyers and earth providers on a cash on delivery basis. For other proceeds due from customers, salvage materials buyers and earth providers, we normally grant credit terms of 30 days. To manage credit risks associated with trade receivables, we adopted risk control to assess the credit quality of our customers, salvage materials buyers and earth providers, during which we would carefully assess and consider various factors including but not limited to the relevant customer's size and background, credit history, financial condition and reputation, which we consider are essential factors for us to determine the credibility of such customers and the credit terms to be offered to our customers. We do not hold any collateral as security over these balances.

Retentions

Retentions relate to amount withheld by customers from progress payments due to us for demolition services provided. Retention receivables amounted to approximately S\$318,000, S\$16,000, S\$264,000 and S\$252,000 as at 31 December 2016, 2017, 2018 and 30 April 2019, respectively. The fluctuation of retention receivables were due to the timing of retention monies by our customers and the release thereof.

The following table sets out the ageing analysis of our trade receivables and retentions, based on the invoice date, as at the dates indicated:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$'000	S\$'000	S\$'000	2019 S\$'000
Up to 30 days	1,913	4,183	4,741	2,144
31–60 days	579	509	1,017	616
61–90 days	328	87	498	914
91–120 days	23	383	22	62
Over 120 days	190	61	385	1,311
	3,033	5,223	6,663	5,047

The following table sets out the trade receivables turnover days for the Track Record Period:

	For the year ended 31 December			For the
	2016	2017	2018	four months
				ended
				30 April
	2016	2017	2018	2019
Trade receivables turnover days ^(Note)	45	68	72	52

Note: Trade receivables turnover day equals ending balance of trade receivables divided by revenue for the relevant year/period multiplied by the number of days in the relevant year/period.

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Trade receivables turnover days were approximately 45 days, 68 days, 72 days and 52 days for the three years ended 31 December 2018 and four months ended 30 April 2019 respectively. The change in our trade receivables turnover days was generally in line with the fluctuation of our trade receivables from third parties during the years. Our trade receivables turnover days increased to approximately 68 days for the year ended 31 December 2017 which was mainly due to the increase in receivables from (i) two cross-year sizeable projects; (ii) a project completed in December 2017; and (iii) sale of cranes of approximately S\$1.3 million in December 2017. Our trade receivables turnover days further increased to approximately 72 days for the year ended 31 December 2018 which was mainly due to the increase in trade receivables derived primarily from three cross-year sizeable projects. Our trade receivables turnover days decreased to approximately 52 days for the four months ended 30 April 2019 was mainly due to our Group's continuous effort to strengthen the collection of trade receivables.

The following table sets out the contract assets and trade receivables turnover days for the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April
	2016	2017	2018	2019
Contract assets and trade receivables turnover days ^(Note)	98	107	156	153

Note: Contract assets and trade receivables turnover day equals to the ending balance of contract related assets and costs and trade receivables divided by revenue for the relevant year/period multiplied by the number of days in the relevant year/period.

Contract assets and trade receivables turnover days were approximately 98 days, 107 days, 156 days and 153 days for the three years ended 31 December 2018 and four months ended 30 April 2019, respectively. Our contract assets and trade receivables turnover days increased to approximately 107 days for the year ended 31 December 2017 which was mainly due to the increase in trade receivables as at 31 December 2017 as mentioned above. Our contract assets and trade receivables turnover days further increased to approximately 156 days for the year ended 31 December 2018 which was mainly due to (i) the increase in trade receivables as mentioned above; and (ii) the increase in contract related assets and costs from approximately S\$2.9 million as at 31 December 2017 to S\$7.9 million as at 31 December 2018 as there were more on-going projects at the end of 2018 which have made substantial progress of the contract activity ahead of the total amount of progress billings. Our contract assets and trade receivables turnover days remained stable at approximately 153 days for the four months ended 30 April 2019 as compared to that for the year ended 31 December 2018.

As at the Latest Practicable Date (based on our Group's management accounts), approximately S\$4.2 million or 84.0% of the trade receivables outstanding as at 30 April 2019 has been subsequently settled. Having considered, among others, the credit history and the financial condition of the respective customers individually, our Directors consider that these outstanding trade receivable balances as at 30 April 2019 are recoverable and we have made adequate provision for trade receivables during the Track Record Period.

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Deposits, prepayments and other receivables

The following table sets out the breakdown of deposits, prepayments and other receivables as at the dates indicated:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$'000	S\$'000	S\$'000	2019
	S\$'000	S\$'000	S\$'000	S\$'000
Other receivables from third parties	1,519	265	60	34
Deposits paid to third parties	32	44	112	38
Deposits paid for plant and equipment	—	82	285	285
Staff loans	40	20	10	13
Prepayments	36	161	61	17
Prepaid listing expenses	—	—	833	1,036
Progress payment for investment property	1,435	—	—	—
	3,062	572	1,361	1,423
Less non-current portion:				
Deposits paid for plant and equipment	—	(82)	(285)	(285)
Progress payment for investment property	(1,435)	—	—	—
Total deposits, prepayments and other receivables	1,627	490	1,076	1,138

Our deposits, prepayments and other receivables principally comprised of (i) other receivables from third parties which mainly representing receivables from our disposal of property, plant and equipment; (ii) deposit paid for plant and equipment which included deposit we paid in advance for purchase of our machinery and equipment; and (iii) progress payment for investment property which represents the progress payment made in relation to the investment property at 2 Venture Drive, #02-18 Vision Exchange, Singapore since March 2014.

Our deposits, prepayments and other receivables decreased by approximately S\$1.1 million as at 31 December 2017 primarily due to the substantial decrease in the value of other receivables from third parties and the decrease of progress payment for investment property which we obtained title to in 2017.

Our deposits, prepayments and other receivables increased by approximately S\$586,000 as at 31 December 2018 and further increased by approximately S\$62,000 as at 30 April 2019 which was primarily due to the listing expenses prepaid for the purpose of the Global Offering.

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Inventories

As at 31 December 2016, our inventories comprised of machinery and equipment for subsequent sales. The machinery and equipment as at 31 December 2016 mainly comprised of the cost of three cranes which were subsequently sold in December 2017. Cost of machinery and equipment for the relevant sales were included in our cost of sales during the Track Record Period and for further information, please refer to the paragraph headed “Principal components of consolidated statements of comprehensive income — Cost of sales” in this section. During the Track Record Period, we sold machinery when the machinery buyers request and when it is economically attractive to do so.

Financial asset at fair value through profit or loss

The financial assets at fair value through profit or loss represented the Keyman insurance issued by Manulife (Singapore) Pte Ltd. As at 31 December 2016, 2017, 2018 and 30 April 2019, the financial assets at fair value through profit or loss amounted to approximately S\$145,000, S\$152,000, S\$159,000 and S\$158,000, respectively.

Our management estimates the fair value based on the cash surrender value in accordance with the Keyman insurance contract with the insurance company. Our management have understood the Keyman insurance with the insurance company, checked the relevant supporting documents including policy quarterly statement from the insurance company, etc.

Trade and other payables

The following table sets out the breakdown of our trade and other payables as at the dates indicated:

	As at 31 December			As at
	2016	2017	2018	30 April
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade payables to third parties	955	2,349	2,524	2,160
Accrued expenses	527	631	1,639	2,206
Deposits received	34	—	—	—
Other payables	859	805	1,096	831
	<u>859</u>	<u>805</u>	<u>1,096</u>	<u>831</u>
Total trade and other payables	<u>2,375</u>	<u>3,785</u>	<u>5,259</u>	<u>5,197</u>

Trade payables to third parties

Trade payables to third parties represented payables incurred in relation to the purchase of machinery parts and consumables and subcontractor charges. Our Group’s trade payables to third parties are non-interest bearing and the credit terms of our trade payables to third parties granted by our subcontractors and suppliers were generally 30 days after the issuance of invoice. Our trade payables to third parties increased from approximately S\$1.0 million as at 31 December 2016 to approximately

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S\$2.3 million, S\$2.5 million as at 31 December 2017, 2018, and decreased to S\$2.2 million for 30 April 2019, respectively, which was primarily due to our business growth during the Track Record Period resulting in the increase in purchase of machinery parts and consumables.

The following table sets forth our trade payables turnover days during the Track Record Period:

	For the year ended 31 December			For the four months ended 30 April 2019
	2016	2017	2018	2019
Trade payables turnover days ^(Note)	27	52	45	34

Note: Trade payables turnover days equals ending balance of trade payables to third parties divided by cost of sales for the relevant year/period multiplied by the number of days in the relevant year/period.

Trade payables turnover days were approximately 27 days, 52 days, 45 days and 34 days for the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2019 respectively. Our trade payables turnover days increased to approximately 52 days for the year ended 31 December 2017 which was mainly due to the increase in trade payables to third parties. Our trade payables turnover days decreased to approximately 45 days and 34 days for the year ended 31 December 2018 and the four months ended 30 April 2019 was mainly due to the payment effort of our Group.

As at the Latest Practicable Date (based on our Group's management accounts), approximately S\$2.1 million or 99.1% of the trade payables outstanding as at 30 April 2019 has been subsequently settled.

Accrued expenses

Accrued expenses represented expenses which had been incurred but not yet paid such as salary payable to our staff and workers. As at 31 December 2016, 2017, 2018 and 30 April 2019, the increase of balances of accrued expenses were primarily due to our increase of demolition works and business growth.

Deposits received

Deposits received represented the security and rental deposits for rental of machinery from our customers. The changes in our deposits received represented the amount of deposits received as at the reporting dates.

Other payables

Other payables represented (i) deposits received from our sale of inventories; (ii) Goods and Services Tax payables; and (iii) payables in relation to purchase of property, plant and equipment. As at 31 December 2016, 2017, 2018 and 30 April 2019, the balances of other payables decreased from approximately S\$859,000 to approximately S\$805,000 and increased to approximately S\$1.1 million and

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then decreased back to approximately S\$831,000, respectively, which were primarily due to (i) our higher expenditure for purchase of plant and equipment for the years ended 31 December 2016 and 31 December 2018; and (ii) the increase of our GST payable as at 31 December 2018.

Amount due to a director

We recorded the amount due to a director of approximately S\$3.0 million, S\$1.7 million, nil and nil as at 31 December 2016, 2017, 2018 and 30 April 2019, respectively, which represented advanced by Mr. Tan for financing the daily operations of our Group. The amounts due to director are non-trade in nature, unguaranteed, unsecured, interest-free and repayable on demand. All outstanding balance had been either repaid to Mr. Tan or waived by Mr. Tan during the year ended 31 December 2018, among which Mr. Tan agreed to waive the amount due to a director of S\$800,000 with Beng Soon Machinery on 31 March 2018.

Deferred income tax liabilities

The deferred income tax liabilities are mainly resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with tax law prevails in Singapore. We recorded the deferred income tax liabilities of approximately S\$1.2 million, S\$1.8 million, S\$1.9 million and S\$1.8 million as at 31 December 2016, 2017, 2018 and 30 April 2019, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our source of funds for our operations mainly comes from our internal generated funds, bank loans and other borrowings. Our primary uses of cash are for capital expenditures on machinery and equipment and payment to our employees, suppliers, subcontractors for working capital needs. Upon the Listing, our source of funds will be a combination of internal generated funds, bank loans and other borrowings and net proceeds from the Global Offering.

As at 31 August 2019, being the latest practicable date for the purpose of the disclosure of our liquidity position, we had cash and bank balances of approximately S\$4.1 million.

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Net current assets

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

	As at 31 December			As at	As at
	2016	2017	2018	30 April 2019	31 August 2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
					(unaudited)
Current assets					
Contract related assets and costs	3,613	2,910	7,904	9,667	9,876
Deposits paid to customers	6	733	1,159	398	78
Trade receivables	3,033	5,223	6,663	5,047	4,988
Deposits, prepayments and other receivables	1,627	490	1,076	1,138	1,412
Inventories	1,570	—	—	—	—
Cash and cash equivalents	6,266	3,561	2,977	3,711	4,104
Amount due from a director	18	—	—	—	—
Total current assets	16,133	12,917	19,779	19,961	20,458
Current liabilities					
Contract liabilities	887	—	—	—	—
Trade and other payables	2,375	3,785	5,259	5,197	3,955
Borrowings	753	741	3,744	3,742	3,549
Lease liabilities	5,525	3,308	4,266	3,921	3,381
Current income tax liabilities	—	315	1,294	1,280	641
Amount due to a director	2,987	1,710	—	—	—
Total current liabilities	12,527	9,859	14,563	14,140	11,526
Net current assets	<u>3,606</u>	<u>3,058</u>	<u>5,216</u>	<u>5,821</u>	<u>8,932</u>

As at 31 December 2016, 2017, 2018, 30 April 2019 and 31 August 2019, our net current assets amounted to approximately S\$3.6 million, S\$3.1 million, S\$5.2 million, S\$5.8 million and S\$8.9 million.

Our net current assets decreased from approximately S\$3.6 million as at 31 December 2016 to approximately S\$3.1 million as at 31 December 2017 primarily due to the decrease of our current assets as a result of (i) a decrease in cash and cash equivalents mainly due to dividends paid in the amount of approximately S\$6.0 million and repayment of obligation under leases of approximately S\$3.3 million; and (ii) a decrease in inventories mainly due to the sales of three cranes of approximately S\$1.6 million during the year.

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Our net current assets increased from approximately S\$3.1 million as at 31 December 2017 to approximately S\$5.2 million as at 31 December 2018 primarily due to the increase of our current assets as a result of (i) the increase in contract related assets and costs due to an increase of on-going projects undertaken by the Group as at 31 December 2018 which have made substantial progress of the contract activity ahead of the total amount of progress billings; and (ii) the increase in deposits, prepayment and other receivables due to prepaid listing expenses of approximately S\$833,000.

Our net current assets increased from approximately S\$5.2 million as at 31 December 2018 to approximately S\$5.8 million as at 30 April 2019 primarily due to the increase of our current assets as a result of (i) the increase in contract related assets and costs due to an increase of on-going projects undertaken by the Group as at 30 April 2019 which have made substantial progress of the contract activity ahead of the total amount of progress billings; and (ii) the increase in deposits, prepayment and other receivables due to the increase of prepaid listing expenses of approximately S\$203,000.

For reasons for the fluctuations of the balance sheet items mentioned above, please refer to the paragraph headed “Principal components of consolidated balance sheets” in this section.

Cash flows

The following table sets forth a condensed summary of our consolidated statements of cash flows for the Track Record Period:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Net cash generated from operating activities	8,066	10,973	3,180	534	2,260
Net cash generated from/(used in) investing activities	2,043	(2,016)	(1,262)	(1,023)	10
Net cash (used in)/generated from financing activities	<u>(6,200)</u>	<u>(11,655)</u>	<u>(2,505)</u>	<u>1,246</u>	<u>(1,532)</u>
Net increase/(decrease) in cash and cash equivalents	3,909	(2,698)	(587)	757	738
Cash and cash equivalents at beginning of the year	2,356	6,266	3,561	3,561	2,977
Effects of currency translation on cash and cash equivalents	<u>1</u>	<u>(7)</u>	<u>3</u>	<u>2</u>	<u>(4)</u>
Cash and cash equivalents at end of the year/period	<u>6,266</u>	<u>3,561</u>	<u>2,977</u>	<u>4,321</u>	<u>3,711</u>

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Cash flows from operating activities

The following table sets forth a reconciliation of our profit before taxation to net cash generated from operations:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
	(unaudited)				
Cash flows from operating activities					
Profit before income tax	6,452	5,427	4,394	(1,075)	209
Adjustments for:					
— Depreciation of property, plant and equipment, right-of-use assets and investment property	3,944	4,219	4,657	1,517	1,626
— Gain on disposal of property, plant and equipment	(905)	(482)	(584)	(58)	(65)
— Gain on disposal of a subsidiary	—	—	(18)	(18)	—
— Fair value loss/(gain) on financial asset at fair value through profit or loss	22	(17)	(4)	(1)	(1)
— Interest income	(1)	(2)	(1)	—	—
— Interest expense	494	487	502	151	176
— Unrealised (gain)/loss on foreign exchange	(1)	5	(3)	—	4
	<u>(1)</u>	<u>5</u>	<u>(3)</u>	<u>—</u>	<u>4</u>
Operating cash flow before working capital changes	10,005	9,637	8,943	516	1,949
Changes in working capital:					
— Financial asset at fair value through profit or loss	(167)	—	—	—	—
— Contract related assets and costs	(310)	(184)	(4,995)	(2,109)	(1,763)
— Deposit paid to customers	2,017	(727)	(425)	(9)	760
— Trade receivables	(1,791)	(2,189)	(1,440)	2,484	1,616
— Deposits, prepayments and other receivables	(1,464)	1,073	(160)	246	7
— Inventories	21	1,569	—	—	—
— Trade and other payables	(246)	1,792	1,500	(594)	(63)
	<u>(246)</u>	<u>1,792</u>	<u>1,500</u>	<u>(594)</u>	<u>(63)</u>
Cash generated from operations	8,065	10,971	3,423	534	2,506
Interest received	1	2	1	—	—
Income tax paid	—	—	(244)	—	(246)
	<u>—</u>	<u>—</u>	<u>(244)</u>	<u>—</u>	<u>(246)</u>
Net cash generated from operating activities	<u>8,066</u>	<u>10,973</u>	<u>3,180</u>	<u>534</u>	<u>2,260</u>

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For the three years ended 31 December 2018 and the four months ended 30 April 2019, we recorded profit before taxation of approximately S\$6.5 million, S\$5.4 million, S\$4.4 million and S\$209,000, net cash generated from operating activities of approximately S\$8.1 million, S\$11.0 million, S\$3.2 million and S\$2.3 million respectively. Net cash generated from operating activities primarily consisted of profit before taxation, being adjusted for depreciation of property, plant and equipment, right-of-use assets and investment property, gain on disposal of property, plant and equipment, fair value loss or gain on financial asset at fair value through profit or loss, interest income, interest expense and unrealised loss/gain on foreign exchange and net effect of changes in working capital.

For the year ended 31 December 2016, we recorded net cash generated from operating activities of approximately S\$8.1 million, primarily as a combined effect of (i) approximately S\$10.0 million operating profit before working capital changes; and (ii) the decrease of deposits paid to customers of approximately S\$2.0 million, which was partially offset by (i) the increase in trade receivables of approximately S\$1.8 million; and (ii) the increase in deposits, prepayments and other receivables of approximately S\$1.5 million.

For the year ended 31 December 2017, we recorded net cash generated from operating activities of approximately S\$11.0 million, primarily as a combined effect of (i) approximately S\$9.6 million operating profit before working capital changes; (ii) decrease in deposits, prepayments and other receivables of approximately S\$1.1 million; (iii) decrease in inventories of approximately S\$1.6 million; and (iv) the increase in trade and other payables of approximately S\$1.8 million, which was partially offset by (i) the increase in trade receivables of approximately S\$2.2 million; and (ii) the increase in deposits paid to customers of approximately S\$727,000.

For the year ended 31 December 2018, we recorded net cash generated from operating activities of approximately S\$3.2 million, primarily as a combined effect of (i) approximately S\$9.0 million operating profit before working capital changes; and (ii) the increase in trade and other payables of approximately S\$1.5 million, which was partially offset by (i) the increase in contract related assets and costs of approximately S\$5.0 million; and (ii) the increase in trade receivables of approximately S\$1.4 million.

For the four months ended 30 April 2019, we recorded net cash generated from operating activities of approximately S\$2.3 million, primarily as a combined effect of (i) approximately S\$2.0 million operating profit before working capital changes; (ii) the decrease in trade receivables of approximately S\$1.6 million, and (iii) the decrease of deposit paid to customers of approximately S\$760,000 which was partially offset by the increase in contract related assets and costs of approximately S\$1.8 million.

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Cash flows from investing activities

The following table sets forth the net cash generated from/(used in) investing activities during the Track Record Period:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Cash flows from investing activities					
Purchases of property, plant and equipment	(530)	(2,149)	(1,862)	(1,066)	(139)
Proceeds from disposal of property, plant and equipment	3,014	906	615	58	149
Disposal of subsidiary, net of cash disposed of	—	—	(15)	(15)	—
Payment for investment property	(441)	(773)	—	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash generated from/(used in) investing activities	<u>2,043</u>	<u>(2,016)</u>	<u>(1,262)</u>	<u>(1,023)</u>	<u>10</u>

For the year ended 31 December 2016, our net cash generated from investment activities was approximately S\$2.0 million which was mainly in relation to the proceeds from disposal of used plant and equipment of approximately S\$3.0 million, which was partially offset by our purchases of plant and equipment of approximately S\$530,000 and settlement of part of the purchase price of an investment property of approximately S\$441,000.

For the year ended 31 December 2017, our net cash used in investment activities was approximately S\$2.0 million which was mainly in relation to the purchases of plant and equipment including hydraulic excavators of approximately S\$2.1 million and settlement of part of the purchase price of an investment property of approximately S\$773,000, which was partially offset by the proceeds from disposal of our used plant and equipment of approximately S\$906,000.

For the year ended 31 December 2018, our net cash used in investing activities was approximately S\$1.3 million which was mainly in relation to purchases of plant and equipment of approximately S\$1.9 million which was partially offset by the proceeds from disposal of our used plant and equipment of approximately S\$615,000.

For the four months ended 30 April 2019, our net cash generated from investing activities was approximately S\$10,000 which was mainly in relation to the proceeds from disposal of our used plant and equipment of approximately S\$149,000 which was partially offset by the purchases of plant and equipment of approximately S\$139,000.

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Cash flows from financing activities

The following table sets forth the information on our cash flow used in financing activities during the Track Record Period:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
				(unaudited)	
Cash flows from financing activities					
Proceeds from issuance of shares	—	—	2,605	2,605	—
Proceeds from borrowings	2,167	—	3,000	3,000	—
Repayments of borrowings	(2,585)	(585)	(585)	(199)	(195)
Repayment of obligation under leases	(3,240)	(3,306)	(3,493)	(635)	(1,092)
Advance from a director	127	529	53	53	—
Repayment to a director	(776)	(1,806)	(963)	(963)	—
Listing expenses paid (equity portion)	—	—	(620)	(465)	(68)
Interest paid	(493)	(487)	(502)	(150)	(177)
Dividends paid	(1,400)	(6,000)	(2,000)	(2,000)	—
	<u>(1,400)</u>	<u>(6,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>—</u>
Net cash (used in)/generated from financing activities	<u>(6,200)</u>	<u>(11,655)</u>	<u>(2,505)</u>	<u>1,246</u>	<u>(1,532)</u>

For the year ended 31 December 2016, our net cash used in financing activities was approximately S\$6.2 million and principally representing (i) payment of dividend of approximately S\$1.4 million; (ii) repayment of obligation under leases of approximately S\$3.2 million; and (iii) repayment of borrowings of approximately S\$2.6 million which was partially offset by (i) the advance from director of approximately S\$127,000; and (ii) the proceeds from borrowings of approximately S\$2.2 million.

For the year ended 31 December 2017, our net cash used in financing activities was approximately S\$11.7 million and principally representing (i) payment of dividend of approximately S\$6.0 million; (ii) repayment of obligation under leases of approximately S\$3.3 million; and (iii) repayment to director of approximately S\$1.8 million.

For the year ended 31 December 2018, our net cash used in financing activities was approximately S\$2.5 million and principally representing (i) prepaid listing expenses of approximately S\$620,000; (ii) payment of dividend of approximately S\$2.0 million; (iii) repayment of obligation under leases of approximately S\$3.5 million; and (iv) repayment to a director of approximately S\$963,000, notwithstanding we received proceeds from borrowings of approximately S\$3.0 million and proceeds from issuance of shares of approximately S\$2.6 million.

For the four months ended 30 April 2019, our net cash used in financing activities was approximately S\$1.5 million and principally representing (i) repayment of borrowing of approximately S\$195,000; (ii) repayment of obligation under leases of approximately S\$1.1 million; and (iii) interest paid of approximately S\$177,000.

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Working capital

Our Directors are of the opinion that, taking into consideration the internal resources presently available to our Group, cash generated from our operation, available banking facilities and the estimated net proceeds to be received by us from the Global Offering, our Group has sufficient working capital for our present requirements, that is, for at least the next 12 months commencing from the date of this prospectus.

Our Directors further confirm that they are not aware of any other factors that would have a material impact on our Group's liquidity.

INDEBTEDNESS

As at 31 August 2019, the latest practicable date for the purpose of the indebtedness statement above, our Group had outstanding indebtedness of approximately S\$18.7 million which comprised borrowings and lease liabilities. As at the Latest Practicable Date, there are no material covenants related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing.

Borrowings

The table bellows sets out our Group's borrowings as at the respective financial position dates:

	As at 31 December			As at 30 April	As at 31 August
	2016	2017	2018	2019	2019
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
					(unaudited)
Non-current					
Bank borrowings (secured)	3,608	3,023	2,438	2,243	2,243
Current					
Bank borrowings (secured)	585	585	3,585	3,585	3,390
Premium financing loan (secured)	167	156	159	157	159
	753	741	3,744	3,742	3,549
Total borrowings	4,361	3,764	6,182	5,985	5,792

Our bank borrowings consisted of (i) term loan and (ii) fixed advance facility.

Our term loan is denominated in S\$, bearing interest at 2.28% plus prevailing 1-month SIBOR per annum. The bank borrowing of approximately S\$4.2 million, S\$3.6 million, S\$3.0 million and S\$2.8 million is secured by the leasehold building and personal guarantees from Mr. Tan and Ms. Lee during the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively.

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Our fixed advance facility is denominated in S\$, bearing interest between 3.02% to 3.02% and 3.02% to 3.23% during the year ended 31 December 2018 and 30 April 2019 respectively. The bank borrowing of nil, nil, S\$3.0 million and S\$3.0 million during the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively is secured by the leasehold building and personal guarantees from Mr. Tan and Ms. Lee.

As at the Latest Practicable Date, our Group obtained banking facilities totaling of approximately S\$15.3 million granted by banks in Singapore and we had available unutilised banking facilities of approximately S\$3.1 million.

Our premium financing loan is denominated in USD and relates to a loan obtained to finance the life insurance policy taken up by Beng Soon Machinery for a key management staff as disclosed in Notes 15 and 22 of the accountant's report set out in Appendix I to this prospectus. The loan is secured by the underlying life insurance policy and bears interest rate between 1.4% to 1.6%, 1.7% to 2.2%, 2.6% to 3.3% and 3.3% to 3.4% during the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively. The premium financing loan is secured by personal guarantees from Mr. Tan and Ms. Lee.

As at 31 August 2019, the term loan and fixed advance facility were secured by the leasehold buildings and personal guarantees from Mr. Tan and Ms. Lee, while the premium financing loan was secured by the underlying life insurance policy and personal guarantees from Mr. Tan and Ms. Lee. Our Directors confirm that the joint and several personal guarantees provided by Mr. Tan and Ms. Lee as referred to above would be released by the financial institutions and replaced by corporate guarantee of our Group upon Listing.

Lease liabilities

Lease liabilities represent the aggregate lease payment obligations not yet fulfilled under the lease agreements. During the Track Record Period, we leased the land on which our head office building was located and office equipment such as photo-copying machines. We also acquired our machinery and equipment and motor vehicles by way of finance lease arrangements. By adopting the IFRS 16 "Lease", leases are recognised as right-of-use assets, and corresponding liability at the date on which the leased assets are available for use by our Group. The following table sets forth the details of our current and non-current lease liabilities:

	As at 31 December			As at 30 April	As at 31 August
	2016	2017	2018	2019	2019
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Current	5,525	3,308	4,266	3,921	3,381
Non-current	10,550	10,252	9,846	9,651	9,574
	16,075	13,560	14,112	13,572	12,955

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As at 31 December 2016, 2017, 2018, 30 April 2019 and 31 August 2019, we have outstanding lease liabilities of approximately S\$16.1 million, S\$13.6 million, S\$14.1 million, S\$13.6 million and S\$13.0 million respectively, among which approximately S\$5.5 million, S\$3.2 million, S\$4.1 million, S\$3.7 million and S\$3.1 million represent the aggregate lease payment obligations not yet fulfilled under the finance lease arrangements. During the Track Record Period, we acquired most of our machinery and equipment by way of finance lease arrangements. Pursuant to the lease agreements, there is no renewal clauses but transfer ownership of the leased assets to the Group by the end of the lease term. The average lease term is three years with effective interest rates on the finance leases between 2.10% to 5.29% per annum, 2.12% to 5.53% per annum, 2.12% to 5.53% per annum and 2.27% to 5.49% per annum, during the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2019 respectively. The finance lease liabilities of approximately S\$5.3 million, S\$2.8 million, S\$3.9 million, S\$3.7 million and S\$3.1 million were secured by Mr. Tan and Ms. Lee as at 31 December 2016, 2017, 2018, 30 April 2019 and 31 August 2019 respectively. The said personal guarantees will be replaced by corporate guarantees from our Company upon Listing. These finance lease liabilities were also secured by charges over the leased plant and machinery and motor vehicles.

Contingent liabilities

As at the Latest Practicable Date, our Group did not have contingent liabilities that will have a material adverse effect on our financial position, liquidity or result of operation.

Save as disclosed in this paragraph headed “Indebtedness” in this section and apart from intra-group liabilities and normal trade bills, our Directors confirm that our Group did not have any outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness issued and outstanding or agreed to be issued, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at 31 August 2019, being the latest practicable date for the purpose of this statement of indebtedness. Our Directors further confirm that during the Track Record Period, our Group did not experience any default, delay, withdrawal or request for repayment on demand of borrowings nor did we breach any major finance covenants and that there has not been any material change in our indebtedness and contingent liabilities since 31 August 2019 and up to the date of this prospectus. To the best knowledge and belief of our Directors, our Group will not have difficulties in obtaining new banking facilities or renewing banking facilities after Listing. As at the Latest Practicable Date, we did not have any plan for material external debt financing.

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CONTRACTUAL COMMITMENTS

Capital commitments

We had capital commitments primarily for purchase of investment property and plant and equipment. Our capital commitments outstanding at 31 December 2016, 2017, 2018 and 30 April 2019 not provided for in the historical financial information for the Track Record Period were as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$'000	S\$'000	S\$'000	2019
				S\$'000
Contracted but not provided for	<u>773</u>	<u>213</u>	<u>3,199</u>	<u>3,199</u>

OFF-BALANCE SHEET ARRANGEMENT OR COMMITMENTS

As at the Latest Practicable Date, the Group did not have any off-balance sheet arrangements or commitments.

CAPITAL EXPENDITURES

During the Track Record Period, our Group's capital expenditures principally consisted of expenditures for additions of plant and machinery and motor vehicles for our operations. The following table sets forth details of our capital expenditures during the Track Record Period:

	Year ended 31 December			As at
	2016	2017	2018	30 April
	S\$'000	S\$'000	S\$'000	2019
				S\$'000
Plant and machinery	6,375	1,320	5,840	620
Motor vehicles	746	1,225	—	68
Investment property	—	2,208	—	—
Office equipment, furniture and fittings	<u>—</u>	<u>13</u>	<u>26</u>	<u>5</u>
Total capital expenditures	<u>7,121</u>	<u>4,766</u>	<u>5,866</u>	<u>693</u>

For the three years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2019, our Group incurred capital expenditures of approximately S\$7.1 million, S\$4.8 million, S\$5.9 million and S\$693,000 mainly for the additions of plant and machinery, motor vehicles and an investment property. Our Directors consider that the continued investments in plant and equipment and motor vehicles are necessary in order to, among others, cater for demolition works of different scales and complexities and improve our capacity and technical capability in performing our demolition works. In particular, our expenditures for additions of plant and machinery for the years ended 31 December 2016 and 31 December 2018 was relatively higher, primarily due to the purchase of additional machinery and equipment which was in line with the increasing demand of our demolition services.

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The Group primarily funded its capital expenditures during the Track Record Period through internal resources, bank borrowings and finance lease arrangements. Our Group plans to finance future capital expenditures primarily through the net proceeds of the Global Offering, finance lease arrangement, bank borrowings and cash generated from operations. For further details, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

KEY FINANCIAL RATIOS

	Year ended 31 December or as at 31 December			Four months ended 30 April 2019 or as at 30 April 2019
	2016	2017	2018	2019
Gross profit margin (%) <i>(Note 1)</i>	47.2	41.1	40.3	34.9
Profit margin (%) <i>(Note 2)</i>	22.7	16.3	9.1	0.5
Current ratio (times) <i>(Note 3)</i>	1.3	1.3	1.4	1.4
Quick ratio (times) <i>(Note 4)</i>	1.2	1.3	1.4	1.4
Gearing ratio (%) <i>(Note 5)</i>	86.5	74.3	67.5	64.9
Interest coverage ratio (times) <i>(Note 6)</i>	14.1	12.1	9.7	2.2
Net debt to equity ratio (times) <i>(Note 7)</i>	0.6	0.6	0.6	0.5
Return on total assets (%) <i>(Note 8)</i>	10.2	9.0	5.2	0.1
Return on equity (%) <i>(Note 9)</i>	20.8	17.7	10.2	0.2

Notes:

1. Gross profit margin is calculated as gross profit for the year/period divided by revenue.
2. Profit margin is calculated as profit for the year/period divided by revenue.
3. Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.
4. Quick ratio is calculated as current assets minus inventories, then divided by current liabilities as at the respective reporting dates.
5. Gearing ratio is calculated as obligations under borrowings and lease liabilities and amount due to a director divided by total equity as at the respective reporting dates.
6. Interest coverage ratio is calculated as profit before finance costs and income tax divided by finance costs for the respective year/period.
7. Net debt to equity ratio is calculated as net debts (i.e. total borrowings, including payables incurred not in the ordinary course of business, net of cash and cash equivalents) divided by total equity as at the respective reporting dates.
8. Return on total assets is calculated as profit for the year/period divided by the total assets as at the respective reporting dates.
9. Return on equity is calculated as profit for the year/period divided by the total equity as at the respective reporting dates.

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Gross profit margin

Our gross profit margin was approximately 47.2%, 41.1%, 40.3% and 34.9% for the three years ended 31 December 2018 and the four months ended 30 April 2019 respectively. Please refer to the paragraph headed “Year (Period) to year (Period) comparison of results of operations” in this section for the reasons for the fluctuation in our gross profit margin.

Profit margin

Our profit margin was approximately 22.7%, 16.3%, 9.1% and 0.5% for the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively. Our profit margin decreased to approximately 0.5% for the four months ended 30 April 2019, which was primarily due to (i) the annual employee bonus of approximately S\$1.4 million distributed in the four months ended 30 April 2019. Such annual employee bonus was distributed to our employees once every year on or around Chinese New Year, which usually leads to a lower profit margin for the beginning of each financial year compared with the profit margin for the same full financial year; (ii) non-recurring listing expenses of approximately S\$758,000 incurred for the four months ended 30 April 2019; and (iii) the undertaking of two sizable projects involving the demolition of residential and factory buildings for the four months ended 30 April 2019, namely projects no. 6 and 12 (project reference number corresponds with that in the table disclosed in the paragraph headed “Principal components of consolidated statements of comprehensive income — Revenue — (i) contract revenue” in this section) which produced comparatively less salvage materials of high economic value such as ferrous metals and non-ferrous metals and therefore having a relatively low cumulative profit margin of approximately 32% and 35%, respectively, for the Track Record Period.

Current ratio and quick ratio

The current ratio remained stable at approximately 1.3, 1.3, 1.4 and 1.4 as at 31 December 2016, 2017, 2018 and 30 April 2019, respectively.

Our quick ratio was 1.2 as at 31 December 2016. The quick ratio as at 31 December 2017, 31 December 2018 and 30 April 2019 remained stable as approximately 1.3, 1.4 and 1.4 and was same as the current ratio given that we did not have any inventories as at the respective reporting dates.

Gearing ratio

Our gearing ratio decreased from approximately 86.5% as at 31 December 2016 to approximately 74.3% as at 31 December 2017. The decrease was mainly attributable to the decrease in our lease liabilities and amount due to a director as a result of our repayment during the year ended 31 December 2017. Our gearing ratio remained stable at approximately 67.5% and 64.9% as at 31 December 2018 and 30 April 2019.

Interest coverage ratio

Our interest coverage ratio decreased slightly from approximately 14.1 times for the year ended 31 December 2016 to approximately 12.1 times for the year ended 31 December 2017. Such decrease was primarily due to the decrease in our operating profit since our finance cost remain nearly the same. Our interest coverage ratio further decreased to approximately 9.7 times for the year ended 31 December

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2018 due to decrease in our operating profit mainly as a result of the listing expenses and the increase of our finance cost for the year ended 31 December 2018. Our interest coverage ratio further decreased to approximately 2.2 times for the four months ended 30 April 2019 due to the decrease in our operating profit mainly as a result of the listing expenses for the four months ended 30 April 2019.

Net debt to equity ratio

Our net debt to equity ratio remained stable at approximately 0.6, 0.6, 0.6 and 0.5 as at 31 December 2016, 2017, 2018, and 30 April 2019 given the changes in the net debt were in line with the changes in the total equity.

Return on total assets

Our return on total assets decreased from approximately 10.2% for the year ended 31 December 2016 to approximately 9.0% for the year ended 31 December 2017 which was mainly due to the decrease in our gross profit for the same year. Our return on total assets further decreased to approximately 5.2% for the year ended 31 December 2018 which was mainly due to the decrease in our profit for the year mainly as a result of the listing expenses and the increase in our total assets for the year ended 31 December 2018. Our return on total assets further decreased to approximately 0.1% for the four months ended 30 April 2019 which was mainly due to the decrease of our profit for the period as explained above.

Return on equity

Our return on equity decreased from approximately 20.8% for the year ended 31 December 2016 to approximately 17.7% for the year ended 31 December 2017, and further decreased to approximately 10.2% and 0.2% for the year ended 31 December 2018 and the four months ended 30 April 2019 primarily due to the change in our profit during the relevant years/period as explained above.

PROPERTY INTERESTS AND PROPERTY VALUATION

Jones Lang LaSalle, an independent property valuer, has valued the head office building owned by our Group (for details, please refer to the section headed “Business — Properties” in this prospectus) as of 31 July 2019 and is of the opinion that the value of our head office building as of such date was approximately S\$6.2 million. The property valuation report issued by Jones Lang LaSalle is set out in Appendix III to this prospectus. The table below shows the amount of our head office building as

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reflected in our consolidated financial information as at 30 April 2019 as set out in Appendix I to this prospectus and the valuation of the property as at 31 July 2019 as set out in Appendix III to this prospectus:

	<i>S\$'000</i>
Net carrying value of the property as at 30 April 2019	6,629
Less: depreciation for three month ended 31 July 2019	<u>(105)</u>
Net carrying value of the property as at 31 July 2019	6,524
Net valuation deficit ^(Note)	<u>(324)</u>
Valuation as at 31 July 2019	<u><u>6,200</u></u>

Note: Net valuation deficit, represents variance between the net carrying value, at cost less accumulated depreciation and any impairment loss of our property, and the valuation of such property as at 31 July 2019, as if the property are stated at fair value.

As the value of the head office building is lower than its net carrying amount which in turn suggests that an impairment indicator exists, an impairment test was performed by our management on the head office building accordingly. With reference to IAS 36 “Impairment of assets”, recoverable amount is defined as the higher of an asset’s or cash-generating unit’s fair value less costs of disposal and its value in use. Value in use is determined for the cash-generating unit which the head office building belongs to for the impairment test purposes. Based on our management’s assessment, the value in use of the cash-generating unit which the head office building belongs is higher than its carrying amount, our Group therefore assessed that there is no impairment on the head office building and the net valuation deficit of the property will not be included in our Group’s financial statements in accordance with our Group’s accounting policies.

RELATED PARTY TRANSACTIONS

For details of related party transactions, please refer to Note 29 of the accountant’s report set out in Appendix I to this prospectus. Our Directors confirm that the transactions set forth therein was conducted in accordance with the terms as agreed between us and the respective related parties, and on an arm’s length basis and did not distort our results of operation for the Track Record Period or make our historical results not reflective of our future performance.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 6 April 2018. As at the Latest Practicable Date, our Company had no reserves available for distribution to our Shareholders.

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RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

Subsequent to the Track Record Period and up to the Latest Practicable Date, we had continued to focus on our business of undertaking demolition works in Singapore, and we had completed 11 projects with an aggregate net contract sum of approximately S\$7.6 million, nine of which were awarded during the Track Record Period. From 1 May 2019 and up to the Latest Practicable Date, we had submitted a total of 39 tenders/quotations with an aggregate net contract sum of approximately S\$25.6 million and 12 new projects with an aggregate net contract sum of approximately S\$11.0 million had been awarded to us. As at the Latest Practicable Date, 73 tenders/quotations with an aggregate net contract sum of approximately S\$66.4 million the results of which were still pending. As at the Latest Practicable Date, we had 16 projects on hand (including projects in progress and projects awarded to us but had not yet commenced) with an aggregate net contract sum of approximately S\$16.3 million, six of which were awarded during the Track Record Period. Please refer to the section headed “Business — Our projects — Projects on hand as at the Latest Practicable Date” in this prospectus for further details. As at the Latest Practicable Date, all existing projects have continued to contribute revenue to our Group and none of them had any material interruption. Save and except for the Listing expenses as disclosed in this section, our Group did not have any significant non-recurrent items in our consolidated statements of comprehensive income subsequent to the Track Record Period.

In April 2019, one of our five largest customers during the Track Record Period has appointed our Group as its subcontractor for demolishing works for seven potential demolition projects with an aggregate estimated contract revenue of approximately S\$21.7 million. Three of the seven potential projects with such major customer are our projects on hand, namely projects no. 4, no. 10 and no. 11 (project reference number corresponds with that in the table disclosed in the section headed “Business — Our Projects — Projects on hand as at the Latest Practicable Date”). The other four potential projects, which were yet to be awarded to such major customer as at the Latest Practicable Date, will be private projects involving demolition of factory buildings and are expected to commence by the end of 2019 or during the year of 2020. The aggregate contract revenue of the four potential projects is estimated to be approximately S\$12.1 million (comprising (i) net contract sum of approximately S\$8.6 million; (ii) proceeds from disposal of salvage materials of approximately S\$3.5 million; and (iii) earth depositing proceeds of approximately S\$24,000) and the estimated net contract sum of individual project ranges from approximately S\$0.5 million to S\$3.5 million.

DIVIDENDS

For the three years ended 31 December 2018 and the four months ended 30 April 2019, aggregate tax-exempt dividends of S\$4.8 million, S\$6.0 million, S\$2.0 million and nil, respectively, have been declared and paid. Dividends declared and paid in the past should not be regarded as an indication of the dividend policy to be adopted by our Company following the Listing. 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 and other factors which our Directors deem relevant. We do not have any dividend policy nor a pre-determined dividend payout ratio. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

FINANCIAL INFORMATION

LISTING EXPENSES

We expect that our total listing expenses, which are non-recurring in nature, will amount to approximately HK\$50.0 million (equivalent to approximately S\$8.6 million) (assuming an Offer Price of HK\$0.6 per Offer Share (being the mid-point of the indicative Offer Price of HK\$0.5 to HK\$0.7 per Offer Share)), of which approximately HK\$27.2 million (equivalent to approximately S\$4.7 million) has been/will be charged to the consolidated statement of comprehensive income as expenses and approximately HK\$22.8 million (equivalent to approximately S\$3.9 million) is directly attributable to the issue of new Shares in the Listing and to be accounted for as a deduction from equity upon completion of the Global Offering in the year ending 31 December 2019. For the three years ended 31 December 2018 and the four months ended 30 April 2019, listing expenses of nil, nil, approximately S\$3.3 million and approximately S\$0.8 million was charged to our consolidated statement of comprehensive income, respectively. The remaining listing expenses of approximately S\$0.6 million will be charged to the consolidated statement of comprehensive income for the year ending 31 December 2019 upon Listing. Accordingly, the financial results of our Group for the year ending 31 December 2019 are expected to be materially affected by the estimated expenses in relation to the Listing. Our Directors would like to emphasise that such cost is a current estimate for reference only and the final amount to be recognised in the consolidated statement of comprehensive income of our Group for the year ending 31 December 2019 is subject to adjustment based on audit and the then changes in variables and assumptions.

FINANCIAL AND CAPITAL RISK MANAGEMENT

Our Group is exposed to certain financial risks including credit risk, interest rate risk and liquidity risk in the normal course of business. For further details of our financial risk management, please refer to the section headed “Business — Internal control and risk management” in this prospectus and Note 3 of the accountant’s report set out in Appendix I to this prospectus.

We manage our capital to ensure that we will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balance. Our management reviews our Group’s capital structure from time to time and, as part of the review, considers the cost of capital and the risks associated with each class of capital. Depending on our capital structure and needs from time to time, we may balance our overall capital structure through the payment of dividends, the issues of new shares, and/or new debts.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FINANCIAL INFORMATION

MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, save for the listing expenses to be incurred as stated in the paragraph headed “Listing expenses” in this section, (i) there were no material adverse changes in the market conditions or the industry environment in which we operate that materially and adversely affect our financial or operating position since 30 April 2019 and up to the date of this prospectus; (ii) there was no material adverse change in the trading and financial position or prospects of our Group since 30 April 2019 and up to the date of this prospectus; and (iii) no event had occurred since 30 April 2019 and up to the Latest Practicable Date that would materially and adversely affect the information shown in the accountant’s report set out in Appendix I to this prospectus.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted consolidated net tangible assets was prepared to illustrate the effect of the Global Offering on the audited consolidated net tangible assets of our Group attributable to owners of our Company as at 30 April 2019 as if the Global Offering had taken place on 30 April 2019, and does not take into account any trading results or other transactions entered into subsequent to 30 April 2019. Please refer to Appendix II to this prospectus for further details.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Business strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK\$0.6 per Share, being the mid-point of the indicative Offer Price range of HK\$0.5 to HK\$0.7 per Share) will be approximately HK\$100.0 million. We intend to apply the net proceeds from the Global Offering as follows:

- Approximately HK\$66.0 million (equivalent to approximately S\$11.4 million) or approximately 66.0% of the net proceeds will be used for enhancing our machinery fleet by acquiring (i) 31 units of excavators with different capacities including one unit of 48.5-metre high-reach excavator; and (ii) 19 attachments to excavators including ten units of hydraulic crushers, four units of hydraulic pulverizers and five units of hydraulic breakers. We expected such net proceeds will be utilised in the three years ending 31 December 2021. For further details of our planned allocation of the net proceeds for the purchase of additional machinery and equipment, please refer to the section headed “Business — Business Strategies — Strengthen our fleet of machinery and equipment” in this prospectus.

According to the Industry Report, demolition services industry is capital intensive in nature and that substantial and continuous investment are required for purchasing machinery and equipment in order to maintain competitiveness in the industry. As at 30 April 2019, the aggregate net book value of our plant and machinery amounted to approximately S\$19.3 million. During the Track Record Period, our Group’s capital expenditures were principally for additions of machinery and equipment for our operations. For the three years ended 31 December 2018 and the four months ended 30 April 2019, we acquired new machinery and equipment at an aggregate cost of approximately S\$6.4 million, S\$1.3 million, S\$5.8 million and S\$620,000, respectively. Our Directors believe it is imperative to continuously devote substantial capital investment in machinery and equipment in order to maintain our competitiveness in the market and that the use of net proceeds from Global Offering for this purpose, instead of debt financing, is in the best interest of the Group’s future development considering the following:

- (a) We have a genuine need to acquire machinery and equipment in order to maintain operational efficiency and to achieve our business expansion plan.**

In determining the types and quantity of machinery and equipment to be purchased in order to maintain our operational efficiency and to achieve our business expansion plan, we have considered various factors including (i) the types, quantity and operational condition of our existing machinery and equipment; (ii) the weighted average remaining useful life of existing machinery and equipment; (iii) the scale, complexity and number of projects on hand (including projects in progress and projects awarded to us but had not yet commenced); and (iv) the scale and complexity of the projects tendered or to be tendered.

FUTURE PLANS AND USE OF PROCEEDS

The utilisation rate of our major machinery had reached approximately 85.3% for the four months ended 30 April 2019. As at 30 April 2019, we had 95 units of hydraulic excavators and 67 units of attachments to excavators with weighted average remaining useful life (being the weighted average of remaining useful life assuming a useful life of ten years for each unit of machinery based on our accounting policy for depreciation of plant and machinery) of approximately 4.3 years and 4.9 years, respectively, and out of which 15 units of hydraulic excavators and 13 units of attachments to excavators were fully depreciated as at 30 April 2019.

Further, our Group's revenue maintained a rapid growth at CAGR of 17.2% from 2016 to 2018, and it is our Group's strategy to further strengthen our market position by taking up more demolition projects. As at the Latest Practicable Date, we had a total of 16 projects on hand (including projects in progress and projects awarded to us but had not yet commenced) with a total estimated contract revenue of approximately S\$30.7 million. In April 2019, one of our five largest customers during the Track Record Period has appointed our Group as its demolishing works contractor for seven potential demolition projects with an aggregate estimated contract revenue of approximately S\$21.7 million to be commenced in the years ending 31 December 2019 and 2020. Further, as at the Latest Practicable Date, 73 tenders/quotations with an aggregate net contract sum of approximately S\$66.4 million were submitted by us but the results of which were still pending. Based on the best estimate of our Directors, in order to cope with our projects on hand, potential projects from the aforementioned major customer and potential projects tendered for, the utilisation rate of our existing major machinery for the year ending 31 December 2019 would exceed 95.0% without the addition of new machinery and equipment.

In light of the above, our Directors believe that the quantity and operational conditions of our existing machinery and equipment are insufficient to maintain our operational efficiency in the future and incapable to cater for our future expansion plan of taking up more demolition projects.

(b) A stronger machinery fleet would enhance our flexibility and capability in taking more complex demolition projects and increase our competitiveness in the market.

According to the Industry Report, the forthcoming demolition projects in Singapore would likely to involve more sizeable, high rise and complex buildings and structures and that the demolition technology and related machinery and equipment have been continuously advancing to keep up with the increasing scale, height and complexity of the demolition work. For the year ended 31 December 2018 and the four months ended 30 April 2019, due to the principal reason that we did not have sufficient or the right type of machinery or equipment readily available to meet certain work requirements at the relevant times, we had (i) declined invitation to tender/quote for five projects; and (ii) submitted five tenders/quotations (with a total contract sum of over S\$7.7 million) with a less competitive tender price under our cautious approach by factoring in a higher profit margin.

FUTURE PLANS AND USE OF PROCEEDS

As at the Latest Practicable Date, four out of our 16 projects on hand involved structure exceeding 40 metres high. As at the Latest Practicable Date, we have three units of 40-metre reach excavators, and building structures above such height are out of reach by our existing hydraulic excavators. Based on internal assessment, by acquiring a 48.5-metre high-reach excavator could substantially reduce costs and time of demolition work of such structures, in particular reducing the need of installation of work platforms, scaffolding, propping and tower cranes at such height, and thus increase our efficiency and productivity for demolishing high-rise buildings. In addition, the use of such high-reach excavator could also minimise the risk of our workers working at height.

In light of the above, our Directors believe that the acquisition of more advanced machinery and equipment would enhance our flexibility and capability in carrying out more complex demolition projects and enhance our competitiveness in tendering process.

- (c) **To capture the market opportunities and to bring medium and long term benefits to our Group, we consider that it is not sustainable to rely on finance lease arrangement to acquire machinery and equipment.**

As at 31 August 2019, we had finance lease arrangement in the aggregate amount of S\$3.1 million. Our finance lease agreements do not have renewal clauses but transfer ownership of the leased assets to the Group by the end of the lease term. The average lease term is three years with effective interest rates on the finance leases between 2.10% to 5.29% per annum, 2.12% to 5.53% per annum, 2.12% to 5.53% per annum and 2.27% to 5.49% per annum, during the three years ended 31 December 2018 and the four months ended 30 April 2019, respectively.

The Directors consider that it is not financially sustainable to rely on finance lease arrangement to acquire machinery and equipment considering the following:

- our existing banking facilities which mainly consist of term loan and fixed advance facility are generally short term in nature for our working capital purposes and cannot satisfy our long term capital needs to acquire machinery and equipment for business expansion. As at the Latest Practicable Date, we had available unutilised banking facilities of approximately S\$3.1 million, out of which only S\$0.9 million were available for finance lease arrangement. The remaining unutilised banking facilities available for finance lease is not sufficient to cope with our planned acquisition of new machinery and equipment;
- with a view to ensure our Group is able to maintain a level of working capital deemed adequate by management to finance our operations, our Group adopts a prudent treasury management policy to (i) manage our Group's funds ensuring that there is no material shortfall in cash which may cause interruption to our Group's obligations arising from daily business needs; (ii) maintain sufficient level of funds to settle our Group's commitment as and when they fall due; (iii) maintain adequate liquidity to cover our Group's operation cash flow, project expenditures and administrative expenses; and (iv) maintain the relevant financing costs at a

FUTURE PLANS AND USE OF PROCEEDS

reasonable level. Our Group adopts the following measures to manage our working capital requirements: (i) monitor our cash flow situation at the project level as well as our Group as a whole and adopt a conservative approach on future working capital requirements, commitments and investments, if any; (ii) monitor the amount of our unutilised banking facilities; (iii) analyse historical timing of payment approval and settlement patterns related to the subject customer, analysing historical credit terms granted by the subject suppliers and/or subcontractors, responding to requests for prepayment from key subcontractors; (iv) draw up project budgets to manage working capital requirements on the project level; and (v) follow up any long overdue trade receivables with our customers. It is our management policy that in any circumstances our cash balance should be maintained at a level which is not less than the expected capital requirement for our projects on hand for one month.

During the Track Record Period, in order to cope with our rapid business growth, our Group acquired most of the machinery and equipment using finance lease arrangement while using bank facilities for our working capital purposes. As a result, our outstanding borrowing and finance lease liabilities balance increased from approximately S\$7.0 million as at 31 December 2017 to approximately S\$10.3 million as at 31 December 2018. It is therefore expected that our monthly average repayment to borrowings and finance lease liabilities would increase from approximately S\$300,000 for the year ended 31 December 2018 to approximately S\$405,000 for the year ending 31 December 2019. Further, our Group may occasionally need to incur significant cash outflow before the commencement of and at the early stage of the projects, and our cash flows may fluctuate or deteriorate due to the potential mismatch in the timing between the receipt of payment from our customers and salvage materials buyers, and payment to our suppliers and subcontractors. For the year ended 31 December 2018, we reported net cash from operating activities of approximately S\$3.2 million, with monthly average operating income of only S\$265,000. Further, as at 30 April 2019, our cash and cash equivalents was only approximately S\$3.7 million and such cash will need to be allocated for supporting our current projects on hand and repayment of existing bank borrowings and finance lease liabilities to maintain our current business operations. In view of the above, our Directors consider that our current financial resources and working capital are only marginally sufficient for our business operation and repayment of our existing borrowings and finance lease liabilities, and incapable to finance our future expansion plan.

In addition, our finance lease agreements would generally expire in three years and unlike equity financing, we would need to repay the loans and interests on a monthly basis within three years. If we use finance lease arrangement as a means for our planned acquisition of machinery and equipment, it is expected that our monthly average repayment to borrowings and finance lease liabilities would further increase to approximately S\$493,000 and S\$605,000 for the years ending 31 December 2019 and 2020, respectively, assuming the lease term is three years with 10% upfront cost and effective interest rate of 4.0% per annum.

FUTURE PLANS AND USE OF PROCEEDS

Even though we may generate additional profit from our business expansion, our Directors consider it commercially prudent to prioritise our existing financial resources for working capital of various ongoing projects and only acquiring machinery and equipment if we have immediate net proceeds available from the Global Offering. Moreover, our Directors have performed an illustrative analysis of cash flows positions of our Group in various scenarios regarding the acquisition of machineries and equipment in the absence of net proceeds from the Global Offering (the “**Illustration**”). Based on the Illustration, our Directors are of the view that in the absence of net proceeds from the Global Offering, if we are to carry out our expansion plan of acquiring the machineries and equipment by finance lease arrangement and taking into account our repayment obligations entailing those finance lease arrangements, it is expected that in certain point of time during the years ending 31 December 2019 and 2020, we will not be able to adhere to our working capital management policy of maintaining our cash balance at a level which is not less than the expected capital requirement for our projects on hand for one month. Therefore, in order to maintain our daily operation, net proceeds from the Global Offering is necessary for the execution of our expansion plan. Our Directors thus consider that equity financing is the most suitable means to finance our expansion plan of acquiring machinery and equipment, or otherwise, we have to delay whole or part of our expansion plan;

- if we use finance lease arrangement as a means for our planned acquisition of machinery and equipment, it is expected that we need to pay additional finance costs in the aggregate amount of approximately S\$1.2 million (assuming the effective interest rate is 4.0%). Our gearing ratio will significantly increase from approximately 67.5% as at 31 December 2018 to 80.6%, a level which our Directors believe our Group will be highly leveraged, hence resulting in our Group having less attractive financing terms offered by banks and other financial institutions, as well as being rated less favourably by our customers when they assess our financial condition during the evaluation of our tender submissions. Further, uncertain interest rate movement in the future may also expose our Group to increasing finance costs which may adversely affect our financial performance and liquidity. Finance lease arrangement would then increase our cashflow burden of repayment the loan and interests;
- our finance leases require, in general, not less than 10% of down payment, the planned acquisition of machinery under finance leases will hence be expected to require an aggregate down payment of not less than S\$1.1 million. As at 30 April 2019, our cash and cash equivalents was approximately S\$3.7 million which was lower than our current borrowings and lease liabilities of approximately S\$7.7 million and our current trade and other payables of approximately S\$5.2 million. In view of our liquidity position and the cash flow mismatch during our project cycle, our Directors are of the view that our Group shall at least reserve approximately S\$3 million in our cash and bank balances at all times to meet our obligations to our suppliers, subcontractors and creditors to ensure that there will be no disruptions to our works and business operations. As such, we believe that

FUTURE PLANS AND USE OF PROCEEDS

our cash and cash equivalents is only sufficient to maintain our current business operations and is not sufficient to fund our business expansion, including the loan repayment and the down payment required for additional finance leases;

- we are subject to additional charges for early settlement of the relevant finance lease agreements. If we were able to acquire machinery and equipment from the proceeds of the Global Offering instead of relying on finance leases, our finance costs would be reduced and we are also able to enjoy full ownership of the machinery and equipment and freely deploy, sale or renew our machinery and equipment according to our business operation effectively without any restrictions or incurring extra time and costs to liaise with the relevant banks on the administration and terms of the finance leases in the long run;
 - in light of the projects on hands, our Directors are of the view that our Group needs to strengthen our cash position in order to cater for the business expansion of the Group. Our Directors are therefore of the view that finance leases is not a preferred arrangement for the acquisition of machinery and equipment;
 - debt financing may subject us to various covenants which may restrict our ability to pay dividends or obtain additional financing. In contrast, funds raised through equity financing is a committed source of capital without interest expenses and maturity and may be applied for such uses as our Directors may determine for the benefit of our Group. We are not required to retain a portion of our business income or cash and cash equivalents for loan repayment under equity financing and our Company can retain the flexibility and capability for business development of our Group and for dividend payment; and
 - debt financing and equity financing are not mutually exclusive, but our Group may have a better position to bargain for more favourable terms from debt financiers if our Group has a larger equity base after the Listing and become a listed company.
- Approximately HK\$17.4 million (equivalent to approximately S\$3.0 million) or approximately 17.4% of the net proceeds will be used for repaying our bank borrowing bearing interest rate at approximately 2.9% per annum and maturing in 2019, the proceeds from the borrowing was used as working capital. The repayment of our bank borrowing will enable us to have more financial resources and stronger liquidity position such that we could be more financially flexible in light of the cash flow mismatch during the project cycle and more financially ready to obtain more projects of larger structures where we may need to pay a substantial amount of contract tender fee.

We generally do not receive any sums as prepayment for our demolition projects from our customers. For our demolition projects, we generally incur net cash outflows at the early stage of the projects for purchasing materials, setting up site office if required, arranging transportation of our machinery and providing our services before payments are received from our customers. We may even incur substantial amount of contract tender fees before the commencement of the project for securing some of our projects. Our customers normally pay progress payments after our works commence and we receive proceeds from the disposal of salvage materials and earth depositing (if any) at a later stage of our projects after our

FUTURE PLANS AND USE OF PROCEEDS

demolition works. Therefore, there is a mismatch in the timing between the receipt of payment from our customers and salvage materials buyers, and the payment to our suppliers and subcontractors. As at the Latest Practicable Date, we had 16 projects on hand with an aggregate estimated working capital requirement amounting to approximately S\$18.7 million for the year ending 31 December 2019 and 2020. As such, the repayment of our bank borrowing from the net proceeds from the Global Offering will enable us to have the flexibility to cover the net cash outflow at the early stage of our projects.

- Approximately HK\$11.8 million (equivalent to approximately S\$2.0 million) or approximately 11.8% of the net proceeds will be used for expanding our labour force by recruiting additional staff, including project management and project execution staff in the three years ending 31 December 2021.

In order to cope with our business expansion plan, our Directors consider that additional manpower is required for project management and project execution as well as professional engineers. As at the Latest Practicable Date, we had 128 employees, including 23 project managers, supervisors and safety members and 58 machinery and equipment operators, maintenance and logistics staff. In light of the 16 projects on hand with a total estimated contract revenue of S\$30.7 million, our ability to capture the emerging business opportunities and expand our business could be impeded if the level of our existing manpower resources remain unchanged. Although we generally submit tenders/quotations for our potential projects having regard to our currently available manpower resources, there is no assurance that we will be able to solely rely on our existing manpower resources for the projects which we have tendered because (i) our projects on hand may be subject to delay and continue to take up our manpower resources; and (ii) we may be required to perform additional works for our projects on hand, thus rendering us unable to release certain manpower for projects which we have tendered. During the Track Record Period, we have declined invitations to tender/quote six projects for the year ended 31 December 2018 and the four months ended 30 April 2019 principally due to a lack of workforce required at the relevant times, including project manager, safety supervisor and/or machinery operator. As such, it is imperative to expand our manpower resources to enhance our competitiveness, our Directors consider it is expedient and necessary to utilize net proceeds from the Global Offering to recruit additional staff. For details of the particulars and the approximate expected monthly salary of the 12 additional staff we intend to hire, please refer to the section headed “Business — Business Strategies — Enhance our manpower” in this prospectus.

- Approximately HK\$2.9 million (equivalent to approximately S\$0.5 million) or approximately 2.9% of the net proceeds will be used for engagement of professional consultant to review our internal management systems for the purpose of our registration for B1 grade under CW02 “Civil Engineering” workhead. We expected such net proceeds allocated will be utilised by the first half of 2021; and
- Approximately HK\$1.9 million (equivalent to approximately S\$1.8 million) or approximately 1.9% of the net proceeds will be used as our general working capital.

FUTURE PLANS AND USE OF PROCEEDS

If the Offer Price is set at either the high-end or low-end of the proposed Offer Price range, the net proceeds from the Global Offering to be received by our Company will increase or decrease by approximately HK\$22.5 million. As such, the above allocation of the net proceeds will be adjusted on a pro rata basis in the event that the Offer Price is set at either the high-end or low-end compared to the mid-point of the estimated offer price range stated in this prospectus.

If the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK\$20.3 million, assuming an Offer Price of HK\$0.6 per Share, being the mid-point of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at either the high-end or low-end of the proposed Offer Price range, the additional estimated net proceeds upon full exercise of the Over-allotment Option will increase or decrease by approximately HK\$25.9 million. In the event the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds for the above purposes in the proportions stated above.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to place the net proceeds into short-term interest-bearing deposits or treasury products with authorised financial institutions and/or licensed banks in Singapore or Hong Kong.

We will issue an announcement in the event that there is any material change in the use of proceeds from the Global Offering as described above.

REASONS FOR THE LISTING

Below are our commercial rationale for the Listing:

We seek to enhance our Group's leading position and further secure new business opportunities in the demolition industry.

According to the Industry Report, we are the largest demolition services provider in Singapore with a market share of approximate 33.2% in terms of revenue in 2018. We have been operating demolition services business in Singapore for more than 26 years in both the public and private sectors through Beng Soon Machinery, our principal operating subsidiary, and is a preferred services provider for demolition of power plants and large-scale chemical plants. According to the Industry Report, the market size of demolition work by revenue of contractor is expected to maintain a steady growth at a CAGR of approximately 6.1% from 2019 to 2023 and the forthcoming demolition projects in Singapore would likely to involve more sizeable, high rise and complex buildings and structures. Our Directors believe that a public listing status could attract potential customers, suppliers and business partners who may prefer to do business with a listed company given its reputation. Our Directors consider that a public listing status is crucial to compete with our competitors in the demolition industry in Singapore given that the public listing status, regulatory supervision and public financial disclosures are factors which may further differentiate ourselves from other competitors which are private companies and would be given due weight in the tendering process, which in turns would enhance our success rate in securing demolition projects.

FUTURE PLANS AND USE OF PROCEEDS

For the year ended 31 December 2018 and the four months ended 30 April 2019, one of our five largest customers (i.e. Customer E) is a subsidiary of a PRC construction contractor. In view of the influx of direct investments from the PRC in Singapore in recent years, we believe that the status as a listed company on the Stock Exchange will allow us to promote our brand further and improve our chances to secure demolition projects with project owners being PRC property developers or construction contractors. In particular, our Directors consider that a public listing status on the Main Board in Hong Kong can attract potential customers, including the property developers and construction contractors from the PRC and Hong Kong, who are more willing to establish a business relationship with companies which have a well-established internal control and corporate governance system. Accordingly, our Directors believe that the Listing in Hong Kong will achieve our goals in relation to our future plans by allowing and assisting us to expand our operations and strengthen our market position in Singapore.

Besides, having considered the increasing number of Singaporean companies which have already been listed on the Stock Exchange and in order to distinguish ourselves from other demolition contractors in Singapore, our Directors believe that a public listing status in Hong Kong will further enhance our competitiveness in the market since some customers and suppliers may prefer to work with companies with more transparent financial disclosure and regulatory supervision.

We have a genuine funding needs for expansion of our business.

While our Group had sufficient working capital and unutilised banking facilities for our current operations, our Directors consider that our present financial resources were insufficient to realise our expansion plan.

As at the Latest Practicable Date, we had a total of 16 projects on hand (including projects in progress and projects awarded to us but had not yet commenced) with a total estimated contract revenue of approximately S\$30.7 million. In April 2019, one of our five largest customers during the Track Record Period has appointed our Group as its demolishing works contractor for seven demolition projects with an aggregate estimated contract revenue of approximately S\$21.7 million to be commenced in the years ending 31 December 2019 and 2020. In addition, as at the Latest Practicable Date, 73 tenders/quotations with an aggregate net contract sum of approximately S\$66.4 million were submitted by us but the results of which were still pending. Based on the best estimate of our Directors, in order to cope with our projects on hand, potential projects from the aforementioned major customer and potential projects tendered for, the utilisation rate of our existing major machinery would increase from approximately 85.3% for the four months ended 30 April 2019 to over 95.0% for the year ending 31 December 2019. Our Directors believe that, without the planned acquisition of additional machinery and equipment, any future breakdowns and downtime of those major machinery would substantially interrupt or delay our work process given the extremely high expected utilisation rate of our existing major machinery. Thus, our Directors consider that our Group has an imminent funding need to enhance our operational resources by acquiring additional machinery and equipment to cope with our projects on hand, potential projects from the aforementioned major customer and potential projects tendered for.

FUTURE PLANS AND USE OF PROCEEDS

Further, our cash flows fluctuate or deteriorate due to the potential mismatch in the timing between the receipt of payment from our customers and salvage materials buyers, and payment to our suppliers and subcontractors. We had significant cash outflow exposure before commencement of and at the early stage of the projects including purchasing materials, setting up site office if required, arranging transportation of our machinery and providing our services before payments are received from our customers. In particular, in certain cases, where large structures are involved, we may need to pay substantial amount of contract tender fees to the project owners before the commencement of the projects to secure the demolition projects. During the Track Record Period, our Group was awarded ten projects which we had incurred an aggregate of approximately S\$6.1 million as contract tender fees to secure such projects, ranging from S\$29,000 to S\$2.0 million for each project. Based on our historical pattern of settlement with our customers, subcontractors and suppliers, our average cash flow breakeven period for our 20 major projects each contributed a contract revenue of more than S\$1 million during the Track Record Period was approximately 8.7 months. Among those 20 major projects, four of which we were required to pay contract tender fees had an average cash flow breakeven period of 9.8 months; while the remaining 16 of which we were not required to pay contract tender fees had an average cash flow breakeven period of 8.4 months. Due to such cash flow mismatch, we reported net cash from operating activities of approximately S\$3.2 million only for the year ended 31 December 2018. Prior to receiving payment from our customers and salvage materials buyers, the cash flow requirement at the early stage of our projects could constraint the number of projects that we could undertake or tender and also our expansion plan. Our Directors consider that if we are to expand our business and undertake more demolition projects which involve more sizeable, high rise and complex buildings and structures, we must continue to enhance our available financial resources and strengthen our liquidity position to be financially ready for tendering and undertaking projects that may require us to incur substantial amount of contract tender fee before the commencement of or at the early stage of the project.

As at 31 August 2019, our cash and cash equivalents amounted to approximately S\$4.1 million. As at the Latest Practicable Date, our unutilized banking facilities amounted to approximately S\$3.1 million (out of which only S\$2.2 million is for working capital purpose), which we believe is only sufficient for our current scale of operations before the implementation of business strategies as set out in this prospectus. Referring to the 16 projects on hand as at the Latest Practicable Date and the four potential projects from one of our five largest customers during the Track Record Period, based on the best estimate of our Directors and current market conditions, it is expected that such projects would in aggregate have a theoretical average monthly capital requirement of approximately S\$2.4 million for the year ending 31 December 2019. As a result, our available cash and cash equivalents of approximately S\$4.1 million as at 31 August 2019 with unutilized banking facilities for working capital purpose of approximately S\$2.2 million as at the Latest Practicable Date was only sufficient to maintain our daily operation of such projects for approximately 3 months. Further, our Directors consider that it is essential for our Group to have sufficient financial resources and be financially ready for any future potential projects to be awarded by our Group in view of the cash flow mismatch during our project cycle. Therefore, external funding (including equity financing) is essential in supporting our business growth.

FUTURE PLANS AND USE OF PROCEEDS

In addition, during the Track Record Period, in order to cope with our rapid business growth, our Group acquired most of the machinery and equipment using finance lease arrangement while using bank facilities for our working capital purposes. As a result, our outstanding borrowing and finance lease liabilities balance increased from approximately S\$7.0 million as at 31 December 2017 to approximately S\$10.3 million as at 31 December 2018. It is therefore expected that our monthly repayment to borrowings and finance lease liabilities would increase from approximately S\$300,000 for the year ended 31 December 2018 to approximately S\$405,000 for the year ending 31 December 2019. Further, we have entered into a sale and purchase agreement with the relevant dealer for acquiring one unit of 48.5-metre high-reach excavator at a consideration of approximately S\$2.9 million in August 2018, pursuant to which we have paid approximately S\$0.3 million as deposit upon signing from our internal resources and we were committed to pay the remaining portion of such consideration of approximately S\$2.6 million by the end of 2019. If we were not able to fund the remaining portion of such consideration from the net proceeds of the Global Offering, we have to fund such remaining portion using finance lease arrangement. Assuming we use finance lease arrangement as a means for our planned acquisition of machinery and equipment, it is expected that our monthly repayment to borrowings and finance lease liabilities would further increase to approximately S\$493,000 and S\$605,000 for the years ending 31 December 2019 and 2020, respectively, assuming the lease term is three years with 10% upfront cost and effective interest rate of 4.0% per annum. It is expected that it will impose an undue burden on our cash-flow position and we will be very likely to fall short of working capital requirements for our daily operation taking into account the repayment of principal and interest. In case we do not have sufficient net cash flow to repay our outstanding debt obligations when they become due, we may be forced to delay or curtail our operations and development and to raise funds at terms that may not be favourable to our Group. In view of the above, our Directors consider that equity financing is the most suitable means to finance our expansion plan of acquiring machinery and equipment, or otherwise, we have to delay whole or part of our expansion plan since our ability to finance our projects at their early stage may be hindered or we may not be able to undertake new projects as the funds have to be applied for repayment of finance leases first.

In view of the above, our Directors consider that our current financial resources and working capital are only marginally sufficient for our business operation and repayment of our existing borrowings, and incapable to finance our future expansion plan.

We take into account the advantages of equity financing in the long run.

Usual terms of debt financing may include restrictive covenants, cross default clauses and restrictions on financial performance or financial ratios, which are likely to hinder the financing plans for our business operation and increase burden for our Group. Our Directors consider that if we continue to rely on debt financing, our financial performance and liquidity may be subject to and negatively affected by market uncertainty including but not limited to the fluctuation of interest rate in the United States. Taking into account the fact that (i) our Group's cash outflows exposure at the initial stage of each project; and (ii) it is necessary to maintain a disciplined financial strategy without exposing our Group to aggressive gearing in order to achieve sustainable growth in the long run, our Directors consider that the net proceeds from the Global Offering are necessary for the implementation of our business plans as opposed to debt financing given its temporariness in nature and the interest expenses would impose additional cash flow burden to our Group.

FUTURE PLANS AND USE OF PROCEEDS

Specifically, for our finance leases, aside from interest expenses, we are subject to additional charges for early settlement of the relevant finance lease agreements. If we were able to acquire machinery and equipment from the proceeds of the Global Offering instead of relying on finance leases, our finance costs would be reduced and we are also able to enjoy full ownership of the machinery and equipment and freely deploy, sale or renew our machinery and equipment according to our business operation effectively without any restrictions or incurring extra time and costs to liaise with the relevant banks on the administration and terms of the finance leases in the long run.

Apart from reducing finance costs, our Directors value that not only does the Listing can enable us to raise funds and apply most of the new proceeds from the Global Offering for implementation of business strategies, but it can also serve as additional fund-raising channels from the capital market in the long run for future secondary fund raising for our expansion plans as and when necessary through the issuance of equity and/or debt securities, with relatively lower finance costs as compared with debt financing.

We consider it would be difficult for our Group to obtain bank borrowings or enter into finance lease without personal guarantee.

Financing costs of bank borrowings are usually relatively higher for private companies with less commercially favorable term and banks normally require guarantees or pledges of assets from shareholders for securing the bank borrowings. During the Track Record Period, personal guarantees were given by two of our Controlling Shareholders, Mr. Tan and Ms. Lee, over certain bank borrowings, premium finance lease, finance lease and security bonds of Beng Soon Machinery. However, it was part of our strategies to maintain financial and operational independence. Our Directors consider that it would be more difficult for our Company, without a listing status, to obtain bank borrowings or finance lease without personal guarantee. This is supported by the fact that our lending banks have indicated their intention to release the guarantees provided by our Controlling Shareholders subject to, among other things, our Company having successfully listed on the Stock Exchange.

We consider the Stock Exchange as the best listing platform.

We have noted various other Singapore companies listing in Hong Kong in recent years and have evaluated various venues for the Listing, including Singapore and having considered the benefits that come along with a Hong Kong listing as compared to other jurisdictions, we believe that the Stock Exchange would be the most suitable platform for the Listing. While our operation and customers are all located in Singapore and we have no substantial plan to expand into the Hong Kong or the PRC demolition services market, our Directors consider that the Stock Exchange as the best listing platform given Hong Kong has a high level of internationalisation, maturity in the global financial market, diversity of investors, with sufficient institutional capital and funds following the companies listed in Hong Kong. Therefore, our Company believes that there will be higher liquidity and valuation, and greater exposure to a broader analyst and investment community, which would facilitate our future fund raising should such need arise. Our Directors believe that the Listing would help to raise our Group's brand awareness and publicity on an international level, making our Company's services known to new potential customers.

FUTURE PLANS AND USE OF PROCEEDS

In particular, as compared to other international financial centres in the Southeast Asia, the total fundraising size of initial public offerings and trading volume of the equity market are larger in Hong Kong. The table below highlights the differences between the Stock Exchange and Singapore Exchange Services Trading Limited (the “**Singapore Exchange**”) in terms of (i) number of listings, (ii) total funds raised and (iii) total market capitalisation:

	Hong Kong		Singapore	
	Year ended 31 December		Year ended 31 December	
	2017	2018	2017	2018
Number of new listings	174 ¹	218 ¹	20 ²	15 ²
Total funds raised from new listings	HK\$128.5 billion ¹	HK\$286.5 billion ¹	S\$4.7 billion ² (equivalent to approximately HK\$27.3 billion)	S\$747 million ² (equivalent to approximately HK\$4.3 billion)
	As at 31 December		As at 31 December	
	2017	2018	2017	2018
Total market capitalisation	HK\$34.0 trillion ¹	HK\$29.9 trillion ¹	S\$1,052.2 billion ² (equivalent to approximately HK\$6.1 trillion)	S\$936.9 billion ² (equivalent to approximately HK\$5.4 trillion)

Sources:

1. Stock Exchange
2. Singapore Exchange

FUTURE PLANS AND USE OF PROCEEDS

In addition, the average daily trading volume of the equity market in Hong Kong is larger than that on other securities exchanges in the Southeast Asia. The table below highlights the differences between the Stock Exchange and Singapore Exchange in terms of (i) average daily equities turnover and (ii) equity funds raised in the secondary market:

	Hong Kong Year ended 31 December 2018	Singapore Year ended 31 December 2018
Average daily equities turnover	HK\$107.4 billion ¹	S\$1.2 billion ² (equivalent to approximately HK\$7.0 billion)
Equity funds raised in the secondary market	HK\$255.2 billion ¹	S\$2.7 billion ² (equivalent to approximately HK\$15.7 billion)

Sources:

1. Stock Exchange
2. Singapore Exchange

Our Directors believe that the Hong Kong stock market is a larger and more liquid secondary fund raising platform for listed companies. In addition, the unique connectivity of the Hong Kong stock market with the PRC markets through the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect would enable eligible Hong Kong listed companies to attract funds from PRC investors, thus broadening the investor base for the Hong Kong stock market. Hence, our Directors consider that the Listing would provide our Group the opportunity to enhance its profile internationally, increase our presence among international corporations, and attract investors from the established international and PRC-related institutional investor base in Hong Kong, thereby expanding our sources of funding. Our Group confirms that it has not applied to list in Singapore, nor has it engaged any professional adviser to prepare for a listing application in Singapore.

Our Directors are of the view that the location of our operations in Singapore should not be the deciding factor of where we pursue our listing status but instead should be based on an evaluation of the aforementioned considerations. Furthermore, with information technology and retail stock trading platforms that cater for multiple stock exchanges, our Directors do not view that the location of our operations has to be the same as where we pursue a Listing. Our Directors consider that the Listing in an international capital market, such as the Stock Exchange, will boost our customers and suppliers' confidence in our Group's financial position, credibility, corporate governance and internal control, which may further enhance our business relationship with them, even though, to the best of the knowledge and belief of our Directors, our Group had not experienced difficulties in maintaining business relationship with our existing customers and suppliers.

FUTURE PLANS AND USE OF PROCEEDS

A listing status of our Company can provide intangible benefits for our Group.

Apart from the aforementioned reasons, our Directors consider that a listing status will assist our future business development and strength our competitiveness. By strengthening our financial position through fund-raising, we will have more bargaining power when negotiating terms with our customers and business partners after the Listing with the benefit of enhanced confidence and transparency on our Group's financial and operational information as a listed company on the Stock Exchange. We may also be able to adopt a more profitable pricing strategy over competitors who do not have a listing status with an enhanced corporate profile and brand image.

Our Directors consider the increase in our bargaining power for more favourable terms from our business partners would help us maintain a healthier financial position by reducing our cash flow mismatch and lowering our reliance on external financing, eventually resulting in an improvement in our gearing and liquidity ratio on a long term basis. Our Directors believe that such improvement would allow us to obtain a more favourable credit period and credit limit from our existing or new suppliers. As a result, we can strengthen our financial resources to improve cash flow mismatch between payment to suppliers and payment from our customers so as to reduce our reliance on bank borrowings and improve our financial position. In the event that obtaining external financing is necessary, our Directors are of the view that we may also benefit from a listing status by being able to negotiate better financing terms, such as lower interest rates.

Our Directors are of the view that our Group would not be able to fully implement our business expansion strategy and would not be able to develop our business at our historical growth rate going forward without the substantial new financial resources, namely, the net proceeds from the Global Offering, as we would otherwise be constrained by our existing limited financial resources. While we might have achieved notable business growth during the Track Record Period, our historical growth rate, revenue and profit margin may not be indicative of our future financial performance.

Our Directors also believe that the Listing will enhance the liquidity of the Shares which will be freely traded on the Stock Exchange when compared to the limited liquidity of the Shares that are privately held before the Listing. Hence, our Directors consider that the Listing will enlarge and diversify our shareholder base and potentially lead to a more liquid market in the trading of our Shares. We also consider that the Listing will enhance our Group's corporate profile, market reputation and brand awareness which will strengthen our customers' and business partners' confidence in our Group and in turn boost our business; and also will help us to attract talents to join our Group.

For the foregoing reasons, our Directors do not consider that the Listing is an one-off financing exercise but rather a long-term investment for the sustainable growth of our Group with compelling reasons and commercial rationale.

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HONG KONG UNDERWRITERS

Ping An Securities Limited
GLAM Capital Limited
Shanxi Securities International Limited
Pacific Challenge Securities Limited
China Rich Securities Limited
Enlighten Securities Limited
Sheng Yuan Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is initially offering 25,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to (i) the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus; and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company agreeing on the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly, to subscribe for, or procure subscribers to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Offer Shares are fully underwritten pursuant to the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

Grounds for termination of the Hong Kong Underwriting Agreement

If any of the events set out below shall occur at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled by notice (orally or in writing) given to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

- (a) there shall develop, occur or come into force:
 - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, Singapore, the BVI, the Cayman Islands or any other jurisdiction(s) relevant to our Company and our subsidiaries or any other similar event which in the reasonable opinion of the Joint Global Coordinators (for themselves and on behalf of

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the Hong Kong Underwriters) has or is likely to have a material adverse effect on the business or financial conditions or prospects of our Group or which may be expected to adversely affect the business or financial condition or prospects of our Group in a material way; or

- (ii) any change (whether or not permanent) in national, regional, international, financial, military, industrial or economic conditions or prospects, stock market, fiscal or political conditions, regulatory or market conditions and matters and/or disasters in Hong Kong, Singapore, the BVI, the Cayman Islands or any other jurisdiction(s) relevant to our Company and our subsidiaries or any other similar event which in the reasonable opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) has or is likely to have a material adverse effect on the business or financial conditions or prospects of our Group or which may be expected to adversely affect the business or financial condition or prospects of our Group in a material way; or
- (iii) without prejudice to sub-paragraph (i) of paragraph above, the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (iv) any event, or series of events, beyond the control of the Hong Kong Underwriters (including, without limitation, acts of government, strikes, lockout, fire, explosion, flooding, civil commotion, acts of war or acts of God or accident) in the reasonable opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) would or might adversely affect any member of our Group or its present or prospective shareholders in their capacity as such; or
- (v) any change or development occurs involving a prospective change in taxation or in exchange control in Hong Kong, Singapore, the BVI, the Cayman Islands or any other jurisdiction(s) to which any member of our Group is subject or the implementation of any exchange controls which in the reasonable opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) would or might adversely affect any member of our Group or its present or prospective shareholders in their capacity as such in a material way; or
- (vi) any litigation or claim of material importance to the business, financial or operations of our Group being threatened or instituted against any member of our Group, our substantial shareholders, or any Directors; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, in Hong Kong, Singapore, the BVI, the Cayman Islands or any other jurisdiction(s) relevant to any member of our Group; or
- (viii) any public, regulatory, taxing, administrative or governmental, agency or authority or any securities exchange authority (including, without limitation, the Stock Exchange and the SFC), other applicable authority and any court at the national, provincial, municipal or local level, governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-government

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regulatory authority, or any court, tribunal or arbitrator, whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign, or a political body or organisation in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any members of our Group or Director; or

- (ix) order or petition for the winding up of any members of our Group or any composition or arrangement made by any members of our Group with its creditors or a scheme of arrangement entered into by any members of our Group or any resolution for the winding up of any members of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any members of our Group or anything analogous thereto occurring in respect of any members of our Group; or
 - (x) and any such event, which, individually, or in the aggregate, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), (i) has or may have a material adverse effect on the success of the Global Offering, or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or (ii) has or will or may have a material adverse effect on the assets, liabilities, business, prospects, trading or financial position of our Group as a whole; or (iii) makes it inadvisable or inexpedient to proceed with the Global Offering; or (iv) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
- (b) there comes to the notice of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) any matter or event showing any of the representations and warranties contained in the Hong Kong Underwriting Agreement to be untrue or inaccurate or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any respect considered by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material or showing any of the obligations or undertakings expressed to be assumed by or imposed on our Company, the executive Directors or the covenants under the Hong Kong Underwriting Agreement not to have been complied with in any respect considered by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) in their sole and absolute opinion to be material; or
- (c) there comes to the notice of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) any breach on the part of our Company, the executive Directors or any of the covenants of any provisions of the Hong Kong Underwriting Agreement in any respect which is considered by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) in their sole and absolute opinion to be material; or

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- (d) any statement contained in this prospectus, notices, advertisements, announcements, application proof prospectus, post hearing information pack, the submissions, documents or information provided to the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), the Stock Exchange, the legal advisers to the Joint Global Coordinators and the Underwriters and any other parties involved in the Global Offering which in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect; or
- (e) matters have arisen or have been discovered which would, if this prospectus, notices, advertisements, announcements, application proof prospectus, post hearing information pack was to be issued at that time, constitute, in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) a material omission of such information; or
- (f) there is any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of our Group which in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) is material; or
- (g) the approval of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue or to be issued pursuant to the Capitalisation Issue and under the Global Offering (including Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme and pursuant to the exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before 8:00 a.m. (Hong Kong time) on the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (h) any expert, who has given opinion or advice which are contained in this prospectus, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, opinions or advices and references to its name included in the form and context in which it respectively appears prior to the issue of this prospectus; or
- (i) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (j) there comes to the notice of the Joint Global Coordinators or any of the Underwriters any information, matter or event which in the sole and absolute opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):
 - (i) is inconsistent in any material respect with any information contained in the Declaration and Undertaking with regard to Directors (Form B) given by any Directors pursuant to the Global Offering; or
 - (ii) would adversely and materially affect the integrity or reputation of any Director or the reputation of our Group.

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Undertakings to the Stock Exchange

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that except pursuant to the Global Offering (including the Over-allotment Option), no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of our Shares or our securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertaking by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders was undertaken to the Stock Exchange and to our Company that except pursuant to the Global Offering (including the Over-allotment Option), they will not, and will procure that the relevant registered holder(s) of our Shares in which any of them has a beneficial interest will not, at any time:

- (a) during the period commencing on the date by reference to which disclosure of his/her/its interests in our Company is made in this prospectus and ending on the date falling six months from the Listing Date (the “**First Six-month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of our Company in respect of which he/she/it is shown by this prospectus to be the beneficial owner; or
- (b) in the six-month period commencing on the expiry of the First Six-month Period set out in paragraph (a) above (the “**Second Six-month Period**”), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities mentioned in paragraph (a) if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it would cease to be a controlling shareholder of our Company, or taken collectively they would cease to be a group of controlling shareholders of our Company, for the purposes of the Listing Rules.

Pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his/her/its shareholdings is made in this prospectus and to the date which is 12 months from the Listing Date, they will:

- (a) when he/she/it pledges or charges any securities of our Company or interests therein beneficially owned by him/her/it in favour of any authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform our Company of such pledge or charge together with the number of securities so pledged or charged; and
- (b) when he/she/it receives indications, either verbal or written, from the pledgee or chargee that any of the securities of our Company pledged or charged will be disposed of, immediately inform our Company of such indications.

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Undertakings pursuant to the Hong Kong Underwriting Agreement

Each of the Controlling Shareholders, jointly and severally, undertakes to each of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that, save for pursuant to the Global Offering (including the Over-allotment Option and any lending of Shares by TCB pursuant to the Stock Borrowing Agreement), without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, none of the Controlling Shareholders will, and will procure that none of its/his/her close associates will:

- (i) during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six Month Period**”), (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable) (the foregoing restriction is expressly agreed to include the Controlling Shareholders from engaging in any hedging or other transactions which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of any Shares even if such Shares would be disposed of by someone other than the Controlling Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any put or call option with respect to any Shares or with respect to any security that includes, relates to or derives any significant part of its value from such Shares); or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other members of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period); and
- (ii) he, she or it will not, during the period of six months commencing on the date on which the First Six Month Period expires and including, the date that is six months after the end of the First Six Month Period (the “**Second Six Month Period**”), enter into any of the transactions specified in (a), (b) or (c) under paragraph (i) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he, she or it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company or cease to hold, directly or indirectly,

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a controlling interest of over 30% or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer, in any of the companies controlled by him, her or it and/or any of his, her or its close associates which owns such Shares or interests as aforesaid; and

- (iii) until the expiry of the Second Six Month Period, in the event that he, she or it enters into any of the transactions specified in (a), (b) or (c) under paragraph (i) above or offers to or agrees to or announces any intention to effect any such transaction, he, she or it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Except for the offer and sale of the Offer Shares pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the Over-allotment Option) and the issue and allotment of Shares pursuant to the Capitalisation Issue as disclosed in this prospectus, during the First Six Month Period, our Company undertakes to each of the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Sole Sponsor and the Hong Kong Underwriters not to, and to procure each member of our Group not to, without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any shares or other securities of such other members of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other members of our Group, as applicable); or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any shares or other securities of such other members of our Group, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such members of our Group, as applicable); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above,

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in each case, whether any of the transactions specified in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such members of our Group, as applicable, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period). In the event that, during the Second Six Month Period, our Company enters into any of the transactions specified in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of our Company, our Controlling Shareholders and executive Directors undertakes to each of the Joint Global Coordinators, the Sole Sponsor and the Hong Kong Underwriters to procure our Company to comply with the undertakings in this paragraph.

Each of our Company, our Controlling Shareholders and executive Directors undertakes to and covenants with the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that save with the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters), no company in our Group will during the First Six Month Period purchase any securities of our Company.

Commissions and expenses

According to the Hong King Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 10.0% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares.

In consideration of the Sole Sponsor's services in sponsoring the Global Offering, the Sole Sponsor will receive a financial advisory fee. Such underwriting commission and financial advisory fee, together with the Stock Exchange listing fee, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Global Offering which are currently estimated to be approximately HK\$50.0 million in aggregate (assuming an Offer Price of HK\$0.6 per Offer Share (being the midpoint of the indicative Offer Price of HK\$0.5 to HK\$0.7 per Offer Share)), are to be borne by us, without taking into account the commissions and expenses relating to the exercise of the Over-allotment Options.

The International Placing

The International Underwriting Agreement

In connection with the International Placing, it is expected that our Company and the International Underwriters will enter into the International Underwriting Agreement. Under the International Underwriting Agreement, our Company will offer our International Placing Shares for subscription and purchase by professional, institutional and other investors at the Offer Price payable in full on subscription and purchase in Hong Kong dollars, on and subject to the terms and conditions set out in the International Underwriting Agreement and the placing documents. It is expected that the International Underwriters will agree to severally underwrite for our International Placing Shares.

It is expected that pursuant to the International Underwriting Agreement, our Company and our Controlling Shareholders will give undertakings similar to those given pursuant to the Hong Kong Underwriting Agreement in the paragraph headed "Undertakings pursuant to the Hong Kong Underwriting Agreement" in this section.

UNDERWRITING

Over-allotment Option

Our Company is expected to grant to the International Underwriters the Over-allotment Option exercisable by the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) at any time until the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 37,500,000 additional Shares, representing 15% of the Offer Shares, at the Offer Price per Offer Share under the International Placing, to cover over-allocations, if any, under the International Placing. For further details of the Over-allotment Option, please refer to the section headed “Structure of the Global Offering” in this prospectus.

UNDERWRITERS’ INTEREST IN OUR COMPANY

Save for the interests and obligations under the relevant Underwriting Agreements, none of the Joint Global Coordinators and the Underwriters is interested legally or beneficially in the shares of any of our Group’s members or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any members of our Group.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. A total of initially 250,000,000 Offer Shares will be made available under the Global Offering. The Global Offering comprises:

- the Hong Kong Public Offering which will be offered to the public in Hong Kong of 25,000,000 Offer Shares (subject to re-allocation), representing 10% of the Offer Shares; and
- the International Placing which will be conditionally placed with selected professional, institutional and other investors of 225,000,000 Offer Shares (subject to re-allocation and Over-allotment Option), representing 90% of the Offer Shares.

Investors may apply for the Hong Kong Offers Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, in the International Placing Shares under the International Placing, but may not do both.

The Hong Kong Public Offering is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Hong Kong Underwriters have severally agreed to underwrite the Hong Kong Offer Shares under the terms of the Hong Kong Underwriting Agreement. The International Underwriters will underwrite the International Placing Shares pursuant to the terms of the International Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of the application for the Offer Shares pursuant to the Hong Kong Public Offering is conditional upon, among others:

1. Listing

The Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme and pursuant to the exercise of the Over-allotment Option) on the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of dealings in the Shares;

2. Underwriting Agreements

- (i) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional, and not being terminated in accordance with the terms of the respective agreements; and
- (ii) the execution and delivery of the International Underwriting Agreement prior to or on the Price Determination Date;

STRUCTURE OF THE GLOBAL OFFERING

3. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or around the Price Determination Date;

in each case on or before the dates and times specified in such Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not beyond the 30th day after the date of this prospectus.

If any of the above conditions is not fulfilled or waived on or before the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company's website at www.bsm.com.sg on the next business day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, the application money will be held in one or more separate bank accounts with the receiving banker or other bank(s) in Hong Kong, licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares are expected to be issued on Thursday, 7 November 2019 but will only become valid certificates of title at 8:00 a.m. on Friday, 8 November 2019 provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares prior to the receipt of the share certificates or prior to the share certificates bearing valid certificates of title do so entirely as their own risk.

HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The number of Offer Shares initially to be offered for subscription under the Hong Kong Public Offering will be 25,000,000 Offer Share (subject to re-allocation), representing 10% of the total number of Offer Shares offered under the Global Offering (assuming that the Over-allotment Option is not exercised). Subject to any re-allocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of the Hong Kong Offer Shares will represent approximately 2.5% of our Company's enlarged issued share capital immediately after the completion of the Global Offering and the Capitalisation Issue without taking into account any Shares which may be issued and allotted upon exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the Application Form submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Placing.

STRUCTURE OF THE GLOBAL OFFERING

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$0.7 per Offer Share in addition to any brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph “Determination of Offer Price” in this section, is less than the maximum price of HK\$0.7 per Share, appropriate refund payments (including the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Global Offering.

Allocation

Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. When there is over-subscription under the Hong Kong Public Offering, allocation of the Hong Kong Offer Shares may involve balloting, which would mean that some applicants may be allotted more Hong Kong Offer Shares than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total available Shares under the Hong Kong Public Offering (after taking into account of any re-allocation of Offer Shares between the Hong Kong Public Offering and the International Placing) is to be divided into two pools for allocation purposes: pool A and pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in pool A and pool B will be 12,500,000 and 12,500,000 respectively. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this section only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only apply for Hong Kong Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or between pools and any application for more than 50% Hong Kong Offer Shares are liable to be rejected.

STRUCTURE OF THE GLOBAL OFFERING

INTERNATIONAL PLACING

Number of Offer Shares initially offered

The number of Offer Shares to be initially offered for subscription under the International Placing will be 225,000,000 Shares (subject to re-allocation and the Over-allotment Option), representing 90% of the total number of Offer Shares offered under the Global Offering (assuming that the Over-allotment Option is not exercised). Subject to any re-allocation of Offer Shares between the International Placing and the Hong Kong Public Offering, the number of International Placing will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue without taking into account any Shares which may be issued and allotted upon any exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme.

The completion of the International Placing is subject to the same conditions as stated in the paragraph “Conditions of the Hong Kong Public Offering” in this section.

Allocation

Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the book-building process and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Joint Global Coordinators so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

Over-allotment Option

In connection with the Global Offering, our Company is expected to grant an Over-allotment Option to the Joint Global Coordinators (for themselves and on behalf of the International Underwriters) that is exercisable at the sole discretion of the Joint Global Coordinators (for themselves and on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the Joint Global Coordinators have the right, exercisable at any time within 30 days from the date of the last day of lodging application under the Hong Kong Public Offering, to require our Company to allot and issue up to 37,500,000 additional Shares, representing 15% of the number of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocation in the International Placing, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of our enlarged share capital immediately following the completion of the Global Offering, the Capitalisation Issue and the

STRUCTURE OF THE GLOBAL OFFERING

exercise of the Over-allotment Option in full but without taking into account any Shares which may be issued and allotted upon the exercise of any options to be granted under the Share Option Scheme. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the Listing Rules.

BASIS OF ALLOCATION OF THE OFFER SHARES

The allocation of the Offer Shares between the International Placing and the Hong Kong Public Offering is subject to re-allocation. Assuming the Over-allotment Option is not exercised, the allocation of the Offer Shares shall be subject to the adjustment on the following basis:

- (a) where the International Placing Shares are fully subscribed or oversubscribed:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Joint Global Coordinators (for themselves and on behalf of the Underwriters) have the authority (but shall not under any obligation) to re-allocate all or any of the unsubscribed Hong Kong Offer Shares from the Hong Kong Public Offering to the International Placing, in such proportion as the Joint Global Coordinators deem appropriate;
 - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed and the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 25,000,000 Offer Shares may be re-allocated to the Hong Kong Public Offering from the International Placing, so that the total number of the Offer Shares available for subscription under the Hong Kong Public Offering will be increased to 50,000,000 Offer Shares, representing approximately 20% of the Offer Shares;
 - (iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 50,000,000 the Offer Shares may be re-allocated to the Hong Kong Public Offering from the International Placing, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will be increased to 75,000,000 Offer Shares, representing 30% of the Offer Shares;
 - (iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 75,000,000 the Offer Shares may be re-allocated to the Hong Kong Public Offering from the International Placing, so that the number of Offer Shares available for subscription under the Hong Kong Public Offering will be increased to 100,000,000 Offer Shares, representing 40% of the Offer Shares; and
 - (v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 100,000,000 the Offer Shares may be re-allocated to the Hong Kong Public Offering from the International

STRUCTURE OF THE GLOBAL OFFERING

Placing, so that the number of Offer Shares available for subscription under the Hong Kong Public Offering will be increased to 125,000,000 Offer Shares, representing 50% of the Offer Shares.

- (b) where the International Placing Shares are undersubscribed:
 - (i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering shall not proceed unless fully underwritten by the Underwriters pursuant to the Underwriting Agreements; and
 - (ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times of the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 25,000,000 Shares may be re-allocated to the Hong Kong Public Offering from the International Placing, so that the total number of Shares available for subscription under the Hong Kong Public Offering may be increased to 50,000,000 Shares, representing 20% of the Offer Shares.

In accordance with Guidance Letter HKEX-GL91-18 issued by the Stock Exchange, in the event that (i) the International Placing Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Placing Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 15 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the total number of Offer Shares that may be allocated to the Hong Kong Public Offering following such re-allocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 50,000,000 Offer Shares) and the final Offer Price shall be fixed at the bottom end of the indicative price range (i.e. HK\$0.5 per Offer Share).

In the event of a re-allocation of Offer Shares from the International Placing to the Hong Kong Public Offering in circumstances under paragraphs (a)(ii), (a)(iii), (a)(iv), (a)(v) and (b)(ii) above, the number of Offer Shares allocated to the International Placing will be correspondingly reduced, subject to the exercise of the Over-allotment Option. In each case, the additional Offer Shares re-allocated to the Hong Kong Public Offering will be allocated between pool A and pool B, in such manner as the Joint Global Coordinators deem appropriate. If the Hong Kong Offer Shares are undersubscribed in circumstances under paragraphs (a)(i) and (b)(i) above, the Joint Global Coordinators have the authority to re-allocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Joint Global Coordinators deem appropriate.

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on Monday, 28 October 2019, or such later date as may be agreed by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company by the Price Determination Date, the Global Offering will not proceed and will lapse.

The Offer Price will be not more than HK\$0.7 per Share and is expected to be not less than HK\$0.5 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

STRUCTURE OF THE GLOBAL OFFERING

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lower than indicative Offer Price range as stated in this prospectus.

The Joint Global Coordinators (for themselves and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares being offered and/or the indicative Offer Price range that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.bsm.com.sg notices of the reduction in the number of Offer Shares being offered and/or the indicative Offer Price range and will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered and/or the indicative Offer Price range, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted subscriptions, and give potential investors who had applied for the Hong Kong Offer Shares the right to withdraw their applications under the Hong Kong Public Offering. Upon the issuance of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Such notice and supplemental prospectus will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon by our Company with the Joint Global Coordinators (for themselves and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The Offer Price, the levels of indication of interest in the Global Offering, the results of applications and the basis of allotment of Offer Shares under the Hong Kong Public Offering, are expected to be announced on Thursday, 7 November 2019 in the manner set out in the section headed “How to Apply for Hong Kong Offer Shares — 11. Publication of Results” in this prospectus.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$0.7 per Share and is expected to be not less than HK\$0.5 per Share. Applicants under the Hong Kong Public Offering should pay, on application, the maximum price of HK\$0.7 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$2,828.22 per board lot of 4,000 Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

If the Offer Price, as finally determined in the manner as described above, is lower than the maximum price of HK\$0.7 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application money) will be made to applicants, without interest. Further details are set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates, up to 37,500,000 Shares, representing 15% of our Offer Shares, from TCB to cover over-allocation under the stock borrowing arrangement (being the maximum number of Offer Shares which may be issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including exercising the Over-allotment Option.

If such stock borrowing arrangement with TCB is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the offer price.

Ping An Securities Limited has been appointed by us as the stabilising manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilising) Rules made under the SFO. In connection with the Global Offering, the Stabilising Manager, or its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date.

Any such stabilising activity will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong on stabilisation including the Securities and Futures (Price Stabilising) Rules made under the SFO. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. Any such stabilisation activity is required to be brought to an end within 30 days from the last date for lodging application under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be made available upon exercise of the Over-allotment Option, being 37,500,000 Shares, which is 15% of the Offer Shares initially available under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

Subject to and under the Securities and Futures (Price Stabilising) Rules of the SFO, the Stabilising Manager, its affiliates or any person acting for it, may take all or any of the following stabilising action in Hong Kong during the stabilisation period:

- (1) purchase, or agree to purchase, any of the Shares or offer or attempt to do so for the sole purpose of preventing or minimising any reduction in the market price of the Shares;
- (2) in connection with any action described in paragraph (1) above:
 - (a) (i) over-allocate our Shares; or
 - (ii) sell or agree to sell the Shares so as to establish a short position in them, for the sole purpose of preventing or minimising any reduction in the market price of our Shares;
 - (b) exercise the Over-allotment Option and subscribe for or purchase, or agree to subscribe for or purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under sub-paragraph (a) above;
 - (c) sell or agree to sell any Shares acquired by it in the course of the stabilizing action referred to in paragraph (1) above in order to liquidate any position that has been established by such action; and
 - (d) offer or attempt to do anything described in sub-paragraphs (a)(ii), (b) or (c) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, its affiliates or any person acting for it, will maintain such a position;
- liquidation of any such long position by the Stabilising Manager, its affiliates or any person acting for it, may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on Sunday, 24 November 2019, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of any security (including the Shares) cannot be assured to stay at or above its Offer Price by the taking of any stabilising action; and

STRUCTURE OF THE GLOBAL OFFERING

- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

A public announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

COMMENCEMENT OF DEALINGS

Assuming the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 8 November 2019, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 8 November 2019.

The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Company is 1987.

HOW TO APPLY FOR HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at www.hkeipo.hk; or
- electronically cause **HKSCC** Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid email address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- Director or chief executive officer of our Company and/or any of its subsidiaries;
- a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Global Offering;
- a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for or indicated an interest in any International Placing Shares or otherwise participated in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 22 October 2019 until 12:00 noon on Friday, 25 October 2019 from:

- (i) the office of the Joint Global Coordinators:

Ping An Securities Limited

18/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

GLAM Capital Limited

Rooms 908–911, 9/F
Nan Fung Tower
88 Connaught Road Central &
173 Des Voeux Road Central
Central, Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

Shanxi Securities International Limited

Unit A, 29/F, Admiralty Center Tower 1
18 Harcourt Road
Admiralty, Hong Kong

- (ii) any of the following branches of the receiving bank, Industrial and Commercial Bank of China (Asia) Limited:

District	Branch name	Address
Hong Kong Island	Queen's Road Central Branch	Basement, Ground Floor and First Floor of 122 QRC, Nos. 122–126 Queen's Road Central, Hong Kong
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road, Hong Kong
Kowloon	Tsimshatsui East Branch	Shop B, G/F, Railway Plaza, 39 Chatham Road South, Tsimshatsui, Kowloon
	Kwun Tong Branch	Shop 5&6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon
New Territories	Tsuen Wan Castle Peak Road Branch	G/F, 423–427 Castle Peak Road, Tsuen Wan, New Territories
	Shatin Branch	Shop 22J, Level 3, Shatin Centre, New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 22 October 2019 until 12:00 noon on Friday, 25 October 2019 from:

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- from your stockbroker.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — Beng Soon Machinery Holdings Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times and on the following dates:

- 9:00 a.m. to 5:00 p.m. — Tuesday, 22 October 2019
- 9:00 a.m. to 5:00 p.m. — Wednesday, 23 October 2019
- 9:00 a.m. to 5:00 p.m. — Thursday, 24 October 2019
- 9:00 a.m. to 12:00 noon — Friday, 25 October 2019

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 25 October 2019, the last application day or such later time as described in "10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vi) agree that none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) agree to disclose to our Company, our Hong Kong Branch Share Registrar, receiving bank(s), the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** service by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
 - (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for **YELLOW** Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH **HK eIPO WHITE FORM SERVICE**

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** service to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

Time for Submitting Applications under the **HK eIPO White Form**

You may submit your application to the **HK eIPO White Form** service at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Tuesday, 22 October 2019 until 11:30 a.m. on Friday, 25 October 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 25 October 2019 or such later time under the “10. Effects of Bad Weather and/or Extreme Conditions on the Opening of the Applications Lists” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<http://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you are **not a CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
 - declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, our Directors, the Joint Global Coordinators, the Joint Bookrunners and the Joint Lead Managers will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank(s), the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Hong Kong Offer Shares. Instructions for more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Inputting Electronic Application Instructions⁽¹⁾

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times and on the following dates:

- 9:00 a.m. to 8:30 p.m. — Tuesday, 22 October 2019
- 8:00 a.m. to 8:30 p.m. — Wednesday, 23 October 2019
- 8:00 a.m. to 8:30 p.m. — Thursday, 24 October 2019
- 8:00 a.m. to 12:00 noon — Friday, 25 October 2019

⁽¹⁾ These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participant.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 22 October 2019 until 12:00 noon on Friday, 25 October 2019 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 25 October 2019, the last application day or such later time as described in “10. Effect of Bad Weather and/or Extreme Conditions on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Branch Share Registrar, the receiving bank(s), the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

HOW TO APPLY FOR HONG KONG OFFER SHARES

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Friday, 25 October 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of our Company;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- control more than half of the voting power of our Company; or
- hold more than half of the issued share capital of our Company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** service in respect of a minimum of 4,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 4,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering” in this prospectus.

10. EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- an announcement of “extreme conditions” by the Hong Kong Government in accordance with the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Hong Kong Labour Department in June 2019; and/or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 25 October 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 25 October 2019 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal and/or extreme conditions in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

HOW TO APPLY FOR HONG KONG OFFER SHARES

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 7 November 2019 on the Company's website at www.bsm.com.sg and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at www.bsm.com.sg and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Thursday, 7 November 2019;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result (or www.hkeipo.hk/IPOResult) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Thursday, 7 November 2019 to 12:00 midnight on Wednesday, 13 November 2019;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 7 November 2019 to Tuesday, 12 November 2019 (excluding Saturday and Sunday or public holiday in Hong Kong);
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 7 November 2019 to Monday, 11 November 2019 at all the receiving bank's designated branches on a business day.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth

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day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;

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- your **electronic application instructions** through the **HK eIPO White Form** are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Global Coordinators believe that by accepting your application, it would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$0.7 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 7 November 2019.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on

HOW TO APPLY FOR HONG KONG OFFER SHARES

application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, 7 November 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Friday, 8 November 2019 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 7 November 2019 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 7 November 2019 by ordinary post and at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 7 November 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 7 November 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Public Offering shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" in this section. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 7 November 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form Service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 7 November 2019 or such other date as notified by our Company on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.bsm.com.sg as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 7 November 2019 by ordinary post at your own risk.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 7 November 2019, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" in this section on Thursday, 7 November 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 7 November 2019 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 7 November 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 7 November 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the 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.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BENG SOON MACHINERY HOLDINGS LIMITED AND HONESTUM INTERNATIONAL LIMITED

Introduction

We report on the historical financial information of Beng Soon Machinery Holdings Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-4 to I-62, which comprises the Company's balance sheets as at 31 December 2018 and 30 April 2019, the consolidated balance sheets as at 31 December 2016, 2017, 2018 and 30 April 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 periods then ended (the “**Track Record Period**”) and a summary of significant accounting policies and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-4 to I-62 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 22 October 2019 (the “**Prospectus**”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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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 2018 and 30 April 2019, the consolidated financial position of the Group as at 31 December 2016, 2017 and 2018 and 30 April 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.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive income, changes in equity and cash flows for the four months ended 30 April 2018 and other explanatory information (the "**Stub Period Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("**IAASB**"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 27 to the Historical Financial Information which states that no dividends have been paid by Beng Soon Machinery Holdings Limited in respect of the Track Record Period.

No statutory financial statements for the Company

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong

22 October 2019

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (“**Underlying Financial Statements**”).

The Historical Financial Information is presented in Singapore dollar (“S\$”) and all values are rounded to the nearest dollar except when otherwise indicated.

Consolidated Statements of Comprehensive Income

		Year ended 31 December			For the four months ended 30 April	
	Note	2016	2017	2018	2018	2019
		S\$	S\$	S\$	S\$	S\$
					(Unaudited)	
Revenue	6	24,741,685	27,865,724	33,987,206	10,127,511	11,564,485
Cost of sales	8	<u>(13,073,046)</u>	<u>(16,416,463)</u>	<u>(20,275,015)</u>	<u>(6,588,508)</u>	<u>(7,530,175)</u>
Gross profit		11,668,639	11,449,261	13,712,191	3,539,003	4,034,310
Other income	7	146,825	42,862	197,724	28,117	19,314
Other gains — net	7	916,313	491,076	580,399	23,099	49,938
Selling and distribution expenses	8	(184,487)	(243,221)	(238,843)	(118,829)	(65,224)
Administrative expenses	8	<u>(5,601,970)</u>	<u>(5,826,530)</u>	<u>(9,352,666)</u>	<u>(4,395,933)</u>	<u>(3,652,659)</u>
Operating profit		6,945,320	5,913,448	4,898,805	(924,543)	385,679
Finance costs	10	<u>(493,462)</u>	<u>(486,799)</u>	<u>(505,185)</u>	<u>(150,481)</u>	<u>(176,822)</u>
Profit/(loss) before income tax		6,451,858	5,426,649	4,393,620	(1,075,024)	208,857
Income tax expense	11	<u>(826,021)</u>	<u>(887,733)</u>	<u>(1,315,768)</u>	<u>(97,291)</u>	<u>(150,233)</u>
Profit/(loss) after income tax		<u><u>5,625,837</u></u>	<u><u>4,538,916</u></u>	<u><u>3,077,852</u></u>	<u><u>(1,172,315)</u></u>	<u><u>58,624</u></u>

	<i>Note</i>	Year ended 31 December			For the four months ended 30 April	
		2016	2017	2018	2018	2019
		S\$	S\$	S\$	S\$	S\$
					(Unaudited)	
Profit/(loss) and total comprehensive income/(loss) for the year and attributable to:						
Owners of the Company		5,625,837	4,538,916	3,077,852	(1,172,315)	58,624
Non-controlling interest		—	—	—	—	—
		<u>5,625,837</u>	<u>4,538,916</u>	<u>3,077,852</u>	<u>(1,172,315)</u>	<u>58,624</u>
Earnings/(loss) per share attributable to owners of the Company for the year (expressed in S\$ per share)						
Basic and diluted	12	<u>644</u>	<u>519</u>	<u>317</u>	<u>(129)</u>	<u>6</u>

Note: The earnings per share calculation has not taken into account the proposed capitalisation issue of 749,990,000 shares pursuant to the written resolution passed by the shareholders on 15 October 2019 because the proposed capitalisation issue has not become effective as of the date of this report.

Consolidated Balance Sheets

	Note	As at 31 December			As at
		2016	2017	2018	30 April
		S\$	S\$	S\$	S\$
ASSETS					
Non-current assets					
Property, plant and equipment	13	19,523,695	17,765,876	19,944,108	19,074,408
Right-of-use assets	23	17,738,447	17,432,388	16,502,749	16,370,461
Deposits and prepayment	18	1,435,200	82,000	285,000	285,000
Investment property	14	—	2,185,920	2,141,760	2,127,040
Financial asset at fair value through profit or loss	15	<u>145,110</u>	<u>152,110</u>	<u>159,194</u>	<u>158,094</u>
		<u>38,842,452</u>	<u>37,618,294</u>	<u>39,032,811</u>	<u>38,015,003</u>
Current assets					
Contract related assets and costs	6	3,613,331	2,909,611	7,904,241	9,666,966
Deposits paid to customers	6	5,483	732,999	1,158,493	398,348
Trade receivables	17	3,033,253	5,222,777	6,663,256	5,047,395
Deposits, prepayments and other receivables	18	1,627,220	490,139	1,076,481	1,138,219
Inventories	20	1,569,469	—	—	—
Cash and cash equivalents	19	6,266,223	3,561,363	2,976,762	3,710,517
Amount due from a director	28	<u>17,541</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>16,132,520</u>	<u>12,916,889</u>	<u>19,779,233</u>	<u>19,961,445</u>
Total assets		<u>54,974,972</u>	<u>50,535,183</u>	<u>58,812,044</u>	<u>57,976,448</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	25	—	—	17	17
Other reserves	26	2,000,000	2,000,000	5,405,207	5,405,207
Retained earnings	26	<u>25,056,244</u>	<u>23,595,160</u>	<u>24,673,012</u>	<u>24,731,636</u>
		27,056,244	25,595,160	30,078,236	30,136,860
Non-controlling interest		<u>12,419</u>	<u>12,419</u>	<u>—</u>	<u>—</u>
Total equity		<u>27,068,663</u>	<u>25,607,579</u>	<u>30,078,236</u>	<u>30,136,860</u>

		As at 31 December			As at
	Note	2016	2017	2018	30 April
		S\$	S\$	S\$	S\$
LIABILITIES					
Non-current liabilities					
Borrowings	22	3,607,893	3,022,829	2,437,765	2,242,744
Lease liabilities	23	10,550,568	10,251,866	9,846,344	9,651,684
Deferred income tax liabilities	24	<u>1,221,015</u>	<u>1,793,880</u>	<u>1,886,831</u>	<u>1,805,356</u>
		<u>15,379,476</u>	<u>15,068,575</u>	<u>14,170,940</u>	<u>13,699,784</u>
Current liabilities					
Contract liabilities	6	887,344	—	—	—
Trade and other payables	21	2,375,352	3,785,686	5,259,300	5,196,614
Borrowings	22	752,397	741,248	3,744,041	3,741,850
Lease liabilities	23	5,525,144	3,307,613	4,265,528	3,921,656
Current income tax liabilities	11	—	314,868	1,293,999	1,279,684
Amount due to a director	28	<u>2,986,596</u>	<u>1,709,614</u>	—	—
		<u>12,526,833</u>	<u>9,859,029</u>	<u>14,562,868</u>	<u>14,139,804</u>
Total liabilities		<u>27,906,309</u>	<u>24,927,604</u>	<u>28,733,808</u>	<u>27,839,588</u>
Total equity and liabilities		<u>54,974,972</u>	<u>50,535,183</u>	<u>58,812,044</u>	<u>57,976,448</u>

The Company's Balance Sheet

		As at 31 December 2018 S\$	As at 30 April 2019 S\$
	<i>Note</i>		
ASSETS			
Non-current assets			
Investment in subsidiaries	32	<u>30,195,455</u>	<u>30,195,455</u>
Current assets			
Prepayments	18	<u>832,887</u>	<u>1,036,052</u>
Total assets		<u><u>31,028,342</u></u>	<u><u>31,231,507</u></u>
Share capital	25	17	17
Other reserve	26	30,195,302	30,195,302
Accumulated losses	26	<u>(3,296,453)</u>	<u>(4,054,113)</u>
Total equity		<u><u>26,898,866</u></u>	<u><u>26,141,206</u></u>
LIABILITIES			
Current liabilities			
Amounts due to subsidiaries	32	3,280,917	3,570,659
Other payables	21	<u>848,559</u>	<u>1,519,642</u>
Total liabilities		<u><u>4,129,476</u></u>	<u><u>5,090,301</u></u>
Total equity and liabilities		<u><u>31,028,342</u></u>	<u><u>31,231,507</u></u>

Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company			Non- controlling interest	Total
	Share capital	Other reserves	Retained earnings		
	S\$	S\$	S\$	S\$	S\$
At 1 January 2016	—	2,000,000	24,230,407	12,419	26,242,826
Comprehensive income:					
Profit and total comprehensive income for the year	—	—	5,625,837	—	5,625,837
Transactions with owners in their capacity as owners:					
Dividends (<i>Note 27</i>)	—	—	(4,800,000)	—	(4,800,000)
At 31 December 2016	<u>—</u>	<u>2,000,000</u>	<u>25,056,244</u>	<u>12,419</u>	<u>27,068,663</u>
At 1 January 2017	—	2,000,000	25,056,244	12,419	27,068,663
Comprehensive income:					
Profit and total comprehensive income for the year	—	—	4,538,916	—	4,538,916
Transactions with owners in their capacity as owners:					
Dividends (<i>Note 27</i>)	—	—	(6,000,000)	—	(6,000,000)
At 31 December 2017	<u>—</u>	<u>2,000,000</u>	<u>23,595,160</u>	<u>12,419</u>	<u>25,607,579</u>
At 1 January 2018	—	2,000,000	23,595,160	12,419	25,607,579
Comprehensive income:					
Profit and total comprehensive income for the year	—	—	3,077,852	—	3,077,852
Transactions with owners in their capacity as owners:					
Disposal of a subsidiary (<i>Note 30</i>)	—	—	—	(12,419)	(12,419)
Waiver of an amount due to a director as a deemed capital contribution (<i>Note 28</i>)	—	800,000	—	—	800,000
Dividends (<i>Note 27</i>)	—	—	(2,000,000)	—	(2,000,000)
Issuance of shares during the Reorganisation (<i>Note 26</i>)	17	2,605,207	—	—	2,605,224
At 31 December 2018	<u>17</u>	<u>5,405,207</u>	<u>24,673,012</u>	<u>—</u>	<u>30,078,236</u>

	Attributable to equity holders of the Company				Total S\$
	Share capital S\$	Other reserves S\$	Retained earnings S\$	Non- controlling interest S\$	
	At 1 January 2018	—	2,000,000	23,595,160	
Comprehensive income:					
Loss and total comprehensive loss for the period (Unaudited)	—	—	(1,172,315)	—	(1,172,315)
Transactions with owners in their capacity as owners:					
Disposal of a subsidiary (<i>Note 30</i>)	—	—	—	(12,419)	(12,419)
Waiver of an amount due to a director as a deemed capital contribution (<i>Note 28</i>)	—	800,000	—	—	800,000
Dividends (<i>Note 27</i>)	—	—	(2,000,000)	—	(2,000,000)
Issuance of shares during the Reorganisation (<i>Note 26</i>)	17	2,605,207	—	—	2,605,224
At 30 April 2018 (Unaudited)	<u>17</u>	<u>5,405,207</u>	<u>20,422,845</u>	<u>—</u>	<u>25,828,069</u>
At 1 January 2019	17	5,405,207	24,673,012	—	30,078,236
Comprehensive income:					
Profit and total comprehensive income for the period	—	—	58,624	—	58,624
At 30 April 2019	<u>17</u>	<u>5,405,207</u>	<u>24,731,636</u>	<u>—</u>	<u>30,136,860</u>

Consolidated Statements of Cash Flows

	Note	Year ended 31 December			For the four months ended 30 April	
		2016	2017	2018	2018	2019
		S\$	S\$	S\$	S\$	S\$
					(Unaudited)	
Cash flows from operating activities						
Profit/(loss) before income tax		6,451,858	5,426,649	4,393,620	(1,075,024)	208,857
Adjustments for:						
— Depreciation of property, plant and equipment, right-of-use assets and investment property		3,944,437	4,218,992	4,657,058	1,517,160	1,626,095
— Gain on disposal of property, plant and equipment		(905,601)	(481,642)	(584,475)	(57,933)	(65,449)
— Gain on disposal of a subsidiary	30	—	—	(18,070)	(18,070)	—
— Fair value loss/(gain) on financial asset at fair value through profit or loss		22,223	(16,669)	(4,282)	(987)	(1,110)
— Interest income		(795)	(1,772)	(634)	(177)	(222)
— Interest expense		493,462	486,799	502,502	150,481	176,822
— Unrealised (gain)/loss on foreign exchange		(742)	4,943	(2,616)	113	3,862
Operating cash flow before working capital changes		10,004,842	9,637,300	8,943,103	515,563	1,948,855
Changes in working capital:						
— Financial asset at fair value through profit or loss		(167,333)	—	—	—	—
— Contract related assets and costs		(309,623)	(183,624)	(4,994,630)	(2,108,617)	(1,762,725)
— Deposits paid to customers		2,017,212	(727,516)	(425,494)	(9,344)	760,145
— Trade receivables		(1,791,253)	(2,189,524)	(1,440,479)	2,483,891	1,615,861
— Deposits, prepayments and other receivables		(1,463,747)	1,072,622	(160,331)	246,909	6,330
— Inventories		21,000	1,569,469	—	—	—
— Trade and other payables		(245,397)	1,792,196	1,500,827	(594,301)	(62,686)
Cash generated from operations		8,065,701	10,970,923	3,422,996	534,101	2,505,780
Interest received		795	1,772	634	177	222
Income tax paid		—	—	(243,686)	—	(246,023)
Net cash generated from operating activities		<u>8,066,496</u>	<u>10,972,695</u>	<u>3,179,944</u>	<u>534,278</u>	<u>2,259,979</u>

	Note	Year ended 31 December			For the four months ended 30 April	
		2016	2017	2018	2018	2019
		S\$	S\$	S\$	S\$	S\$
(Unaudited)						
Cash flows from investing activities						
Purchases of property, plant and equipment	31(c)	(529,716)	(2,149,011)	(1,862,284)	(1,067,229)	(138,841)
Proceeds from disposal of property, plant and equipment	31(b)	3,014,130	905,554	614,639	57,933	148,500
Disposal of subsidiary, net of cash disposed of	30	—	—	(14,836)	(14,836)	—
Payment for investment property		(441,600)	(772,800)	—	—	—
Net cash generated from/(used in) investing activities		<u>2,042,814</u>	<u>(2,016,257)</u>	<u>(1,262,481)</u>	<u>(1,024,132)</u>	<u>9,659</u>
Cash flows from financing activities						
Proceeds from issuance of shares		—	—	2,605,224	2,605,224	—
Proceeds from borrowings	31(a)	2,167,333	—	3,000,000	3,000,000	—
Repayments of borrowings	31(a)	(2,585,063)	(585,064)	(585,064)	(197,501)	(195,022)
Principal elements of lease payments	31(a)	(3,239,652)	(3,306,030)	(3,492,978)	(635,197)	(1,092,127)
Advance from a director	31(a)	126,695	528,778	52,965	52,965	—
Repayment to a director	31(a)	(775,769)	(1,805,760)	(962,579)	(962,579)	—
Listing expenses paid (equity portion)		—	—	(619,737)	(465,483)	(68,070)
Interest paid		(493,462)	(486,799)	(502,502)	(150,481)	(176,822)
Dividends paid	27	(1,400,000)	(6,000,000)	(2,000,000)	(2,000,000)	—
Net cash (used in)/generated from financing activities		<u>(6,199,918)</u>	<u>(11,654,875)</u>	<u>(2,504,671)</u>	<u>1,246,948</u>	<u>(1,532,041)</u>
Net increase/(decrease) in cash and cash equivalents		3,909,392	(2,698,437)	(587,208)	757,094	737,597
Cash and cash equivalents at beginning of the year		2,356,089	6,266,223	3,561,363	3,561,363	2,976,762
Effects of currency translation on cash and cash equivalents		<u>742</u>	<u>(6,423)</u>	<u>2,607</u>	<u>2,268</u>	<u>(3,842)</u>
Cash and cash equivalents at end of the year	19	<u>6,266,223</u>	<u>3,561,363</u>	<u>2,976,762</u>	<u>4,320,725</u>	<u>3,710,517</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

The Company was incorporated in the Cayman Islands on 6 April 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries comprising the group (together the "Group") are principally engaged in the provision of demolition services, sale of inventories and leasing of machinery in Singapore (the "Listing Business").

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was carried out by Beng Soon Machinery Services (Singapore) Pte Ltd, a company incorporated in Singapore (the "Operating Company" or "BSM"). Before the completion of the Reorganisation, BSM was controlled by Mr. Tan Chee Beng ("Mr. Tan") and Ms. Lee Peck Kim ("Ms. Lee") (collectively, the "Controlling Shareholders") who owned 75% and 25%, respectively, of the shareholdings of BSM throughout the Track Record Period.

In preparation for the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganisation which principally involved the following steps:

- (a) On 2 January 2018, T&B Holding Limited ("T&B Holding") was incorporated in Hong Kong as a limited liability with an initial share capital of HK\$100 divided into 100 shares to Mr. Tan. On 29 March 2018, T&B Holding allotted and issued 650 and 250 shares to Mr. Tan and Ms. Lee respectively, following which T&B Holding was owned by Mr. Tan and Ms. Lee as to 75% and 25%, respectively.
- (b) On 6 April 2018, the Company was incorporated in the Cayman Islands as an exempted company with limited liability. The authorised share capital of the Company was HK\$380,000 equivalent to approximately S\$65,995 consisting 38,000,000 Shares with a par value of HK\$0.01 each. 75 and 25 shares were allotted and issued to TCB Investment Holdings Limited ("TCB") and K Luxe Holdings Limited ("K Luxe"), companies held by Mr. Tan and Ms. Lee, respectively. As a result, the Company was directly owned by Mr. Tan and Ms. Lee through TCB and K Luxe as to 75% and 25%, respectively.
- (c) On 10 April 2018, Five Elements Investment Holdings Limited ("Five Elements") was incorporated in the BVI as a wholly-owned subsidiary of the Company.
- (d) On 13 March 2018, Mr. Tan, Ms. Lee, T&B Holding and Prosperity Delight Limited (the "Pre-IPO Investor") entered into a subscription agreement, pursuant to which the Pre-IPO Investor agreed to subscribe interest in T&B Holding at the consideration of HK\$15,000,000 equivalent to approximately S\$2,605,209. After a series of shares transfer in April and June 2018, including Mr. Tan and Ms. Lee transferred their respective shareholdings in BSM to T&B Holding and T&B Holding becomes a direct wholly-owned subsidiary of Five Elements, the Company is directly owned by TCB, K Luxe and the Pre-IPO Investor as to 65.56%, 21.85% and 12.59%, respectively. The following table shows the number of shares owned by each party in the Company:

	Company's share
TCB	6,556
K Luxe	2,185
Pre-IPO Investor	1,259
	<hr/>
Total number of shares issued	<u>10,000</u>

The Reorganisation has been completed as at 26 June 2018 and as at the date of the report, the Company has direct or indirect interests in the following subsidiaries:

Name of companies	Principal activities	Country of operation/ incorporation	Date of incorporation	Issued and paid/ registered capital	As at 31 December			As at 30 April		Note
					2016 %	2017 %	2018 %	2019 %		
Directly held										
Five Elements Investment Holdings Limited	Investment holding	British Virgin Islands	10 April 2018	US\$100	—	—	100	100	(b)	
Indirectly held										
T&B Holding Limited	Investment holding	Hong Kong	2 January 2018	HK\$15,001,000	—	—	100	100	(b)	
Beng Soon Machinery Services (Singapore) Pte Ltd	Provision of demolition services, sale of inventories and leasing of machinery	Singapore	8 January 1993	S\$2,000,000	100	100	100	100	(c)	
BSM (Myanmar) Company Limited	Dormant	Myanmar	30 July 2015	US\$50,000	75	75	—	—	(d)	

Notes:

- (a) All companies comprising the Group have adopted 31 December as their financial year end date.
- (b) No audited financial statements were issued for these companies as they are newly incorporated or not required to issue audited financial statements under the statutory requirements of their places of incorporation.
- (c) The statutory financial statements for the year ended 31 December 2016 were audited by Foo Kon Tan LLP, Public Accountants and Chartered Accountants, Singapore. The statutory financial statements for the year ended 31 December 2017 was audited by Unity Advance LLP, Public Accountant and Chartered Accountants, Singapore. The statutory financial statements for the year ended 31 December 2018 have not yet been issued.
- (d) On 25 April 2018, BSM disposed its 75% interest of BSM (Myanmar) Company Limited at a consideration of US\$37,500 equivalent to approximately S\$55,329.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business has been conducted through the Operating Company which is controlled by Mr. Tan and Ms. Lee. Pursuant to the Reorganisation, the Operating Company and Listing Business are 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 in the Operating Company with no change in management and the controlling shareholders of the Listing Business in the Operating Company. Accordingly, the Historical Financial Information of the companies now comprising the Group is presented using the carrying values of the Listing Business in the Operating Company and its dormant subsidiary for all periods presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (the “IASB”). The Historical Financial Information has been prepared under the historical cost convention, as modified by revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The Group has applied IFRS 9, IFRS 15 and IFRS 16 consistently throughout the Track Record Period.

The preparation of the 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.

(a) New standards and interpretations not yet adopted

The following new standards, amendments and interpretations to existing standards have been published but are not yet effective for the Track Record Period and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020
IFRS 3 (Amendments)	Definition of a Business	1 January 2020
IFRS 1 and IAS 8 (Amendments)	Definition of Material	1 January 2020
IFRS 17	Insurance Contract	1 January 2021
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined

The Group has already commenced an assessment of the related impact to the Group of the above standards and amendments that are relevant to the Group upon initial application. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial positions and results of operations.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has the control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by IFRS.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category if equity as specified/permitted by applicable IFRSs.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

2.4 Foreign currency translation

Functional and presentation currency

Items included in the Historical Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in Singapore dollar ("S\$"), which is the Company's functional and Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end-exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight line method to allocate their cost over its estimated useful lives, as follows:

	Useful lives
Plant and machinery	10 years
Motor vehicles	5 years
Office equipment, furniture and fittings	5 years
Building	20 years

No depreciation is provided for assets under construction.

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 or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss under "other gains — net".

2.6 Investment property

Investment property which is property held to earn rentals and/or for capital appreciation is measured initially at cost including transaction costs, and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years. Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period as a change in estimates.

Investment property may be subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

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

Transfers

All entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. Examples of evidence of a change in use include:

- commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment properties to property, plant and equipment;
- commencement of development with a view to sell, for a transfer from investment properties to development properties; and
- end of owner-occupation, for a transfer from property, plant and equipment to investment properties.
- inception of an operating lease to another party, for a transfer from inventories to investment property.

2.7 Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. When the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the asset.

2.8 Revenue recognition

(i) Demolition services

The Group provides demolition services to customers who are project owners. Demolition services include (i) demolition, (ii) site clearance of salvage materials resulting from demolition, and (iii) landfilling of demolition sites.

Revenue is recognised over time as the project owners simultaneously receives and consumes the benefits provided by the Group as the demolition services are performed. The measure of demolition progress is determined based on the proportion of costs incurred to-date to the estimated total costs for each service.

Costs incurred in providing demolition services include setup and mobilisation cost that are recognised as assets under “contract related assets and costs” in Note 6(b) when they are expected to be recovered and its amortisation within cost of sales. Otherwise, such costs are recognised as an expense immediately.

Estimates of revenue from demolition services (arising from estimation of proceeds from disposal of salvage materials and proceeds from earth providers for depositing earth), costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Transaction price of a demolition services project includes net fixed amount received or receivable directly from the project owners and a variable consideration in the form of Share of proceeds from (i) disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (ii) earth providers for depositing earth at demolition sites for landfilling purpose on behalf of project owners. Accumulated experience and recent market prices are used to estimate the variable consideration to the extent that it is highly probable that a significant reversal will not occur, using the expected value method, to be included in the transaction price.

Consideration payable to project owners are accounted for as reduction of transaction price above unless the payment is in exchange for a distinct good or service that the project owner transfers to the Group. Certain contracts require the Group to pay an upfront payment to the project owner at the inception of the contract and that is recognised under “deposits paid to customers”.

If the value of the services rendered by the Group exceed the net payments received, a contract asset is recognised. If the payments exceed the value of the services rendered, a contract liability is recognised.

Trade receivables and retention are recognised for amounts billed to project owners for services and salvage materials buyers and earth providers. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

(ii) Sale of inventories

The Group sells inventories of machinery and equipment. Sales are recognised when control of the products has transferred to the customers, being when the products are delivered to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risk of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract or the Group has objective evidence that all criteria for acceptance have been satisfied.

A trade receivable is recognised when the products are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(iii) Leasing income from machinery

Leasing income from operating leases of machinery is recognised on a straight-line basis over the terms of the respective leases.

2.9 Investment in subsidiary

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends received 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.

2.10 Impairment of non-financial assets

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (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 each reporting period.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income or through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group currently only has keyman insurance, a debt instrument which is classified as fair value through profit or loss.

2.11.2 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments held at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method. Debt instruments are presented as "trade receivables", "deposits and other receivables" and "cash and cash equivalents" on the balance sheet.

Financial asset at fair value through profit or loss

The Group acquired a keyman insurance contract. The insurance contract is initially recognised at the amount of the premium paid and subsequently carried at fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in “other gains — net” as applicable.

2.11.3 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and debt investment at fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.11.4 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date — the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument and financial assets at fair value through profit or loss, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets 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 Group or the counterparty.

2.13 Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include deposits held with banks with original maturity of three months or less and cash on hand.

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 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 (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, 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 each 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*Inside basis differences*

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 financial statements. 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 each 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.

Outside basis differences

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income 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.

2.17 Employee benefits**(a) Pension obligations**

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Bonus plans

The expected costs of bonus payment are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to each balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time to leave.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to anyone 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 expense.

2.19 Inventories

Inventories comprising machinery and equipment are stated at the lower of cost and net realisable value. Costs of purchased inventory is determined using the first-in, first-out method, after deducting rebates and discounts, and includes all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.20 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

2.21 Leases**(a) Lessor**

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the underlying assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

(b) *Lessee*

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments, where applicable:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payment that are based on an index or a rate;
- (c) amounts expected to be payable by the lessee under residual value guarantees;
- (d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following, where applicable:

- (a) the amount of the initial measurement of lease liability;
- (b) any lease payments made at or before the commencement date less any lease incentives received;
- (c) any initial direct costs; and
- (d) reinstatement costs.

Depreciation of right-of-use asset is calculated using straight line method as follow:

Land	Over the lease term
Office equipment	Over the lease term
Plant and machinery	10 years
Motor vehicles	5 years

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2.22 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the Historical Financial Information in the period in which the dividends are approved by the shareholders or directors, where appropriate.

2.23 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 profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet 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 profit or loss as other income or 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.

2.24 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

3 FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, interest rate risk and liquidity risk. The Group's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

The Group operates in Singapore and most of its income and expenditures are denominated in S\$, being the functional currency of the Company. The Group has exposure to foreign exchange risk as a result of cash and cash equivalents, trade receivables, deposits, prepayments and other receivables, trade and other payables and premium financing loan denominated in the United States dollar ("USD") and Hong Kong dollar ("HK\$").

Should S\$ be strengthened/weakened by 4% for the years ended 31 December 2016, 2017 and 2018 and four months ended 30 April 2019 against those currencies, with all other variables held constant, the impact of the profit for the year/period and the equity would have been approximately S\$2,000, S\$Nil and S\$1,000 lower/higher respectively for the years ended 31 December 2016, 2017 and 2018 as a result of foreign exchange losses/gain, and S\$7,000 higher/lower for the four months ended 30 April 2019 as a result of foreign exchange gain/losses.

The Group's exposure to other foreign exchange movements is not material.

(b) *Credit risk*

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The credit risk of the Group's financial assets, which mainly comprise cash and cash equivalents, trade and other receivables, deposits, contract assets, amount due from a director, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

(i) *Credit risk of cash and cash equivalents*

To manage this risk arising from cash and cash equivalents and restricted bank balances, they are mainly placed with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

(ii) *Credit risk of trade receivables and contract assets*

For trade receivables and contract assets, the debtors are primarily large corporation and salvage material buyers. Management considers the credit risk is generally not high. The Group maintains frequent communications with the counterparties. Management has closely monitored the credit qualities and the collectability of these receivables and consider that the expected credit risks of them are generally minimal in view of the history of cooperation with them. During the year ended 31 December 2018, a customer has been identified and assessed to have a characteristic of higher credit risk than the rest of the other debtors due to an ongoing financial restructuring. Based on the Group's assessment, expected credit loss rate over the outstanding debt for this customer is approximately 50%. Therefore, a corresponding loss allowance amounting to S\$110,000 was recognised in 2018. During the period ended 30 April 2019, the expected credit risk of the customer mentioned above increased due to no significant development for the customer's restructuring. Expected credit loss rate increased to 100%. Additional loss allowance amounting to \$102,812 was recognised in 2019.

(iii) *Credit risk of other receivables and amount due from a director*

Other receivables at the end of each reporting period were mainly deposits. The directors of the Company consider the probability of default upon initial recognition of asset and whether there has been significant increase in credit risk on an ongoing basis during the Track Record Period. To assess whether there is a significant increase in credit risk the Group compares risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial economic conditions that are expected to cause a significant change to the third party's ability to meet its obligations;
- actual or expected significant changes in the operating results of the third party;
- significant changes in the expected performance and behavior of the third party, including changes in the payment status of the third party.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment/repayable demanded.

A default on a financial asset is when the counterparty fails to make contractual payments/repayable demanded within 90 days of when they fall due.

Financial assets 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 categories a loan or receivable for write off when a debtor fails to make contractual payments/ repayable demanded greater than 90 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Based on historical experience, majority of the other receivables and amount due from a director were settled shortly upon maturity, hence the expected credit loss is immaterial.

The Group reviews regularly the recoverable amount of each individual receivable to ensure that adequate impairment losses are made for irrecoverable amounts. Over the term of the financial assets, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of debtors, and adjusts for forward looking macroeconomic data.

No significant changes to estimation techniques or assumptions were made during the Track Record Period.

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings, premium financing loan and cash and cash equivalents placed with creditworthy licensed banks and financial institutions at variable rates which exposes the Group to cash flow interest rate risk.

The Group manages its exposure to interest rate risk by maintaining borrowings at a suitable level.

For each of the financial years ended 31 December 2016, 2017, 2018, and the period ended 30 April 2019 if interest rates had been 100 basis points higher/lower with all other variables held constant, the Group's post tax profit would have been approximately S\$36,190, S\$31,242, S\$26,409, and S\$11,366 lower/higher respectively.

The sensitivity analysis above has been determined assuming that the change in interest rate had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the Group's floating rate borrowings in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible changes in interest rates over the period until the end of the next annual reporting period. The analysis was performed on the same methodology for the Track Record Period.

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group measures and monitors its liquidity through the maintenance of prudent ratios regarding the liquidity structure of the overall assets, liabilities, loans and commitments of the Group. The Group also maintains a conservative level of liquid assets to ensure the availability of sufficient cash flows to meet any unexpected and material cash requirements in the course of ordinary business.

During the Track Record Period, the Group complied with all externally imposed loan covenant requirements to which it was subjected to.

The table below analyses the Group's contractual maturity for its financial liabilities. The amounts disclosed in the table have been drawn up with reference to the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On demand or within 1 year S\$	Between 1 and 2 years S\$	Between 2 and 5 years S\$	Over 5 years S\$	Total S\$
As at 31 December 2016					
— Trade and other payables	2,375,352	—	—	—	2,375,352
— Borrowings	834,720	643,888	1,870,724	1,343,055	4,692,387
— Amount due to a director	2,986,596	—	—	—	2,986,596
— Lease liabilities	5,958,440	819,523	1,833,974	10,870,295	19,482,232
	<u>12,155,108</u>	<u>1,463,411</u>	<u>3,704,698</u>	<u>12,213,350</u>	<u>29,536,567</u>
As at 31 December 2017					
— Trade and other payables	3,785,686	—	—	—	3,785,686
— Borrowings	802,182	633,731	1,840,254	739,794	4,015,961
— Amount due to a director	1,709,614	—	—	—	1,709,614
— Lease liabilities	3,652,600	818,461	1,904,888	10,278,238	16,654,187
	<u>9,950,082</u>	<u>1,452,192</u>	<u>3,745,142</u>	<u>11,018,032</u>	<u>26,165,448</u>
As at 31 December 2018					
— Trade and other payables	5,259,300	—	—	—	5,259,300
— Borrowings	3,811,239	622,728	1,904,966	—	6,338,933
— Lease liabilities	4,602,007	759,760	1,934,183	9,618,583	16,914,533
	<u>13,672,546</u>	<u>1,382,488</u>	<u>3,839,149</u>	<u>9,618,583</u>	<u>28,512,766</u>
As at 30 April 2019					
— Trade and other payables	5,196,614	—	—	—	5,196,614
— Borrowings	3,845,815	708,822	1,722,130	—	6,276,767
— Lease liabilities	4,238,608	686,345	1,951,457	9,338,092	16,214,502
	<u>13,281,037</u>	<u>1,395,167</u>	<u>3,673,587</u>	<u>9,338,092</u>	<u>27,687,883</u>

(e) Price risk

The Group's keyman insurance contract is exposed to price risk as it is classified as financial assets at fair value through profit or loss. As at 31 December 2016, 2017 and 2018 and 30 April 2019, if cash surrender value as defined in the keyman insurance contract had been 5% higher/lower, the impact on amount attributable to the shareholders of the Group would be S\$7,256, S\$7,606, S\$7,960 and S\$7,905 higher/lower.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings add lease liabilities and amount due to a director less cash and cash equivalents. Total capital is calculated as "Equity" as shown in the consolidated balance sheets.

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	S\$
Total borrowings (<i>Note 22</i>)	4,360,290	3,764,077	6,181,806	5,984,594
Add: lease liabilities (<i>Note 23</i>)	16,075,712	13,559,479	14,111,872	13,573,340
Add: Amount due to a director (<i>Note 28</i>)	2,986,596	1,709,614	—	—
Less: Cash and cash equivalents (<i>Note 19</i>)	<u>(6,266,223)</u>	<u>(3,561,363)</u>	<u>(2,976,762)</u>	<u>(3,710,517)</u>
Net debt	17,156,375	15,471,807	17,316,916	15,847,417
Total equity	<u>27,068,663</u>	<u>25,607,579</u>	<u>30,078,236</u>	<u>30,136,860</u>
Total capital	<u>44,225,038</u>	<u>41,079,386</u>	<u>47,395,152</u>	<u>45,984,277</u>
Gearing ratio	<u>39%</u>	<u>38%</u>	<u>37%</u>	<u>34%</u>

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value for the Track Record Period by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1	Level 2	Level 3
	S\$	S\$	S\$
As at 31 December 2016			
Assets			
Financial assets at fair value through profit or loss			
— Keyman insurance contract	<u>—</u>	<u>—</u>	<u>145,110</u>
As at 31 December 2017			
Assets			
Financial assets at fair value through profit or loss			
— Keyman insurance contract	<u>—</u>	<u>—</u>	<u>152,110</u>
As at 31 December 2018			
Assets			
Financial assets at fair value through profit or loss			
— Keyman insurance contract	<u>—</u>	<u>—</u>	<u>159,194</u>
As at 30 April 2019			
Assets			
Financial assets at fair value through profit or loss			
— Keyman insurance contract	<u>—</u>	<u>—</u>	<u>158,094</u>

There were no transfers among Levels 1, 2 and 3 during the years ended 31 December 2017 and 2018 and four months ended 30 April 2019.

The following table presents the changes in Level 3 instruments:

	For the year ended 31 December			For the four month ended
	2016	2017	2018	30 April 2019
	S\$	S\$	S\$	S\$
Financial assets at fair value through profit or loss				
Beginning of financial year/period	—	145,110	152,110	159,194
Addition	167,333	—	—	—
Currency exchange differences	—	(9,669)	2,802	(2,210)
Fair value (loss)/gain in consolidated statements of comprehensive income (<i>Note 7</i>)	<u>(22,223)</u>	<u>16,669</u>	<u>4,282</u>	<u>1,110</u>
End of financial year/period	<u>145,110</u>	<u>152,110</u>	<u>159,194</u>	<u>158,094</u>

The fair value of the keyman insurance contract purchased for a key management personnel of the Group is determined based on the cash surrender value in accordance with the keyman insurance contract which is not an observable input. Management estimates the fair value based on the latest policy quarterly statement of the keyman insurance contract provided by the insurance company.

The unobservable input is the cash surrender value quoted by the insurance company according to the Keyman insurance contract. When the cash surrender value is higher, the fair value of the Keyman insurance contract will be higher.

The carrying amounts of the Group's financial assets, including trade receivables, deposits and other receivables, and cash and cash equivalents, and financial liabilities, including trade and other payables, amount due to a director and borrowings, approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimation of transaction prices for demolition service projects

The Group's management estimates the transaction price of each demolition service project based on the management budgets prepared for the demolition service revenue. Transaction price included variable consideration in the form of expected proceeds from disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and expected proceeds received/receivable from earth disposal from earth providers for depositing earth at demolition sites for landfilling purpose. Accumulated experience and recent market prices are used to estimate the variable consideration. Management conducts periodic review on the management budgets by reviewing the actual amounts earned. Items that are subjected to significant variances that will impact the estimated transaction price of the projects include the changes in estimations of actual salvage materials available for sale, actual price of salvage materials upon sale, and actual earth disposal handling quantity and price sold.

There is a project that commenced in September 2015 with significant change in estimate that was not expected as at 31 December 2015, due to the subsequent deterioration of certain salvage materials' prices and over estimation of the quantity of certain salvage materials that could be produced. The project was completed in 2016 with a loss which has been reflected in the profit or loss for the year ended 31 December 2016.

(b) Measure of progress demolition service projects

The Group measures its progress and recognises its revenue according to the proportion of actual cost of work performed to date as compared to total budgeted costs of demolition. Due to the nature of the activity undertaken in these projects, the date at which the project activity is entered into and the date when the activity is completed may fall into different accounting periods. Budgeted costs which mainly comprise depreciation of plant and machinery, labour costs, sub-contracting charges and consumables are estimated by management. Management conducts periodic review on the management budgets by reviewing the actual amounts incurred. Items that are subjected to significant variances that will impact the budgeted costs, and hence the measurement of progress, include the changes in estimations of costs to be incurred for depreciation of plant and machinery, labour costs, sub-contracting charges and consumables.

5 SEGMENT INFORMATION

The CODM has been identified as the executive directors of the Operating Company during the Track Record Period who reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports.

The CODM assesses the performance based on a measure of profit after income tax and considers all businesses to be included in a single operating segment.

The Group is principally engaged in the provision of demolition services, sale of inventories and leasing of machinery through the Operating Company in Singapore. Information reported to CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Operating Company as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

All of the Group's activities are carried out in Singapore and all of the Group's assets and liabilities are located in Singapore. Accordingly, there is no analysis by geographical basis for the Track Record Period.

Revenue are all derived from external project owners in Singapore for the Track Record Period. During the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019, there were 2, 3, 4, 3 and 3 project owners, respectively, which individually contributed over 10% of the Group's total revenue. The revenue generated from the demolishing sites from each of these project owners during the Track Record Period are summarised below:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Customer 1	8,930,902	N/A	N/A	N/A	N/A
Customer 2	7,860,073	10,619,796	N/A	N/A	N/A
Customer 3	N/A	4,110,903	8,576,625	4,163,976	3,153,614
Customer 4	N/A	2,999,409	N/A	N/A	N/A
Customer 5	N/A	N/A	7,955,398	1,036,689	N/A
Customer 6	N/A	N/A	4,649,055	1,821,582	N/A
Customer 7	N/A	N/A	3,414,486	N/A	N/A
Customer 8	N/A	N/A	N/A	N/A	2,372,780
Customer 9	N/A	N/A	N/A	N/A	1,478,021

The above represents revenue generated from the demolition sites of relevant project owners in which proceeds are received from project owners as net contract sum, salvage materials buyers from disposal of salvage materials and earth providers from handling earth disposal to the demolition sites.

The salvage materials as extracted from different project owners' demolition sites would be sold to the same salvage materials buyer in a particular period. In terms of proceeds received/receivable from salvage materials buyers, proceeds from 3, 2, 1, and 2 salvage materials buyers contributed over 10% of the Group's revenue during the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019 respectively. The proceeds received/receivable from each of these salvage material buyers during the Track Record Period are summarised below:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Salvage material buyer 1	4,908,514	4,698,702	—	—	2,746,543
Salvage material buyer 2	5,768,035	6,230,656	7,358,940	1,976,002	2,128,610
Salvage material buyer 3	3,049,621	—	—	—	—

6 REVENUE

The Group has recognised the following amounts relating to revenue in the consolidated statements of comprehensive income:

	As at 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Revenue from contracts with customers (Note (a))	23,709,049	27,709,788	33,908,510	10,096,338	11,475,219
Leasing of machinery	1,032,636	155,936	78,696	31,173	89,266
Total revenue	24,741,685	27,865,724	33,987,206	10,127,511	11,564,485

(a) Disaggregation of revenue from contracts with customers

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines:

	Provision of demolition services	Sales of inventories	Others	Total
	(Note)			
	S\$	S\$	S\$	S\$
Year ended 31 December 2016:				
Revenue from contracts with customers	23,645,382	47,000	16,667	23,709,049
Timing of revenue recognition				
At a point in time	—	47,000	16,667	63,667
Over time	23,645,382	—	—	23,645,382
Total	23,645,382	47,000	16,667	23,709,049

	Provision of demolition services (Note) S\$	Sales of inventories S\$	Others S\$	Total S\$
Year ended 31 December 2017:				
Revenue from contracts with customers	<u>26,053,557</u>	<u>1,636,340</u>	<u>19,891</u>	<u>27,709,788</u>
Timing of revenue recognition				
At a point in time	—	1,636,340	19,891	1,656,231
Over time	<u>26,053,557</u>	<u>—</u>	<u>—</u>	<u>26,053,557</u>
Total	<u>26,053,557</u>	<u>1,636,340</u>	<u>19,891</u>	<u>27,709,788</u>
Year ended 31 December 2018:				
Revenue from contracts with customers	<u>33,906,120</u>	<u>—</u>	<u>2,390</u>	<u>33,908,510</u>
Timing of revenue recognition				
At a point in time	—	—	2,390	2,390
Over time	<u>33,906,120</u>	<u>—</u>	<u>—</u>	<u>33,906,120</u>
Total	<u>33,906,120</u>	<u>—</u>	<u>2,390</u>	<u>33,908,510</u>
For the months ended 30 April 2018 (Unaudited):				
Revenue from contracts with customers	<u>10,094,138</u>	<u>—</u>	<u>2,200</u>	<u>10,096,338</u>
Timing of revenue recognition				
At a point in time	—	—	2,200	2,200
Over time	<u>10,094,138</u>	<u>—</u>	<u>—</u>	<u>10,094,138</u>
Total	<u>10,094,138</u>	<u>—</u>	<u>2,200</u>	<u>10,096,338</u>
For the months ended 30 April 2019:				
Revenue from contracts with customers	<u>11,473,542</u>	<u>—</u>	<u>1,677</u>	<u>11,475,219</u>
Timing of revenue recognition				
At a point in time	—	—	1,677	1,677
Over time	<u>11,473,542</u>	<u>—</u>	<u>—</u>	<u>11,473,542</u>
Total	<u>11,473,542</u>	<u>—</u>	<u>1,677</u>	<u>11,475,219</u>

Note:

Provision of demolition services were derived from undertaking demolition projects which include (i) the net payment directly from the project owners; (ii) the proceeds from disposal of salvage materials removed from the demolition sites to third party salvage materials buyers; and (iii) earth disposal proceeds from earth providers for depositing earth at demolition sites for landfilling purpose.

(b) Contract related assets and costs and contract liabilities

The Group has recognised the following revenue-related contract related assets and cost and liabilities:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	S\$
Contract assets — demolition projects (<i>Note i</i>)	<u>3,613,331</u>	<u>2,909,611</u>	<u>7,904,241</u>	<u>9,666,966</u>
Total contract related assets and costs	<u>3,613,331</u>	<u>2,909,611</u>	<u>7,904,241</u>	<u>9,666,966</u>
Contract liabilities — demolition projects (<i>Note ii</i>)	<u>887,344</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total contract liabilities	<u>887,344</u>	<u>—</u>	<u>—</u>	<u>—</u>

(i) Significant changes in contract assets

The decrease of contract assets from 2016 to 2017 was mainly due to completion of some of the projects for which full billings have been made during 2017. Furthermore, there was also commencement of new projects which were still at a relatively early stage with slight progress made at the end of financial year of 2017 and therefore led to a lower contract assets being recognised.

As there were more ongoing projects in 2018 which have made substantial progress of the contract activity ahead of the total amount of progress billings; this in turn resulted in a higher level of balances of contract assets as of 31 December 2018.

Due to timing difference, a higher portion of work performed did not reach the milestone for progress billing, the amount of contract assets increased as of 30 April 2019.

(ii) Significant changes in contract liabilities

The contract liabilities recognised in 2016 were primarily attributed to a number of ongoing projects; in which the cumulative amount of progress billings exceeded the value of demolition services provided and resulted in the recognition of contract liabilities. These progress billings were largely depending on timing of disposal of high value salvage materials as extracted and has no direct correlation with the progress of the demolition contract activity.

(iii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the respective years relate to carried-forward contract liabilities.

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
Revenue recognised that was included in the contract liabilities balance at the beginning of the year — demolition projects	<u>—</u>	<u>887,344</u>	<u>—</u>	<u>—</u>	<u>—</u>

(Unaudited)

(iv) Unsatisfied long-term contracts

As at 31 December 2016, 2017, 2018 and 30 April 2019, as permitted by IFRS 15, transaction price allocated to unsatisfied contracts with original expected duration of one year or less is not disclosed.

As at 30 April 2019, the transaction price allocated to the unsatisfied contract with original expected duration of more than one year are not presented given the amount is insignificant.

(c) Deposits paid to customers

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	2019
				S\$
Deposits paid to customers for secured contracts	5,483	732,999	1,158,493	398,348

This asset is amortised to profit and loss as reduction of revenue simultaneously with the transfer to the customer of the demolition service to which the deposit relates.

7 OTHER INCOME AND OTHER GAINS — NET

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Other income:					
Interest income	795	1,772	634	177	222
Government grants	97,865	40,396	196,368	27,582	18,979
Rental income from property	48,109	—	—	—	—
Miscellaneous income	56	694	722	358	113
Total other income	146,825	42,862	197,724	28,117	19,314
Other gains:					
Gain on disposal of property, plant and equipment	905,601	481,642	584,475	57,933	65,449
Gain on disposal of a subsidiary (<i>Note 30</i>)	—	—	18,070	18,070	—
Currency exchange gains/(loss) — net	32,935	(7,235)	(26,428)	(53,891)	(16,621)
Fair value (loss)/gain on financial asset at fair value through profit or loss	(22,223)	16,669	4,282	987	1,110
Total other gains — net	916,313	491,076	580,399	23,099	49,938
Total other income and other gains — net	1,063,138	533,938	778,123	51,216	69,252

8 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analysed as follows:

	Year ended 31 December			For the four months ended 30 April	
	2016 S\$	2017 S\$	2018 S\$	2018 S\$ (Unaudited)	2019 S\$
Sales commission expenses	121,111	—	—	—	—
Sub-contractor charges	1,528,732	1,393,831	4,555,787	908,477	1,914,578
Transportation expenses	792,440	867,650	1,277,392	493,686	433,453
Maintenance expenses	1,187,503	1,270,773	1,217,012	398,780	351,937
Insurance expenses	258,564	139,320	167,602	77,759	61,848
Raw materials, consumables and other overheads	2,794,509	4,651,341	4,911,627	2,151,067	2,001,379
Cost of inventories sold	46,000	1,569,469	—	—	—
Employee benefits expenses, including directors' emoluments (<i>Note 8(a)</i>)	6,309,748	7,068,532	7,284,650	3,315,142	3,421,918
Depreciation (<i>Notes 13, 14 and 23</i>)	3,944,437	4,218,992	4,657,058	1,517,160	1,626,095
Listing expenses	—	—	3,296,453	1,647,325	757,660
Legal and professional fees	126,260	81,514	216,600	96,400	63,829
Provision for doubtful debt	—	—	110,000	—	102,812
Auditors' remuneration					
— Audit services	29,369	20,500	29,330	8,000	8,000
— Non-audit services	13,000	3,449	—	—	1,070
Expenses relating to short term-leases	564,686	134,243	1,057,193	18,116	44,005
Motor vehicle expenses	117,366	135,650	133,211	37,588	43,076
Utility expenses	98,533	77,534	111,852	27,233	60,421
Write-off of receivables	182,984	—	—	—	—
Others	744,261	853,416	840,757	406,537	355,977
	<u>18,859,503</u>	<u>22,486,214</u>	<u>29,866,524</u>	<u>11,103,270</u>	<u>11,248,058</u>
Total cost of sales, selling and distributions expenses and administrative expenses					
Represented by:					
Cost of sales	13,073,046	16,416,463	20,275,015	6,588,508	7,530,175
Selling and distribution expenses	184,487	243,221	238,843	118,829	65,224
Administrative expenses	<u>5,601,970</u>	<u>5,826,530</u>	<u>9,352,666</u>	<u>4,395,933</u>	<u>3,652,659</u>
	<u>18,859,503</u>	<u>22,486,214</u>	<u>29,866,524</u>	<u>11,103,270</u>	<u>11,248,058</u>

Notes:

(a)

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Wages, salaries, bonuses and other benefits	5,976,765	6,709,427	6,906,060	3,126,363	3,222,343
Pension costs — defined contribution plans	<u>332,983</u>	<u>359,105</u>	<u>378,590</u>	<u>188,779</u>	<u>199,575</u>
	<u>6,309,748</u>	<u>7,068,532</u>	<u>7,284,650</u>	<u>3,315,142</u>	<u>3,421,918</u>
				(Unaudited)	
Amount included in:					
Cost of sales	2,726,978	3,036,839	3,270,993	1,253,401	1,261,054
Administrative expenses	<u>3,582,770</u>	<u>4,031,693</u>	<u>4,013,657</u>	<u>2,061,741</u>	<u>2,160,864</u>
	<u>6,309,748</u>	<u>7,068,532</u>	<u>7,284,650</u>	<u>3,315,142</u>	<u>3,421,918</u>

(b) Five highest paid individuals

The five individuals whose remuneration were the highest in the Group include the 2 directors for the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 respectively, and 3 directors for the four months ended 30 April 2019, whose remuneration are reflected in the analysis presented in Note 9(a) below.

The remuneration paid to the remaining 3 individuals for years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 respectively, and the remaining 2 individuals for the four months ended 30 April 2019 are as follows:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Wages, salaries, bonuses and other benefits	456,040	633,640	582,300	365,480	254,400
Pension costs — defined contribution plans	<u>50,119</u>	<u>43,860</u>	<u>43,860</u>	<u>16,200</u>	<u>16,200</u>
	<u>506,159</u>	<u>677,500</u>	<u>626,160</u>	<u>381,680</u>	<u>270,600</u>

The emoluments of the remaining 3 individuals for years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 respectively, and remaining 2 individuals for the four months ended 30 April 2019, fell within the following bands:

Emoluments band (in HK dollar)	No of individuals			For the four months	
	Year ended 31 December			ended 30 April	
	2016	2017	2018	2018	2019
Nil–HK\$1,000,000	2	—	—	3	2
HK\$1,000,001–HK\$1,500,000	1	2	3	—	—
HK\$1,500,001–HK\$2,000,000	—	1	—	—	—

No incentive payment for joining the Group or compensation for loss of office was paid or payable to any for the five highest paid individuals during the years ended 31 December 2016, 2017, 2018, and the four months ended 30 April 2018 and 2019.

9 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors of the Group paid and payable by the Group for the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019 are set out below:

For the year ended 31 December 2016:

Name	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to pension scheme	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Executive directors:						
Mr. Tan	100,000	211,000	—	—	6,480	317,480
Ms. Tang Ling Ling ("Ms. Tang")	—	134,000	110,000	4,615	17,340	265,955
TAN Wei Leong ("Mr. Alvin Tan")	—	51,100	28,000	499	13,533	93,132
	<u>100,000</u>	<u>396,100</u>	<u>138,000</u>	<u>5,114</u>	<u>37,353</u>	<u>676,567</u>

For the year ended 31 December 2017:

Name	Fees	Salaries	Discretionary bonuses	Allowances and benefits in kind	Employer's contribution to pension scheme	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Executive directors:						
Mr. Tan	100,000	216,000	152,000	—	9,180	477,180
Ms. Tang	—	144,000	122,000	—	17,340	283,340
Mr. Alvin Tan	—	51,600	52,000	—	17,561	121,161
	<u>100,000</u>	<u>411,600</u>	<u>326,000</u>	<u>—</u>	<u>44,081</u>	<u>881,681</u>

For the year ended 31 December 2018:

Name	Fees S\$	Salaries S\$	Discretionary bonuses S\$	Allowances and benefits in kind S\$	Employer's contribution to pension scheme S\$	Total S\$
Executive directors:						
Mr. Tan	100,000	230,000	50,000	—	9,180	389,180
Ms. Tang	—	158,000	120,000	—	17,340	295,340
Mr. Alvin Tan	—	58,100	80,000	—	18,445	156,545
	<u>100,000</u>	<u>446,100</u>	<u>250,000</u>	<u>—</u>	<u>44,965</u>	<u>841,065</u>

For the four months ended 30 April 2018 (Unaudited):

Name	Fees S\$	Salaries S\$	Discretionary bonuses S\$	Allowances and benefits in kind S\$	Employer's contribution to pension scheme S\$	Total S\$
Executive directors:						
Mr. Tan	—	72,000	50,000	—	4,860	126,860
Ms. Tang	—	48,000	120,000	—	9,180	177,180
Mr. Alvin Tan	—	17,200	80,000	—	11,492	108,692
	<u>—</u>	<u>137,200</u>	<u>250,000</u>	<u>—</u>	<u>25,532</u>	<u>412,732</u>

For the four months ended 30 April 2019:

Name	Fees S\$	Salaries S\$	Discretionary bonuses S\$	Allowances and benefits in kind S\$	Employer's contribution to pension scheme S\$	Total S\$
Executive directors:						
Mr. Tan	—	80,000	50,000	—	4,860	134,860
Ms. Tang	—	56,000	100,000	—	9,180	165,180
Mr. Alvin Tan	—	21,200	80,000	—	10,132	111,332
	<u>—</u>	<u>157,200</u>	<u>230,000</u>	<u>—</u>	<u>24,172</u>	<u>411,372</u>

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the Group and no directors waived any emolument during the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019.

For the years ended 31 December 2016, 2017, 2018, and the four months ended 30 April 2018 and 2019, S\$100,000, S\$100,000 and S\$100,000, S\$Nil and S\$Nil were paid respectively to Tan Chee Beng in his capacity of director of the Operating Company respectively. No director fees were paid to other individuals in their capacity as directors of the Company or the Operating Company and no emoluments were paid by the Company or the Operating Company to the directors as an inducement to join the Company, or as compensation for loss of office during the years ended 31 December 2016, 2017, 2018, and the four months ended 30 April 2018 and 2019.

Mr. Tan, Ms. Tang and Mr. Alvin Tan were appointed as the Company's executive directors on 25 June 2018. Mr. Cheung Kam Fai was appointed as the Company's non-executive director on 25 June 2018. Mr. Wee Chorng Kien, Mr. Leung Yau Wan John and Mr. Leung Kee Wai were appointed as the Company's independent non-executive directors on 15 October 2019. During the Track Record Period, the independent non-executive directors had not been appointed and had not received any remuneration.

(b) Directors' retirement benefits

No retirement benefits were paid to or receivable by the directors in respect of their services as directors in respect of the Company and the Operating Company during Track Record Period.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during Track Record Period.

(d) Consideration provided to third parties for making available directors' services

During the Track Record Period, the Group did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

The information about the quasi-loan entered into by the Group, where applicable, in favour of a director is disclosed in Note 28. There are no other loans and other dealing arrangements in favour of directors, or controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(f) Directors' material interests in transactions, arrangements or contracts

During the year ended 31 December 2018, the director waived an amount of S\$800,000 payable by the Operating Company. The payable amount waived was a deemed capital contribution to the Group and was recognised as part of other reserves in the equity of the Group. No other significant arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly to indirectly; subsisted at the end of the year/period or at any time during the Track Record Period.

10 FINANCE COSTS

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
Interest expenses on:				(Unaudited)	
— Bank borrowings	98,060	80,073	133,436	31,496	55,542
— Lease liabilities	395,402	406,726	371,749	118,985	121,280
	<u>493,462</u>	<u>486,799</u>	<u>505,185</u>	<u>150,481</u>	<u>176,822</u>

11 INCOME TAXES

Singapore income tax has been provided for at the rate of 17% on the estimated assessable profit for the years ended 31 December 2016, 2017, 2018, and the four months ended 30 April 2018 and 2019.

(a) Income tax expense

The amount of income tax expense charged to the consolidated statements of comprehensive income represents:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Current income tax					
— Singapore	—	314,868	1,222,817	109,180	231,708
Deferred income tax (Note 24)					
— Singapore	826,021	572,865	92,951	(11,889)	(81,475)
Income tax expense	<u>826,021</u>	<u>887,733</u>	<u>1,315,768</u>	<u>97,291</u>	<u>150,233</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the Operating Company as follows:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Profit/(loss) before income tax	<u>6,451,858</u>	<u>5,426,649</u>	<u>4,393,620</u>	<u>(1,075,024)</u>	<u>208,857</u>
Tax calculated at a tax rate of 17%	1,096,816	922,530	746,915	(182,754)	35,506
Expenses not deductible for tax purposes	118,731	105,820	667,803	334,798	169,878
Income not subject to tax	(10,642)	(22,710)	(729)	—	(3,185)
Tax incentives (Note i)	(369,606)	(76,434)	(62,296)	(20,765)	—
Statutory stepped income exemption and tax rebate (Note ii)	—	(40,925)	(35,925)	(35,925)	(17,425)
Overprovision in prior year	—	—	—	—	(34,541)
Others	(9,278)	(548)	—	1,937	—
Tax charge	<u>826,021</u>	<u>887,733</u>	<u>1,315,768</u>	<u>97,291</u>	<u>150,233</u>

Notes:

- (i) Tax incentives are mainly enhanced deductions and allowances claimed under the Productivity and Innovation Credit ("PIC") Scheme in accordance to Singapore Budget 2010 and 2014 announced by the Singapore government on 20 February 2010 and 21 February 2014 respectively for 2010 to 2017. Under the PIC Scheme, the Group is entitled to claim 400% tax deductions/allowances for qualifying expenditures paid on leasing and acquisition of information technology and automation equipment.
- (ii) Singapore statutory stepped income exemption relates to partial tax exemption of S\$25,925, S\$25,925, S\$25,925 and S\$17,425 corporate income tax rebate of S\$15,000, S\$10,000, S\$10,000 and Nil granted by the Inland Revenue Authority of Singapore ("IRAS") for the year ended 31 December 2017, 2018, and the four months ended 30 April 2018 and 2019.

(b) Movement in current income tax liabilities

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Beginning of financial year:	—	—	314,868	314,868	1,293,999
Tax paid	—	—	(243,686)	—	(246,023)
Tax expense	—	314,868	1,222,817	109,180	231,708
End of financial year:	—	314,868	1,293,999	424,048	1,279,684

12 EARNINGS PER SHARE

The basis earnings per share is calculated on the profit attributable to equity holders of the Company by the weighted average number of shares in issue during the Track Record Period. In determining the weighted average number of shares in issue, the 100 shares issued upon incorporation and 8,641 shares issued during the Reorganisation as detailed in Note 1.2 were deemed to exist at the beginning of Track Record Period. Weighted average number of shares as at 31 December 2018 of 9,696 shares has taken into account the issued shares of 1,259 shares from Pre-IPO investor on the date of capital injection, 29 March 2018.

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
				(Unaudited)	
Profit/(loss) attributable to owners (S\$)	5,625,837	4,538,916	3,077,852	(1,172,315)	58,624
Weighted average number of shares in issue	8,741	8,741	9,696	9,077	10,000
Basic earnings/(loss) per share (S\$)	644	519	317	(129)	6

The earnings per share calculation has not taken into account the proposed capitalisation issue of 749,990,000 shares pursuant to the written resolution passed by the shareholders on 15 October 2019 because the proposed capitalisation issue has not become effective as of the date of this report.

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding for the Track Record Period.

13 PROPERTY, PLANT AND EQUIPMENT

	Building S\$	Plant and machinery S\$	Motor vehicles S\$	Office equipment, furniture and fittings S\$	Total S\$
At 1 January 2016					
Cost	8,418,077	25,288,331	1,425,747	153,674	35,285,829
Accumulated depreciation	<u>(385,829)</u>	<u>(15,799,985)</u>	<u>(983,005)</u>	<u>(57,625)</u>	<u>(17,226,444)</u>
Net book amount	<u>8,032,248</u>	<u>9,488,346</u>	<u>442,742</u>	<u>96,049</u>	<u>18,059,385</u>
Year ended 31 December 2016					
Opening net book amount	8,032,248	9,488,346	442,742	96,049	18,059,385
Additions	—	776,000	474,872	—	1,250,872
Transfer from right-of-use assets	—	5,072,709	121,298	—	5,194,007
Disposals (<i>Note 31(b)</i>)	—	(2,089,363)	(414,054)	—	(2,503,417)
Depreciation	<u>(420,904)</u>	<u>(1,764,381)</u>	<u>(261,740)</u>	<u>(30,127)</u>	<u>(2,477,152)</u>
Closing net book amount	<u>7,611,344</u>	<u>11,483,311</u>	<u>363,118</u>	<u>65,922</u>	<u>19,523,695</u>
At 31 December 2016					
Cost	8,418,077	28,424,549	1,628,341	150,634	38,621,601
Accumulated depreciation	<u>(806,733)</u>	<u>(16,941,238)</u>	<u>(1,265,223)</u>	<u>(84,712)</u>	<u>(19,097,906)</u>
Net book amount	<u>7,611,344</u>	<u>11,483,311</u>	<u>363,118</u>	<u>65,922</u>	<u>19,523,695</u>
	Building S\$	Plant and machinery S\$	Motor vehicles S\$	Office equipment, furniture and fittings S\$	Total S\$
At 1 January 2017					
Cost	8,418,077	28,424,549	1,628,341	150,634	38,621,601
Accumulated depreciation	<u>(806,733)</u>	<u>(16,941,238)</u>	<u>(1,265,223)</u>	<u>(84,712)</u>	<u>(19,097,906)</u>
Net book amount	<u>7,611,344</u>	<u>11,483,311</u>	<u>363,118</u>	<u>65,922</u>	<u>19,523,695</u>
Year ended 31 December 2017					
Opening net book amount	7,611,344	11,483,311	363,118	65,922	19,523,695
Additions	—	273,598	97,241	12,722	383,561
Transfer from right-of-use assets	—	727,010	178,521	—	905,531
Disposals (<i>Note 31(b)</i>)	—	(360,531)	(63,381)	—	(423,912)
Depreciation	<u>(420,903)</u>	<u>(1,980,475)</u>	<u>(192,964)</u>	<u>(28,657)</u>	<u>(2,622,999)</u>
Closing net book amount	<u>7,190,441</u>	<u>10,142,913</u>	<u>382,535</u>	<u>49,987</u>	<u>17,765,876</u>
At 31 December 2017					
Cost	8,418,077	29,260,047	1,620,100	163,356	39,461,580
Accumulated depreciation	<u>(1,227,636)</u>	<u>(19,117,134)</u>	<u>(1,237,565)</u>	<u>(113,369)</u>	<u>(21,695,704)</u>
Net book amount	<u>7,190,441</u>	<u>10,142,913</u>	<u>382,535</u>	<u>49,987</u>	<u>17,765,876</u>

	Building S\$	Plant and machinery S\$	Motor vehicles S\$	Office equipment, furniture and fittings S\$	Total S\$
At 1 January 2018					
Cost	8,418,077	29,260,047	1,620,100	163,356	39,461,580
Accumulated depreciation	<u>(1,227,636)</u>	<u>(19,117,134)</u>	<u>(1,237,565)</u>	<u>(113,369)</u>	<u>(21,695,704)</u>
Net book amount	<u>7,190,441</u>	<u>10,142,913</u>	<u>382,535</u>	<u>49,987</u>	<u>17,765,876</u>
Year ended 31 December 2018					
Opening net book amount	7,190,441	10,142,913	382,535	49,987	17,765,876
Additions	—	1,316,639	—	25,583	1,342,222
Transfer of right-of-use assets	—	3,529,871	431,651	—	3,961,522
Disposals (Note 31(b))	—	(30,164)	—	—	(30,164)
Depreciation	<u>(420,904)</u>	<u>(2,389,580)</u>	<u>(257,181)</u>	<u>(27,683)</u>	<u>(3,095,348)</u>
Closing net book amount	<u>6,769,537</u>	<u>12,569,679</u>	<u>557,005</u>	<u>47,887</u>	<u>19,944,108</u>
At 31 December 2018					
Cost	8,418,077	33,345,597	2,313,801	147,543	44,225,018
Accumulated depreciation	<u>(1,648,540)</u>	<u>(20,775,918)</u>	<u>(1,756,796)</u>	<u>(99,656)</u>	<u>(24,280,910)</u>
Net book amount	<u>6,769,537</u>	<u>12,569,679</u>	<u>557,005</u>	<u>47,887</u>	<u>19,944,108</u>
	Building S\$	Plant and machinery S\$	Motor vehicles S\$	Office equipment, furniture and fittings S\$	Total S\$
At 1 January 2018					
Cost	8,418,077	29,260,047	1,620,100	163,356	39,461,580
Accumulated depreciation	<u>(1,227,636)</u>	<u>(19,117,134)</u>	<u>(1,237,565)</u>	<u>(113,369)</u>	<u>(21,695,704)</u>
Net book amount	<u>7,190,441</u>	<u>10,142,913</u>	<u>382,535</u>	<u>49,987</u>	<u>17,765,876</u>
For the four months ended 30 April 2018 (Unaudited)					
Opening net book amount	7,190,441	10,142,913	382,535	49,987	17,765,876
Additions	—	1,060,100	—	7,129	1,067,229
Transfer of right-of-use assets	—	1,809,437	74,695	—	1,884,132
Depreciation	<u>(140,301)</u>	<u>(768,748)</u>	<u>(75,731)</u>	<u>(9,651)</u>	<u>(994,431)</u>
Closing net book amount	<u>7,050,140</u>	<u>12,243,702</u>	<u>381,499</u>	<u>47,465</u>	<u>19,722,806</u>
At 30 April 2018 (Unaudited)					
Cost	8,418,077	32,852,257	1,657,305	159,835	43,087,474
Accumulated depreciation	<u>(1,367,937)</u>	<u>(20,608,555)</u>	<u>(1,275,806)</u>	<u>(112,370)</u>	<u>(23,364,668)</u>
Net book amount	<u>7,050,140</u>	<u>12,243,702</u>	<u>381,499</u>	<u>47,465</u>	<u>19,722,806</u>

	Building S\$	Plant and machinery S\$	Motor vehicles S\$	Office equipment, furniture and fittings S\$	Total S\$
At 1 January 2019					
Cost	8,418,077	33,345,597	2,313,801	147,543	44,225,018
Accumulated depreciation	<u>(1,648,540)</u>	<u>(20,775,918)</u>	<u>(1,756,796)</u>	<u>(99,656)</u>	<u>(24,280,910)</u>
Net book amount	<u>6,769,537</u>	<u>12,569,679</u>	<u>557,005</u>	<u>47,887</u>	<u>19,944,108</u>
For the four months ended 30 April 2019					
Opening net book amount	6,769,537	12,569,679	557,005	47,887	19,944,108
Additions	—	133,800	—	5,041	138,841
Transfer from right-of-use assets	—	182,400	—	—	182,400
Disposals (Note 31(b))	—	(83,051)	—	—	(83,051)
Depreciation	<u>(140,301)</u>	<u>(860,038)</u>	<u>(97,700)</u>	<u>(9,851)</u>	<u>(1,107,890)</u>
Closing net book amount	<u>6,629,236</u>	<u>11,942,790</u>	<u>459,305</u>	<u>43,077</u>	<u>19,074,408</u>
At 30 April 2019					
Cost	8,418,077	33,308,397	2,161,429	152,584	44,040,487
Accumulated depreciation	<u>(1,788,841)</u>	<u>(21,365,607)</u>	<u>(1,702,124)</u>	<u>(109,507)</u>	<u>(24,966,079)</u>
Net book amount	<u>6,629,236</u>	<u>11,942,790</u>	<u>459,305</u>	<u>43,077</u>	<u>19,074,408</u>

Depreciation expense is presented in the consolidated statements of comprehensive income as follows:

	Year ended 31 December			For the four months ended 30 April	
	2016 S\$	2017 S\$	2018 S\$	2018 S\$	2019 S\$
				(Unaudited)	
Cost of sales	1,777,659	1,980,474	2,345,420	768,748	860,040
Administrative expenses	<u>699,493</u>	<u>642,525</u>	<u>749,928</u>	<u>225,683</u>	<u>247,850</u>
	<u>2,477,152</u>	<u>2,622,999</u>	<u>3,095,348</u>	<u>994,431</u>	<u>1,107,890</u>

Building with carrying amounts of S\$7,611,344, S\$7,190,441, S\$6,769,537, S\$7,050,140 and S\$6,629,236 are mortgaged to the bank borrowing (Note 22(a)) for the years ended 31 December 2016, 2017 and 2018 and the four months ended 30 April 2018 and 2019 respectively.

Leasing income amounting to S\$1,032,636, S\$155,936, S\$78,696, S\$31,173 and S\$89,266 relating to lease out the idle plant and machinery, for the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 and 2019 respectively, are included in revenue (Note 6).

Rental income amounting to S\$48,109, S\$Nil, S\$Nil, S\$Nil and S\$Nil relating to the operating lease of portion of building when idle and not in use, for the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 and 2019 respectively, are included in other income (Note 7).

14 INVESTMENT PROPERTY

	As at 31 December			As at 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Cost					
Beginning of financial year	—	—	2,208,000	2,208,000	2,208,000
Additions	—	2,208,000	—	—	—
End of financial year	—	2,208,000	2,208,000	2,208,000	2,208,000
Accumulated depreciation					
Beginning of financial year	—	—	22,080	22,080	66,240
Depreciation charge	—	22,080	44,160	14,720	14,720
End of financial year	—	22,080	66,240	36,800	80,960
Net book value	—	2,185,920	2,141,760	2,171,200	2,127,040
Fair values	—	2,250,000	2,250,000	2,250,000	2,250,000

Investment property relates to a medical facility unit located in Singapore with a lease term of over 50 years. It is intended for rental or capital appreciation. As at 31 December 2017, 31 December 2018, 30 April 2018 and 30 April 2019, it has not been leased.

Investment property is stated at cost less accumulated depreciation as the Group has elected to adopt the cost model method to measure its investment properties.

Depreciation expense of S\$Nil, S\$22,080 and S\$44,160, S\$14,720 and S\$14,720 for the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2018 and 30 April 2019 respectively, has been recorded in administrative expenses.

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the investment properties have been derived using the sales comparison approach. Sale prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.

Valuation process of the Group

The Group has engaged an independent, professional valuer to determine the fair value of the investment property at the end of 31 December 2017 and 2018 using the sales comparison approach. As at 31 December 2017 and 2018, the fair value of the investment property was S\$2,250,000, no impairment loss was recognised. As at 30 April 2018 and 2019, management has assessed and estimated the fair value of the investment properties to be the same, based on directors' assessment, derived from recent transactions of similar properties.

The following amounts are recognised in profit or loss:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
Direct operating expenses arising from investment property	—	18,653	17,540	11,930	11,118

(Unaudited)

15 FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at
	2016	2017	2018	30 April 2019
	S\$	S\$	S\$	S\$
Unlisted investment — Keyman insurance contract	145,110	152,110	159,194	158,094

The keyman insurance contract relates to an insurance policy insured for Mr. Alvin Tan, a director of the Company. The keyman insurance contract is denominated in US\$.

The change in fair value of other investment during the year is recorded in “other gains-net” in the consolidated statements of comprehensive income (Note 7).

As at 31 December 2016, 2017, 2018 and 30 April 2019, the fair value of the keyman insurance contract was estimated by making reference to the cash surrender value set out in the keyman insurance contract.

As at 31 December 2016, 2017, 2018 and 30 April 2019, the carrying amount of financial asset at fair value through profit or loss pledged as security for the Group’s outstanding borrowing amounted to S\$145,110, S\$152,110, S\$159,154 and S\$158,094 respectively.

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group's financial instruments include the following:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	S\$
Financial assets:				
Financial asset at fair value through profit or loss	145,110	152,110	159,194	158,094
Financial assets at amortised cost:				
— Trade receivables	3,033,253	5,222,777	6,663,256	5,047,395
— Deposits and other receivables	1,591,521	410,856	467,582	370,071
— Amount due from a director	17,541	—	—	—
— Cash and cash equivalents	<u>6,266,223</u>	<u>3,561,363</u>	<u>2,976,762</u>	<u>3,710,517</u>
	<u>11,053,648</u>	<u>9,347,106</u>	<u>10,266,794</u>	<u>9,286,077</u>
Financial liabilities:				
Financial liabilities at amortised cost:				
— Trade and other payables	2,300,400	3,671,749	5,136,799	5,196,614
— Borrowings	4,360,290	3,764,077	6,181,806	5,984,594
— Lease liabilities	16,075,712	13,559,479	14,111,872	13,573,340
— Amount due to a director	<u>2,986,596</u>	<u>1,709,614</u>	<u>—</u>	<u>—</u>
	<u>25,722,998</u>	<u>22,704,919</u>	<u>25,430,477</u>	<u>24,754,548</u>

17 TRADE RECEIVABLES

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	S\$
Trade receivables from third parties	2,715,178	5,206,719	6,509,053	5,008,019
Less: Allowance for impairment of trade receivables	<u>—</u>	<u>—</u>	<u>(110,000)</u>	<u>(212,812)</u>
	2,715,178	5,206,719	6,399,053	4,795,207
Retentions	<u>318,075</u>	<u>16,058</u>	<u>264,203</u>	<u>252,188</u>
	<u>3,033,253</u>	<u>5,222,777</u>	<u>6,663,256</u>	<u>5,047,395</u>

The Group normally grants credit terms of 30 days. The Group does not hold any collateral as security.

As at 31 December 2016, 2017, 2018 and 30 April 2019, the ageing analysis of the third-party trade receivables and retentions, based on invoice date, are as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	2019
				S\$
Up to 30 days	1,913,115	4,183,206	4,740,961	2,144,399
31–60 days	579,248	509,344	1,017,086	616,272
61–90 days	327,999	87,242	498,461	913,637
91–120 days	23,094	382,426	22,139	61,646
Over 120 days	189,797	60,559	384,609	1,311,441
	<u>3,033,253</u>	<u>5,222,777</u>	<u>6,663,256</u>	<u>5,047,395</u>

As at 31 December 2016, 2017, 2018 and 30 April 2019, the carrying amounts of trade receivables and retentions approximate their fair values.

Movements in the provision for impairment of third parties receivables are as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	2019
				S\$
Beginning of financial year	—	—	—	110,000
Provision for impairment of receivables recognised during the year	<u>—</u>	<u>—</u>	<u>110,000</u>	<u>102,812</u>
End of financial year	<u>—</u>	<u>—</u>	<u>110,000</u>	<u>212,812</u>

During the year ended 31 December 2018, a customer has been identified and assessed to have a characteristic of higher credit risk than the rest of the other debtors due to an ongoing financial restructuring. Based on the Group's assessment, expected credit loss rate over the outstanding debt for this customer is approximately 50%. Therefore, a corresponding loss allowance amounting to S\$110,000 was recognised in 2018. During the financial period ended 30 April 2019, due to no significant development for the customer's restructuring, the Group assessed the expected credit loss rate over the outstanding debt for this customer to be approximately 100%. Therefore, an additional corresponding loss allowance amounting to S\$102,812 was recognised in financial period ended 30 April 2019.

The remaining debtors are primarily large corporation and salvage material buyers and with long history of business relationship. Management considers the credit risk is not high. The Group maintains frequent communications with the counterparties. Management has closely monitored the credit qualities and the collectability of these receivables and consider that the expected credit risks of them are minimal in view of the history of cooperation with them, taking into account the current and forward looking information. The expected credit loss rate of these trade receivables is close to zero as at 31 December 2016, 2017 and 2018 and 30 April 2019.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	2019
				S\$
Singapore dollar	3,033,253	5,222,777	6,606,673	4,990,812
United States dollar	<u>—</u>	<u>—</u>	<u>56,583</u>	<u>56,583</u>
	<u>3,033,253</u>	<u>5,222,777</u>	<u>6,663,256</u>	<u>5,047,395</u>

18 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	S\$
Other receivables from third parties (<i>Note</i>)	1,518,975	265,490	60,394	34,361
Deposits paid to third parties	31,990	43,666	112,380	37,610
Deposits paid for plant and equipment	—	82,000	285,000	285,000
Staff loans	40,556	19,700	9,808	13,100
Prepayments	35,699	161,283	61,012	17,096
Prepaid listing expenses	—	—	832,887	1,036,052
Progress payment for investment property	<u>1,435,200</u>	<u>—</u>	<u>—</u>	<u>—</u>
	3,062,420	572,139	1,361,481	1,423,219
Less: non-current portion				
Deposits paid for plant and equipment	—	(82,000)	(285,000)	(285,000)
Progress payment for investment property	<u>(1,435,200)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(1,435,200)</u>	<u>(82,000)</u>	<u>(285,000)</u>	<u>(285,000)</u>
Current portion	<u>1,627,220</u>	<u>490,139</u>	<u>1,076,481</u>	<u>1,138,219</u>

Note:

Other receivables from third parties mainly relate to receivables from sale of plant and equipment.

As at 31 December 2016, 2017, 2018 and 30 April 2019, the carrying amounts of deposits, prepayments and other receivables approximate their fair values.

The Company

	As at	As at
	31 December 2018	30 April 2019
	S\$	S\$
Prepaid listing expenses	<u>832,887</u>	<u>1,036,052</u>

The carrying amounts of the Group's deposits, prepayments and other receivables are denominated in the following currencies:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	S\$
Singapore dollar	1,627,220	490,139	291,584	102,167
Hong Kong dollar	—	—	771,213	1,036,052
United States dollar	<u>—</u>	<u>—</u>	<u>13,684</u>	<u>—</u>
	<u>1,627,220</u>	<u>490,139</u>	<u>1,076,481</u>	<u>1,138,219</u>

19 CASH AND CASH EQUIVALENTS

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	2019
				S\$
Cash at banks	6,261,223	3,556,363	2,971,762	3,705,517
Cash on hand	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
	<u>6,266,223</u>	<u>3,561,363</u>	<u>2,976,762</u>	<u>3,710,517</u>

As at 31 December 2016, 2017, 2018 and 30 April 2019, the carrying amounts of cash and cash equivalents are denominated in the following currencies:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	2019
				S\$
Singapore dollar	6,162,264	3,412,570	2,790,923	3,583,155
United States dollar	103,959	148,793	133,448	118,246
Hong Kong dollar	<u>—</u>	<u>—</u>	<u>52,391</u>	<u>9,116</u>
	<u>6,266,223</u>	<u>3,561,363</u>	<u>2,976,762</u>	<u>3,710,517</u>

20 INVENTORIES

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	2019
				S\$
Machinery and equipment	<u>1,569,469</u>	<u>—</u>	<u>—</u>	<u>—</u>

The cost of inventories recognised as expense and included in “cost of sales” amounted to S\$46,000, S\$1,569,469, S\$Nil, S\$Nil and S\$Nil for the years ended 31 December 2016, 2017, 2018, and the four months ended 30 April 2018 (Unaudited) and 2019 respectively as disclosed in Note 8.

21 TRADE AND OTHER PAYABLES

The Group

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	2019
				S\$
Trade payables to third parties	955,498	2,349,155	2,524,250	2,159,593
Accrued expenses	526,940	630,647	1,638,691	2,206,236
Deposits received (<i>Note</i>)	34,100	—	—	—
Other payables	<u>858,814</u>	<u>805,884</u>	<u>1,096,359</u>	<u>830,785</u>
	<u>2,375,352</u>	<u>3,785,686</u>	<u>5,259,300</u>	<u>5,196,614</u>

Note:

Deposits received relates to security and rental deposits from third party for rental of machinery.

Trade payables at the end of each reporting period comprise amounts outstanding to suppliers. As at 31 December 2016, 2017, 2018 and 30 April 2019, the ageing analysis of the trade payables, based on invoice date, are as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$'	S\$'	S\$'	2019
				S\$'
Up to 30 days	475,236	906,491	1,093,297	1,308,814
31–60 days	345,631	1,178,330	1,088,087	687,686
61–90 days	126,699	228,696	283,868	90,056
91–120 days	3,103	7,311	44,016	33,013
Over 120 days	4,829	28,327	14,982	40,024
	<u>955,498</u>	<u>2,349,155</u>	<u>2,524,250</u>	<u>2,159,593</u>

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$'	S\$'	S\$'	2019
				S\$'
Singapore dollar	2,375,352	3,785,686	4,430,131	3,676,972
Hong Kong dollar	—	—	817,118	1,519,642
United States dollar	—	—	12,051	—
	<u>2,375,352</u>	<u>3,785,686</u>	<u>5,259,300</u>	<u>5,196,614</u>

The Company

	As at	As at
	31 December 2018	30 April 2019
	S\$	S\$
Accrued expenses	<u>848,559</u>	<u>1,519,642</u>

22 BORROWINGS

	Year ended 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	2019
				S\$
Non-current				
Bank borrowings (secured) (Note (a))	<u>3,607,893</u>	<u>3,022,829</u>	<u>2,437,765</u>	<u>2,242,744</u>
Current				
Bank borrowings (secured) (Note (a))	585,064	585,064	3,585,064	3,585,063
Premium financing loan (secured) (Note (b))	<u>167,333</u>	<u>156,184</u>	<u>158,977</u>	<u>156,787</u>
	<u>752,397</u>	<u>741,248</u>	<u>3,744,041</u>	<u>3,741,850</u>
Total borrowings	<u>4,360,290</u>	<u>3,764,077</u>	<u>6,181,806</u>	<u>5,984,594</u>

(a) The bank borrowings consist of 2 facilities being drawdown*(i) Term loan*

The term loan is denominated in S\$, bears interest at 2.28% plus prevailing 1-month SIBOR per annum. The bank borrowings of S\$4,192,957, S\$3,607,893, S\$3,022,829 and S\$2,827,807 is secured by a first legal mortgage on the leasehold building (Note 13) and personal guarantees from a director and spouse of said director, as at 31 December 2016, 2017, 2018 and 30 April 2019 respectively. All personal guarantees existing at the date of this document will be fully released, discharged or replaced by corporate guarantees from our Company upon listing.

(ii) Fixed advance facility

The fixed advance facility is denominated in S\$, bears interest between 3.02% to 3.02% and 3.02% to 3.23% during the years ended 31 December 2018 and 30 April 2019 respectively. The bank borrowing of S\$Nil, S\$Nil, S\$3,000,000 and S\$3,000,000 is secured by a first legal mortgage on the leasehold building (Note 13) and personal guarantees from a director and spouse of said director, as at 31 December 2016, 2017, 2018 and 30 April 2019 respectively. All personal guarantees existing at the date of this document will be fully released, or replaced by corporate guarantees from our Company upon listing.

The fair value of non-current bank borrowings approximated the carrying value of the non-current borrowings at the balance sheet dates as the borrowing bears interest at rates which approximate the current incremental borrowing rate for similar types of lending and borrowing arrangements, which management expects to be available to the Group.

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	S\$	S\$	S\$	S\$
Within 1 year	585,064	585,064	3,585,064	3,585,063
Between 1 and 2 years	585,064	585,064	585,064	585,064
Between 2 and 5 years	2,340,256	2,340,256	1,852,701	1,657,680
Over 5 years	682,573	97,509	—	—
	<u>4,192,957</u>	<u>3,607,893</u>	<u>6,022,829</u>	<u>5,827,807</u>

(b) Premium financing loan

This premium financing loan is denominated in US\$ and relates to a loan obtained to finance the life insurance policy taken up by the Operating Company for a key management staff as disclosed in Note 15. The loan is secured by the underlying life insurance policy and bears interest between 1.4% to 1.6%, 1.7% to 2.2%, 2.6% to 3.3% and 3.3% to 3.4% during the years ended 31 December 2016, 2017, 2018 and 30 April 2019 respectively. The premium financing loan is secured by personal guarantees from a director and spouse of said director. All personal guarantees existing at the date of this document will be fully released, discharged or replaced by corporate guarantees from our Company upon listing.

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	S\$	S\$	S\$	S\$
Within 1 year	<u>167,333</u>	<u>156,184</u>	<u>158,977</u>	<u>156,787</u>

23 LEASES

(a) Amounts recognised in the consolidated balance sheets

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	2019
				S\$
<i>Right-of-use assets</i>				
Land	9,495,495	8,993,530	8,491,566	8,324,244
Office equipment	21,336	13,166	27,033	23,350
Plant and machinery	7,570,786	7,056,777	7,300,584	7,336,287
Motor vehicles	650,830	1,368,915	683,566	686,580
	<u>17,738,447</u>	<u>17,432,388</u>	<u>16,502,749</u>	<u>16,370,461</u>
<i>Lease liabilities</i>				
Current	5,525,144	3,307,613	4,265,528	3,921,656
Non-current	10,550,568	10,251,866	9,846,344	9,651,684
	<u>16,075,712</u>	<u>13,559,479</u>	<u>14,111,872</u>	<u>13,573,340</u>

Additions to the right-of-use assets for the years ended 31 December 2016, 2017, 2018 and four months ended 30 April 2018 and 2019 were S\$5,869,904, S\$2,173,385, S\$4,549,433, S\$892,732 and S\$553,595 respectively.

(b) Amounts recognised in the consolidated statements of comprehensive income

	For the year ended 31 December			For the four months ended	
	2016	2017	2018	30 April	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Depreciation charge of right-of-use assets					
Land	501,964	501,964	501,964	167,321	167,321
Office equipment	8,171	8,171	12,187	3,698	3,686
Plant and machinery	838,443	832,999	749,701	228,028	267,897
Motor vehicles	118,707	230,779	253,698	108,962	64,581
	<u>1,467,285</u>	<u>1,573,913</u>	<u>1,517,550</u>	<u>508,009</u>	<u>503,485</u>
Interest expense (included in finance costs)	286,404	279,221	271,955	91,504	88,820
Expenses relating to short-term leases	564,686	134,243	1,057,193	18,116	44,005
	<u>851,090</u>	<u>413,464</u>	<u>1,329,148</u>	<u>109,620</u>	<u>132,825</u>

The total cash outflow for leases in 31 December 2016, 2017, 2018, 30 April 2018 and 2019 were S\$4,199,740, S\$3,846,998, S\$4,921,920, S\$777,277 and S\$1,252,433 respectively.

The Group leases land, various office equipment, plant and machinery and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

24 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movements on the deferred income tax assets and liabilities are as follows:

	Accelerated tax depreciation S\$	Unabsorbed allowances S\$	Provisions S\$	Decelerated tax depreciation S\$	Total S\$
At 1 January 2016	1,783,951	(1,239,888)	(8,204)	(140,865)	394,994
Charged/(credited)					
— to profit or loss	<u>133,610</u>	<u>739,689</u>	<u>(4,538)</u>	<u>(42,740)</u>	<u>826,021</u>
At 31 December 2016	1,917,561	(500,199)	(12,742)	(183,605)	1,221,015
Charged/(credited)					
— to profit or loss	<u>115,793</u>	<u>500,199</u>	<u>(4,340)</u>	<u>(38,787)</u>	<u>572,865</u>
At 31 December 2017	2,033,354	—	(17,082)	(222,392)	1,793,880
Charged/(credited)					
— to profit or loss	<u>131,422</u>	<u>—</u>	<u>(3,743)</u>	<u>(34,728)</u>	<u>92,951</u>
At 31 December 2018	2,164,776	—	(20,825)	(257,120)	1,886,831
Charged/(credited)					
— to profit or loss	<u>(71,606)</u>	<u>—</u>	<u>577</u>	<u>(10,446)</u>	<u>(81,475)</u>
As 30 April 2019	<u><u>2,093,170</u></u>	<u><u>—</u></u>	<u><u>(20,248)</u></u>	<u><u>(267,566)</u></u>	<u><u>1,805,356</u></u>

25 SHARE CAPITAL

The Company was incorporated on 6 April 2018 and the Reorganisation was completed on 26 June 2018. The movement of the share capital for the year ended 31 December 2018 for the period ended 30 April 2019 are as follow:

	Number of shares	Share capital S\$
For the year ended 31 December 2018		
Authorised:		
At 6 April 2018 (date of incorporation)	38,000,000	65,995
Increase in authorised shares	<u>9,962,000,000</u>	<u>17,405,700</u>
As at 31 December 2018	<u><u>10,000,000,000</u></u>	<u><u>17,471,695</u></u>
Issued and fully paid:		
At 6 April 2018 (date of incorporation) (Note 1.2(b))	100	—
Issue of shares by Reorganisation (Note 1.2 (d))	<u>9,900</u>	<u>17</u>
As at 31 December 2018	<u><u>10,000</u></u>	<u><u>17</u></u>
For the four months ended 30 April 2018		
Authorised:		
At 6 April 2018 (date of incorporation)	38,000,000	65,995
Increase in authorised shares	<u>9,962,000,000</u>	<u>17,405,700</u>
As at 30 April 2018 (Unaudited)	<u><u>10,000,000,000</u></u>	<u><u>17,471,695</u></u>

	Number of shares	Share capital S\$
Issued and fully paid:		
At 6 April 2018 (date of incorporation) (Note 1.2 (b))	100	—
Issues of shares by Reorganisation (Note 1.2 (d))	<u>9,900</u>	<u>17</u>
As at 30 April 2018 (Unaudited)	<u>10,000</u>	<u>17</u>
For the four months ended 30 April 2019		
Authorised:		
At 1 January 2019 and 30 April 2019	<u>10,000,000,000</u>	<u>17,471,695</u>
Issued and fully paid:		
At 1 January 2019 and 30 April 2019	<u>10,000</u>	<u>17</u>

26 RESERVES

	Other reserves S\$	Group Retained earnings S\$	Total S\$	Other reserve S\$	Company Accumulated loss S\$	Total S\$
As at 1 January 2016	2,000,000	24,230,407	26,230,407	—	—	—
Profit and total comprehensive income for the year	—	5,625,837	5,625,837	—	—	—
Dividends (Note 27)	—	(4,800,000)	(4,800,000)	—	—	—
As at 31 December 2016	<u>2,000,000</u>	<u>25,056,244</u>	<u>27,056,244</u>	<u>—</u>	<u>—</u>	<u>—</u>
As at 1 January 2017	2,000,000	25,056,244	27,056,244	—	—	—
Profit and total comprehensive income for the year	—	4,538,916	4,538,916	—	—	—
Dividends (Note 27)	—	(6,000,000)	(6,000,000)	—	—	—
As at 31 December 2017	<u>2,000,000</u>	<u>23,595,160</u>	<u>25,595,160</u>	<u>—</u>	<u>—</u>	<u>—</u>
As at 1 January 2018	2,000,000	23,595,160	25,595,160	—	—	—
Profit/loss and total comprehensive income/loss for the year	—	3,077,852	3,077,852	—	(3,296,453)	(3,296,453)
Waiver of an amount due to a director as a deemed capital contribution	800,000	—	800,000	—	—	—
Issuance of shares during the Reorganisation	2,605,207	—	2,605,207	—	—	—
Acquisition of subsidiaries pursuant to Reorganisation	—	—	—	30,195,302	—	30,195,302
Dividends (Note 27)	—	(2,000,000)	(2,000,000)	—	—	—
As at 31 December 2018	<u>5,405,207</u>	<u>24,673,012</u>	<u>30,078,219</u>	<u>30,195,302</u>	<u>(3,296,453)</u>	<u>26,898,849</u>
As at 1 January 2018	2,000,000	23,595,160	25,595,160	—	—	—
Loss and total comprehensive loss for the period (Unaudited)	—	(1,172,315)	(1,172,315)	—	(1,647,325)	(1,647,325)
Waiver of an amount due to a director as a deemed capital contribution	800,000	—	800,000	—	—	—
Issuance of shares during the Reorganisation	2,605,207	—	2,605,207	—	—	—
Acquisition of subsidiaries pursuant to Reorganisation	—	—	—	30,195,302	—	30,195,302
Dividends (Note 27)	—	(2,000,000)	(2,000,000)	—	—	—
As at 30 April 2018 (Unaudited)	<u>5,405,207</u>	<u>20,422,845</u>	<u>25,828,052</u>	<u>30,195,302</u>	<u>(1,647,325)</u>	<u>28,547,977</u>
As at 1 January 2019	5,405,207	24,673,012	30,078,219	30,195,302	(3,296,453)	26,898,849
Profit/loss and total comprehensive income/loss for the period	—	58,624	58,624	—	(757,660)	(757,660)
Dividends (Note 27)	—	—	—	—	—	—
As at 30 April 2019	<u>5,405,207</u>	<u>24,731,636</u>	<u>30,136,843</u>	<u>30,195,302</u>	<u>(4,054,113)</u>	<u>26,141,189</u>

Other reserves in the consolidated balance sheet as at 31 December 2016, 2017, 2018 and 30 April 2019 amount of S\$2,000,000 represent the aggregate paid-in capital of the subsidiaries acquired, offset by investment costs in subsidiaries of the Company during the Reorganisation.

Other reserve in the consolidated balance sheet as at 31 December 2018 included an amount of S\$800,000 (Note 28) which represented waiver of an amount due to a director as a deemed capital contribution and S\$2,605,207 represent the issued shares of 1,259 shares to Pre-IPO investor in March 2018.

27 DIVIDENDS

	Year ended 31 December			Four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Dividends	<u>4,800,000</u>	<u>6,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>—</u>

Pursuant to the resolutions of the shareholders' meeting held on 26 January 2016, 31 July 2017 and 28 February 2018, dividends of S\$4,800,000, S\$6,000,000 and \$2,000,000 respectively were approved by Beng Soon Machinery Services (Singapore) Pte Ltd to its owners, Mr. Tan and Ms. Lee.

No dividends had been paid by the Company during the Track Record Period since the Company was incorporated on 6 April 2018.

28 AMOUNTS DUE FROM/(TO) DIRECTORS

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	S\$
Amount due from a director				
— Ms. Tang	<u>17,541</u>	<u>—</u>	<u>—</u>	<u>—</u>
Less: Amount due within one year shown as current assets	<u>(17,541)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Amount due to a director				
— Mr. Tan	<u>2,986,596</u>	<u>1,709,614</u>	<u>—</u>	<u>—</u>
Less: Amount due within one year shown as current liabilities	<u>(2,986,596)</u>	<u>(1,709,614)</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

The maximum amount outstanding during 31 December 2016, 2017, 2018 and 30 April 2019 are as follows:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	S\$
Ms. Tang	<u>17,541</u>	<u>—</u>	<u>—</u>	<u>—</u>

The amounts due from/(to) directors are non-trade in nature, unguaranteed, unsecured, interest-free and repayable on demand.

During the year ended 31 December 2018, the director waived an amount of S\$800,000 payable by the Operating Company. The payable amount waived was a deemed capital contribution to the Group and was recognised as part of other reserves in the equity of the Group.

29 RELATED PARTIES TRANSACTIONS

For the purposes of the Historical Financial Information, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. 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.

The directors are of the view that the following individuals, aside from those related parties mentioned elsewhere, were related parties that had transactions or balances with the Group during the Track Record Period:

Name	Relationship with the Group
Tan Ling Ting	Daughter of one of the Executive Director
Tan Ling Ling	Daughter of one of the Executive Director
Ms. Lee	Spouse of one of the Executive Director

a. Director's acquisition of motor vehicles

For the financial year ended 31 December 2016, director's acquisition of motor vehicles from the Operating Company for a consideration of S\$394,888 respectively was settled by offsetting the amount due to that director.

The net book value of the motor vehicles was S\$394,888 respectively, which resulted in a gain on disposal of S\$Nil in the profit or loss of the Operating Company for the financial year ended 31 December 2016.

b. Personal guarantees

For the financial years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2019, a director and spouse of the said director provided personal guarantees for borrowings disclosed in Note 22. All personal guarantees existing at the date of this document will be fully released, discharged or replaced by corporate guarantees from our Company upon listing.

c. Key management compensation

Key management includes executive and non-executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
Salaries, allowances, bonuses and benefits in kind	1,232,255	1,601,640	1,536,260	867,080	774,240
Retirement benefit costs — defined contribution plans	97,222	105,332	97,649	55,767	57,175
	<u>1,329,477</u>	<u>1,706,972</u>	<u>1,633,909</u>	<u>922,847</u>	<u>831,415</u>

d. Transaction with other related parties

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Salaries, allowances, bonuses and benefits in kind	249,572	270,700	495,800	302,000	247,600
Retirement benefit costs — defined contribution plans	<u>30,889</u>	<u>33,949</u>	<u>48,416</u>	<u>26,740</u>	<u>25,716</u>
	<u>280,461</u>	<u>304,649</u>	<u>544,216</u>	<u>328,740</u>	<u>273,316</u>

30 DISPOSAL OF A SUBSIDIARY

On 25 April 2018, BSM entered into an agreement with a third party, to dispose its entire 75% interest in BSM Myanmar Co. Ltd, a then non-wholly owned subsidiary of BSM for a cash consideration of S\$55,329. The effects of the disposal on the cash flows of the Group were:

	S\$
Consideration received	55,329
75% of net assets disposed of	<u>(37,259)</u>
Gain on disposal	<u>18,070</u>

The assets and liabilities disposed of and the net cash outflow from the disposal were as below:

	S\$
Deposits, prepayment and other receivables	6,726
Cash and cash equivalents	<u>70,165</u>
Total assets disposed of	<u>76,891</u>
Trade and other payables	<u>(27,213)</u>
Net assets disposed of	<u>49,678</u>
Less: Non-controlling interest	<u>(12,419)</u>
	<u>37,259</u>
	S\$
Cash received	55,329
Less:	
Cash and cash equivalents in the subsidiary disposed of	<u>(70,165)</u>
Net cash outflow from the disposal	<u>(14,836)</u>

31 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities:

Year ended 31 December 2016	1 January 2016	Principal and interest cashflow	Interest expense	Non-cash changes				Dividend payable	31 December 2016
				Acquisition of plant and machinery	Acquisition of motor vehicle	Acquisition of office equipment	Foreign exchange movement		
Bank borrowings (Note 22(a))	4,778,020	(682,551)	97,488	—	—	—	—	—	4,192,957
Lease liabilities (Note 23)	13,127,240	(3,635,054)	395,402	6,188,124	—	—	—	—	16,075,712
Premium financing loan (Note 22(b))	—	166,761	572	—	—	—	—	—	167,333
Amount due to a director (Note 28)	630,558	(649,074)	—	—	(394,888)	—	—	3,400,000	2,986,596

Year ended 31 December 2017	1 January 2017	Principal and interest cash flow	Interest expense	Non-cash changes				Dividend payable	31 December 2017
				Acquisition of plant and machinery	Acquisition of motor vehicle	Acquisition of office equipment	Foreign exchange movement		
Bank borrowings (Note 22(a))	4,192,957	(662,001)	76,937	—	—	—	—	—	3,607,893
Lease liabilities (Note 23)	16,075,712	(3,712,756)	406,726	789,797	—	—	—	—	13,559,479
Premium financing loan (Note 22(b))	167,333	(3,136)	3,136	—	—	—	(11,149)	—	156,184
Amount due to a director (Note 28)	2,986,596	(1,276,982)	—	—	—	—	—	—	1,709,614

Year ended 31 December 2018	1 January 2018	Principal and interest cashflow	Interest expense	Non-cash changes					Dividend payable	31 December 2018
				Acquisition of plant and machinery	Acquisition of motor vehicle	Acquisition of office equipment	Foreign exchange movement	Waiver given by the director		
Bank borrowings (Note 22(a))	3,607,893	2,286,014	128,922	—	—	—	—	—	—	6,022,829
Lease liabilities (Note 23)	13,559,479	(3,864,727)	371,749	4,019,317	—	26,054	—	—	—	14,111,872
Premium financing loan (Note 22(b))	156,184	(4,514)	4,514	—	—	—	2,793	—	—	158,977
Amount due to a director (Note 28)	1,709,614	(909,614)	—	—	—	—	—	(800,000)	—	—

For the four months ended 30 April 2018 (Unaudited)	Non-cash changes								
	1 January 2018	Principal and interest cashflow	Interest expense	Acquisition of plant and machinery	Acquisition of motor vehicle	Acquisition of office equipment	Foreign exchange movement	Waiver given by the director	30 April 2018
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Bank borrowings (Note 22(a))	3,607,893	2,774,770	30,209	—	—	—	—	—	6,412,872
Lease liabilities (Note 23)	13,559,479	(754,182)	118,985	877,879	—	14,853	—	—	13,817,014
Premium financing loan (Note 22(b))	156,184	(3,767)	1,287	—	—	—	(1,287)	—	152,417
Amount due to a director (Note 28)	1,709,614	(909,614)	—	—	—	—	—	(800,000)	—

For the four months ended 30 April 2019	Non-cash changes								
	1 January 2019	Principal and interest cashflow	Interest expense	Acquisition of plant and machinery	Acquisition of motor vehicle	Acquisition of office equipment	Foreign exchange movement	Waiver given by the director	30 April 2019
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Bank borrowings (Note 22(a))	6,022,829	(248,830)	53,808	—	—	—	—	—	5,827,807
Lease liabilities (Note 23)	14,111,872	(1,213,407)	121,280	553,595	—	—	—	—	13,573,340
Premium financing loan (Note 22(b))	158,977	(1,734)	1,734	—	—	—	(2,190)	—	156,787
Amount due to a director (Note 28)	—	—	—	—	—	—	—	—	—

(b) In the consolidated statements of cash flows, proceeds from disposals of property and equipment comprise:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
Net book amount of disposed property, plant and equipment (Note 13)	2,503,417	423,912	30,164	—	83,051
Gain on disposals of property and equipment (Note 7)	<u>905,601</u>	<u>481,642</u>	<u>584,475</u>	<u>57,933</u>	<u>65,449</u>
Consideration from sale of property, plant and equipment	3,409,018	905,554	614,639	57,933	148,500
Less: Non-cash disposals of property, plant and equipment (Note)	<u>(394,888)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total cash proceeds from disposals of property, plant and equipment	<u>3,014,130</u>	<u>905,554</u>	<u>614,639</u>	<u>57,933</u>	<u>148,500</u>

Note:

For the financial year ended 31 December 2016, a director who is also a shareholder acquired motor vehicles from the Group for a non-cash consideration of S\$394,888, settled by offsetting the amount due to that director (Note 29(a)).

- (c) In the consolidated statements of cash flows, purchases of property, plant and equipment comprise:

	Year ended 31 December			For the four months ended 30 April	
	2016	2017	2018	2018	2019
	S\$	S\$	S\$	S\$	S\$
				(Unaudited)	
Additions of property, plant and equipment and right-of-use assets (Notes 13 and 23)	7,120,776	2,556,946	5,891,655	1,959,961	692,436
Less: Additions under leases	(6,188,124)	(789,797)	(4,045,371)	(892,732)	(553,595)
Less: Deposit paid for plant and equipment in prior year (Note 18)	(253,598)	—	(82,000)	—	—
Less: Settlement/(accrual) of payables for property, plant and equipment	(149,338)	381,862	98,000	—	—
Total cash proceeds used to purchase property, plant and equipment	<u>529,716</u>	<u>2,149,011</u>	<u>1,862,284</u>	<u>1,067,229</u>	<u>138,841</u>

32 INVESTMENT IN SUBSIDIARIES

	As at 31 December 2018	As at 30 April 2019
	S\$	S\$
Investment in subsidiaries — at cost, unlisted (Note (a))	<u>30,195,455</u>	<u>30,195,455</u>
Amounts due to subsidiaries (Note (b))	<u>3,280,917</u>	<u>3,570,659</u>

Notes:

- It represented the aggregate fair value of the subsidiaries acquired pursuant to the Reorganisation, which was recorded as deemed investment costs.
- The amounts due to subsidiaries are denominated in HK\$, unsecured, interest-free and repayable on demand.

33 COMMITMENTS**(a) Capital commitments**

The Group had capital commitments for purchase of investment property and plant and equipment as follow:

	As at 31 December			As at
	2016	2017	2018	30 April
	S\$	S\$	S\$	S\$
Contracted but not provided for	<u>772,800</u>	<u>213,000</u>	<u>3,199,000</u>	<u>3,199,000</u>

34 PERFORMANCE AND SECURITY BONDS

The Group had performance bonds for guarantees for completion of projects issued by banks and insurance companies amounting to S\$1,728,000, S\$586,500, S\$5,642,000 and S\$5,708,000 as at 31 December 2016, 2017, 2018 and 30 April 2019 respectively.

The Group had security bonds made under section 12 of Employment of Foreign Manpower (Work Passes) Regulations amounting to S\$370,000, S\$360,000, S\$310,000 and S\$471,000 as at 31 December 2016, 2017, 2018 and 30 April 2019 respectively.

III SUBSEQUENT EVENTS

Save as disclosed in this report, no significant events took place subsequent to 30 April 2019.

IV 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 30 April 2019 and up to the date of 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 30 April 2019.

The following information does not form part of the accountant's report prepared by PricewaterhouseCoopers, Certified Public Accountants, the Reporting Accountant of the Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the accountant's report set forth in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the net tangible assets of the Group attributable to owners of the Company as at 30 April 2019 as if the Global Offering had taken place on 30 April 2019 assuming the Over-allotment Option is not exercised.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 30 April 2019 or at any future dates following the Global Offering. It is prepared based on the consolidated net assets of the Group as at 30 April 2019 as set out in the accountant's report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the accountant's report.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 April 2019	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company	Unaudited pro forma adjusted net tangible assets per Share	
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>	<i>(Note 5)</i>
	S\$'000	S\$'000	S\$'000	S\$	HK\$
Based on an Offer Price of HK\$0.5 per Share	<u>30,137</u>	<u>17,312</u>	<u>47,449</u>	<u>0.047</u>	<u>0.27</u>
Based on an Offer Price of HK\$0.7 per Share	<u>30,137</u>	<u>25,085</u>	<u>55,222</u>	<u>0.055</u>	<u>0.32</u>

Notes:

- (1) The audited consolidated net tangible assets attributable to owners of the Company as at 30 April 2019 is extracted from the accountant's report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as at 30 April 2019 of S\$30,136,860.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$0.5 and HK\$0.7 per Share after deduction of the underwriting fees and other related expenses payable by the Company (excluding listing expenses of approximately S\$4,054,113 which have been accounted for prior to 30 April 2019).

- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,000,000,000 Shares were in issue assuming that the Global Offering has been completed on 30 April 2019 but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme and any Share which may be issued or repurchased by the Company pursuant to the general mandate to issue Shares or the general mandate to repurchase Shares.
- (4) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 April 2019.
- (5) For the purpose of this unaudited pro forma adjusted net tangible assets, the balances stated in Singapore dollars are converted into Hong Kong dollars at a rate of HK\$5.8 to S\$1.00. No representation is made that Singapore dollars amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Beng Soon Machinery Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Beng Soon Machinery Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 April 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 22 October 2019, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 30 April 2019 as if the proposed initial public offering had taken place at 30 April 2019. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the year ended 30 April 2019, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 30 April 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 22 October 2019

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Property Consultants Pte Ltd, an independent valuer, in connection with its valuation as at 31 July 2019 of the properties held by the Group.



Jones Lang LaSalle Property Consultants Pte Ltd
Jones Lang LaSalle Property Management Pte Ltd
 9 Raffles Place, #39-00 Republic Plaza Singapore 048619
 tel +65 6220 3888 fax +65 6438 3362

Company Reg No. 198004794D CEA Licence No. L3007326E
 Company Reg No. 197600508N



Valuation (Land & Building)

22 October 2019

The Board of Directors
 Beng Soon Machinery Holdings Limited (the “Company” and its subsidiaries, together the “Group”)
 21 Tuas South Street 7
 Singapore 637111

Dear Sirs,

In accordance with your instructions to value certain property interests held by Beng Soon Machinery Services (Singapore) Pte Ltd in Singapore, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 July 2019 (the “valuation date”).

Our valuation is done on a market value basis. Market value is defined as “the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interest in Group I which is occupied by the Group in Singapore by using the direct comparison approach assuming sale of the property interests in their existing state, subject to the existing tenancies and occupancy arrangement. We have also make reference to comparable sales transactions as available in the relevant market to carry out our assessment.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoing of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the SISV Valuation Standards published by the Singapore Institute of Surveyors and Valuers; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as the gross floor areas, existing leases and occupancy arrangements, specifications, formal planning approval and other relevant matters.

We have carried out the title searches relating to the Property with the Land Title Registry. We have reported the information with regards to the ownership, tenure, land area and all encumbrances, if any, in our reports. However, we do not interpret nor ascertain the security of the ownership or legal interest in the Properties belonging to the client. In carrying out our valuation, we assumed that the client owned the assets as at the date of our valuation.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and architectural site and floor plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the properties. However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any items of disrepair which we regard as serious, we are not, however, able to give any assurance that the Properties are free of rot, infestation or any other structural defect.

The site inspection on 21 Tuas South Street 7 was inspected on 10 April 2018 and subsequent inspection on 30 July 2019 by Valentine Chua You Yun. Valentine Chua You Yun has 6 years' experience in the valuation of properties in Singapore.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Singapore Dollar (S\$). Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Property Consultants Pte Ltd
Tan Keng Chiam
B.Sc. (Est. Mgt.) MSISV, MRICS
Appraiser Licence No: AD041-2004796D
Regional Director

Note: Tan Keng Chiam is a Singapore Licensed Appraiser and member of Singapore Institute of Surveyor and Valuer who has 29 years' experience in the valuation of properties in Singapore.

SUMMARY OF VALUES

GROUP I — PROPERTY INTEREST HELD FOR OWNER OCCUPATION BY THE GROUP IN SINGAPORE¹

No.	Property	Market Value in existing state as at 31 July 2019 S\$
1	21 Tuas South Street 7 Singapore 637111	6,200,000
Sub-Total:		<u>6,200,000</u>

¹ As advised by the Group

VALUATION CERTIFICATE

GROUP I — PROPERTY INTEREST HELD FOR OWNER OCCUPATION BY THE GROUP IN SINGAPORE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value as at 31 July 2019 S\$
1	21 Tuas South Street 7 Singapore 637111	<p>The Property consists of a block single storey workshop and a block of 3-storey ancillary office/temporary ancillary workers' dormitory, erected on a generally rectangular shaped plot of land with a splayed corner slightly above the access road level.</p> <p>The Property is approximately 6 years old.</p> <p>The Property is located on Lot 4733W Mukim 7 with site area of 10,000.2 sq.m. (107,642 sq.ft.).</p> <p>The Property has a gross floor area of approximately 5,678.85 sq.m. (61,127.14 sq.ft.).</p> <p>The Property is held under leasehold for 22 years 10 months commencing from 1 February 2013.</p>	The Property is currently owner occupied by the registered lessee.	6,200,000

Notes:

1. The Property is located along Tuas South Street 7, approximately 33 km from the city centre at Collyer Quay. The locality is an established industrial estate with developments comprising a mixture of purpose-built detached factories, standard factories and dormitories.
2. The registered lessor is Jurong Town Corporation (JTC) and registered lessee is Beng Soon Machinery Services (Singapore) Pte Ltd.
3. The site of the Property is zoned as "Business 2" with a plot ratio of 1.0 according to the Master Plan Zoning (2014 Edition).
4. The Property shall not to use or permit or suffer the demised premises or any part thereof to be used otherwise than for the purpose of storage, repair, servicing and reconditioning of demolition machinery and equipment (e.g. hydraulic excavators, breakers, crushers and cranes only ("Authorised Use")) and for no other purpose whatever.
5. Pursuant to the title search record, the Property is subject to, inter alia, the following encumbrance:
 - a. Mortgaged to DBS Bank Ltd.
6. Our valuation has been made on Direct Comparison Method.

Direct Comparison Approach

In arriving at our opinion of the market value of the Property, our valuation is based on direct comparison method with transactions of comparable properties within the vicinity and elsewhere as follows:

Sales Comparables

Address of Property/ Location	Land Area (Approx.)	Gross Floor Area	Tenure	Consideration	Date of contract/ Evidence	Adjusted Rate
24 Jalan Tukang	6,606.14 sq.m. (71,108 sq.ft.)	5,306.02 sq.m. (57,114 sq.ft.)	60 years from 01/12/1967	S\$4,700,000/- (S\$886 psm) (S\$82 psf)	June 2019	S\$1,145 psm (S\$106 psf)
17 Joo Koon Way	6,965.94 sq.m. (74,981 sq.ft.)	3,566.89 sq.m. (38,394 sq.ft.)	18 years from 18/06/2014	S\$4,700,000/- (S\$1,318 psm) (S\$122 psf)	April 2019	S\$1,039 psm (S\$97 psf)
7 Tuas View Circuit	8,501.12 sq.m. (91,506 sq.ft.)	8,685.93 sq.m. (93,495 sq.ft.)	30+23 years from 01/12/1998	S\$13,500,000/- (S\$1,554 psm) (S\$144 psf)	April 2019	S\$1,092 psm (S\$101 psf)

These selected comparables are industrial properties located in Jurong Industrial Estate, which were transacted in Year 2019. Both the Property and comparables are zoned for industrial use. After making necessary due adjustments to the location, tenure, size, condition/age, time factor and other factors affecting the value, we have derived the adjusted unit comparable rate ranging from S\$1,039 psm (S\$97 psf) to S\$1,145 psm (S\$106 psf) on gross floor area in the above table. Based on the range, we have adopted a unit rate of S\$1,109 psm (S\$101 psf) that derived an estimated market value of S\$6,200,000/-.

7. The Property is subjected to the following risks:
- The Property was tendered for via the Jurong Town Corporation (JTC) Concept and Price Tender and is subjected to Terms and Conditions set out by JTC.
 - Subjected to payment of Jurong Town Corporation (JTC) land rent with fixed annual escalation.
 - Subjected to meet Jurong Town Corporation (JTC) fixed investment criteria.

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 Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 6 April 2018 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since 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) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 15 October 2019. A summary of certain provisions of the Articles is set out below.

(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 Cayman 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 any class of shares may (unless otherwise provided for by the terms of issue of the shares 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. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a member being a corporation, by its duly authorized representative) or representing by proxy

not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

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 an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; and (g) change the currency of denomination of its share capital.

(iv) Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be 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 transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register. Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided 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 register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may 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 requirement imposed from time to time by the Articles or any, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the 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 as it thinks fit 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) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. 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 20% per annum as the Board

shall fix from the day appointed for payment 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 money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, 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, nevertheless, 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 payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest 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 shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term 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 the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time 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 also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also 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 shall, in the exercise of the powers 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 Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) 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 shall be 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.

Neither the Company nor the Board shall be 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 whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other

special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall 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

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may 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 Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(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 uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, 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 Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, 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 shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make 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 former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present 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 or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) Disclosure of interest in contracts with the Company or any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with 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 for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of 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 or other benefits received by him as a director, officer or member of 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 in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, 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 for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) 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/have 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 proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its

subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (ee) 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, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(ix) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. 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 a second or casting vote.

(c) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(d) Meetings of member

(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 by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is 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 members which 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.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) 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 share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised 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 in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Requisition of general meetings

Extraordinary general meetings may be convened on the requisition of one or more members 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 of the Company 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 two 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 (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.

(v) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be 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, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(vi) *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, and continues to be present until the conclusion of the meeting.

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.

(vii) *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 shall be 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 shall be 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 if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(e) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company 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 account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to members who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those members that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The members may, at a general meeting remove the auditor(s) by a special resolution at any time before the expiration of the term of office of the auditor(s) and shall, by an ordinary resolution, at that meeting appoint new auditor(s) in place of the removed auditor(s) for the remainder of the term.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(f) 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.

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 of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) 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 members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members 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.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' 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 monies 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.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used 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, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, 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.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(g) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(h) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(i) 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, the surplus assets remaining after payment to all creditors shall be divided among the members in proportion to the capital paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the surplus assets available for distribution among the members are insufficient to repay the whole of the paid-up capital, such assets shall be distributed, subject to the rights of any shares which may be issued on special terms and conditions, so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or 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 so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(j) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman 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 the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 6 April 2018 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also 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

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or 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 arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, 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.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so 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 are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company’s or a subsidiary’s shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. 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 member and, for the avoidance of doubt, 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; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, 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. In addition, 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 that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, 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, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has 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 the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member 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.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

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.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Financial Secretary that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The undertaking for the Company is for a period of 20 years from 17 April 2018.

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.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right 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 of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in 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 member, 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 (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate 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 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a 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 the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized 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.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member 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 members.

(s) 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, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI. 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 AND OUR SUBSIDIARIES**1. Incorporation**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on 6 April 2018. Our registered office is at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. We have established a principal place of business in Hong Kong at Room 2603A, 26/F., Tower 1, Lippo Centre, 89 Queensway, Admiralty, Hong Kong and our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance with the Registrar of Companies in Hong Kong on 14 May 2018. Ms. Lo has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the relevant laws of the Cayman Islands, and to its constitution, which comprises the Memorandum and the Articles. A summary of various provisions of its constitution and relevant aspects of the Companies Law is set out in “Appendix IV — Summary of the Constitution of our Company and the Cayman Islands Company law” to this prospectus.

As at the date of this prospectus, our Company’s head office was located at 21 Tuas South Street 7 Singapore 637111.

2. Change in Shares of our Company

On 6 April 2018, our Company was incorporated with an initial authorised share capital of HK\$380,000 divided into 38,000,000 Shares of par value HK\$0.01 each. The following sets out the changes in our Company’s shares since the date of its incorporation:

- (a) On 6 April 2018, 1 Share of par value HK\$0.01 was allotted, issued and credited as fully paid to an initial subscriber, an Independent Third Party. That 1 Share was then transferred to TCB at par.
- (b) On 6 April 2018, another 74 and 25 Shares of par value HK\$0.01 each were allotted, issued and credited as fully paid to TCB and K Luxe, respectively.
- (c) On 17 April 2018, another 6,406, 2,135 and 1,259 Shares of par value HK\$0.01 each were allotted, issued and credited as fully paid to Mr. Tan’s nominee TCB, Ms. Lee’s nominee K Luxe and the Pre-IPO Investor, respectively pursuant to the Share Swap Agreement entered into among Mr. Tan, Ms. Lee, the Pre-IPO Investor, TCB, K Luxe, the Company and Five Elements on 17 April 2018.
- (d) On 26 June 2018, another 75 and 25 Shares of par value HK\$0.01 each were allotted, issued and credited as fully paid to Mr. Tan’s nominee TCB and Ms. Lee’s nominee K Luxe pursuant to the Share Swap Agreement entered into among Mr. Tan, Ms. Lee, TCB, K Luxe, the Company and T&B Holding on 26 June 2018.

- (e) On 15 October 2019, pursuant to the written resolutions of the Shareholders of our Company, the maximum number of Shares that our Company was authorised to issue was increased to 10,000,000,000 Shares of a par value of HK\$0.01 each.
- (f) Immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme), 1,000,000,000 Shares will be issued and credited as fully paid and 9,000,000,000 Shares will remain unissued.
- (g) Save as disclosed in this prospectus, there has been no alteration in our Company's share capital since the date of its incorporation.
- (h) The Company does not have any founder share, management shares or deferred shares.

For details of the changes in our share capital, please refer to the section headed "History, reorganisation and corporate structure" in this prospectus.

3. Corporate reorganisation

In preparing for the Listing, the companies comprising our Group underwent the Reorganisation to rationalise the corporate structure of our Group and our Company became the holding company of our Group. For details, please refer to the section headed "History, reorganisation and corporate structure — Reorganisation" in this prospectus.

4. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountant's Report of our Company, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the paragraphs headed "A. Further Information about our Company and our subsidiaries — 3. Corporate reorganisation" in this appendix and in the section headed "History, reorganisation and corporate structure" in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

5. Resolutions in writing of our Shareholders dated 15 October 2019

On 15 October 2019, resolutions in writing were passed by our Shareholders pursuant to which, amongst others:

- (a) the authorised share capital of the Company be 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 through creation of 9,962,000,000 additional Shares;
- (b) the Company approved and adopted the Memorandum and the Articles of Association with effect from the Listing;

- (c) conditional on both (i) the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme); and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with its terms or otherwise, in each case on or before the date falling 30 days after the date of the issue of this prospectus:
- (i) the Global Offering was approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering to rank *pari passu* with the then existing Shares in all respects;
 - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “D. Share Option Scheme” below in this appendix, were approved and adopted and our Directors were authorised, at their absolute discretion but subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;
 - (iii) conditional further on the share premium account of our Company being credited as a result of the Global Offering, the Capitalisation Issue was approved, and our Directors were authorised to capitalise an amount of HK\$7,499,900 standing to the credit of the share premium account of our Company and to appropriate such amount as capital to pay up in full at par 749,990,000 Shares for allotment and issue to the person(s) whose name(s) appear on the register of members of our Company at the close of business on 15 October 2019 in proportion (as nearly as possible without involving fractions) to its/ their then existing shareholdings in our Company, each ranking *pari passu* in all respects with the Shares then in issue, and our Directors were authorised to give effect to such capitalisation and distributions;
- (d) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or any other share option scheme of our Company or any Shares allotted and issued in lieu of the whole or part of a dividend on Shares or similar arrangement in accordance with the Articles of Association or pursuant to a specific authority granted by our Shareholders in general meeting or pursuant to the Global Offering, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities, and to make or grant offers, agreements or options which might require the exercise of such power, with such number of Shares not exceeding 20% of the total number of Shares in issue immediately following completion of the Capitalisation

Issue and the Global Offering but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, such mandate to remain in effect until the earliest of:

- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by a resolution of our Shareholders in general meeting.
- (e) a general unconditional mandate was given to our Directors authorising them 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 as will represent up to 10% of the total number of Shares in issue immediately following completion of the Global Offering but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, such mandate to remain in effect until the earliest of:
- (i) the conclusion of the next annual general meeting of our Company;
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by a resolution of our Shareholders in general meeting.
- (f) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to such number of Shares which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the number of Shares repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (d) above, provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and Global Offering but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme.

6. Repurchase of our Shares

This section contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase of Shares by our Company.

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listing is on the Main Board to repurchase their own securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) Shareholder's approval

The Listing Rules provide that all proposed repurchases of shares, which must be fully paid up in the case of shares, by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to the written resolutions passed by our Shareholders on 15 October 2019, a general unconditional mandate (the "Repurchase Mandate") was given to our Directors authorizing them to exercise all powers of our Company to repurchase Shares 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 as will represent up to 10% of the total number of Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering but excluding any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until the earliest of the conclusion of the next annual general meeting of our Company, or the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in a general meeting.

(ii) Source of funds

Any repurchase by our Company must be funded out of funds legally available for the purpose in accordance with the Articles, the applicable laws of the Cayman Islands and the Listing Rules. Our Company may not repurchase its own 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.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or out of the proceeds of a fresh issue of share made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of profits of our Company or from sums standing to the credit of the share premium accounts of our Company, or if authorised by the Articles and subject to the Companies Law, out of capital.

(iii) Connected parties

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a “core connected person” (as defined in the Listing Rules), which includes a Director, chief executive or substantial shareholder of our Company or any of our subsidiaries or a close associate of any of them, and a core connected person shall not knowingly sell Shares to our Company on the Stock Exchange.

(b) Exercise of the Repurchase Mandate

On the basis of 1,000,000,000 Shares in issue immediately after completion of the Capitalisation Issue and the Global Offering, our Directors would be authorised under the Repurchase Mandate to repurchase up to 100,000,000 Shares during the period in which the Repurchase Mandate remains in force. Any Shares repurchased pursuant to the Repurchase Mandate must be fully paid-up.

(c) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of our Company’s net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders as a whole.

(d) Funding of repurchases

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws and regulations of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) General

None of our Directors, to the best of their knowledge having made all reasonable enquiries, or any of their close associates, has any present intention to sell any Shares to our Company if the Repurchase Mandate is exercised.

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, the Articles and the applicable law and regulations from time to time in force in the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. In certain circumstances, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed above, our Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any repurchase of Shares if made immediately after the listing of the Shares pursuant to the Repurchase Mandate. At present, so far as is known to the Directors, no Shareholder may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code in the event that our Directors exercise the power in full to repurchase the Shares pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No core connected person has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material:


- (a) the subscription agreement dated 13 March 2018 entered into among Mr. Tan, the Pre-IPO Investor and T&B Holding in relation to the allotment and issue of 144 new shares of T&B Holding to the Pre-IPO Investor;
- (b) the share swap agreement dated 17 April 2018 entered into among Mr. Tan, Ms. Lee, the Pre-IPO Investor, TCB, K Luxe, the Company and Five Elements in relation to the allotment and issue of 6,406, 2,135 and 1,259 new Shares to TCB, K Luxe and the Pre-IPO Investor, respectively, in consideration of the transfer of Mr. Tan, Ms. Lee and the Pre-IPO Investor's respective interests in T&B Holding to Five Elements;
- (c) the share swap agreement dated 26 June 2018 entered into among Mr. Tan, Ms. Lee, TCB, K Luxe, the Company and T&B Holding in relation to the allotment and issue of 75 and 25 new Shares to TCB and K Luxe, respectively, in consideration of the transfer of Mr. Tan and Ms. Lee's entire interests in Beng Soon Machinery to T&B Holding;

- (d) the Deed of Indemnity; and
- (e) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademark

As at the Latest Practicable Date, our Group has registered the following trademark which we consider is material to our business:

Trademark	Registration number	Class	Registered owner	Place of registration	Date of registration	Expiry date
	T0722546J	37	Beng Soon Machinery Services (S) Pte. Ltd.	Singapore	11 April 2008	26 November 2027

(b) Domain name

As at the Latest Practicable Date, our Group has registered the following domain name which we consider is material to our business:

Domain name	Registrant	Registration Date	Expiry Date
bsm.com.sg	Beng Soon Machinery Services (S) Pte. Ltd.	7 September 2005	7 September 2020

Save as disclosed herein, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to the business of our Group.

C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS

1. Particulars of service contracts and appointment letters

- (a) Each of the executive Directors has entered into a service contract with our Company up to a term of three years commencing from the Listing Date, which may be terminated in accordance with the terms of the service contracts.
- (b) The non-executive Director has signed a letter of appointment with our Company up to a term of three year commencing from the Listing Date, which may be terminated in accordance with the terms of the letter of appointment.
- (c) Each of the independent non-executive Directors has signed a letter of appointment with our Company up to a term of three years commencing from the Listing Date, which may be terminated in accordance with the terms of the letter of appointment.

2. Remuneration of Directors

- (a) During each of the years ended 31 December 2016, 2017, 2018 and the four months ended 30 April 2019, the aggregate remuneration paid and benefits in kind granted by the Group to the Directors were approximately S\$677,000, S\$882,000, S\$841,000 and S\$411,000 respectively.
- (b) The aggregate remuneration payable and benefits in kind (excluding payment pursuant to any discretionary bonus) to be granted by the Group to the Directors for the year ending 31 December 2019 are expected to be approximately S\$769,000.
- (c) None of the Directors or any past directors of any member of the Group has been paid any sum of money for each of the three financial year ended 31 December 2018 and the four months ended 30 April 2019 for (i) the loss of office as director of any member of the Group or of any other office in connection with the management affairs of any member of the Group (ii) as an inducement to join or upon joining any member of the Group.
- (d) There has been no arrangement under which a Director has waived or agreed to waive any emoluments in each of the three financial years ended 31 December 2018 and the four months ended 30 April 2019.
- (e) Under the arrangements currently proposed, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to each of our Directors will be as follows:

HK\$'000

Executive Directors

Mr. Tan	1,576
Ms. Tang	1,158
Mr. Alvin Tan	551

Non-executive Director

Mr. Cheung Kam Fai	181
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Independent non-executive Directors

Mr. Wee Chorng Kien	181
Mr. Leung Yau Wan John	240
Mr. Leung Kee Wai	181

3. Disclosure of Interests

(a) Interests of our Directors and chief executive in the shares, underlying shares and debentures of our Company and its associated corporations

Immediately following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option scheme), the interests and short positions of our Directors or chief executive of our Company in Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed on the Stock Exchange, would have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or would be required pursuant to Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (“**Model Code**”) to be notified to our Company and the Stock Exchange, will be as follows:

(i) Long positions in the Shares

Name	Capacity/nature of interest	Number of Shares held/ interested immediately after completion of the Capitalisation Issue and the Global Offering ^(Note 1)	Percentage of shareholding immediately after completion of the Capitalisation Issue and the Global Offering
Mr. Tan	Interest in a controlled corporation ^(Note 2) ; Interest of spouse ^(Note 3)	655,600,000 Shares (L)	65.56%
Mr. Cheung Kam Fai	Interest in a controlled corporation ^(Note 4)	94,424,000 Shares (L)	9.44%

Notes:

- The letter (L) denotes the person’s long position in such Shares.
- Mr. Tan beneficially owns all of the issued shares of TCB, which in turn holds 49.17% of the Shares. Therefore, Mr. Tan is deemed, or taken to be, interested in the Shares held by TCB for the purposes of the SFO. Mr. Tan is a director of TCB.
- Mr. Tan is the spouse of Ms. Lee. Accordingly, Mr. Tan is deemed, or taken to be, interested in the Shares which Ms. Lee is interested in for the purpose of the SFO.
- Mr. Cheung Kam Fai beneficially owns 50% of the issued shares of Prosperity Delight, which in turn holds 9.44% of the Shares. Therefore, Mr. Cheung Kam Fai is deemed, or taken to be interested in the Shares held by Prosperity Delight for the purposes of the SFO. Mr. Cheung Kam Fai is a director of Prosperity Delight.

(ii) Long position in the share of associated corporation

Name	Name of associated corporation	Capacity/nature of interest	Number of Shares held/interested	Percentage of shareholding in the associated corporation
Mr. Tan	TCB	Beneficial owner	100	100%
Mr. Cheung Kam Fai	Prosperity Delight	Beneficial owner	2	50%

(b) Interests of substantial and other Shareholders in the Shares and underlying Shares

So far as is known to our Directors and taking no account any Shares which may be issued pursuant to options which may be granted under the Over-allotment Option and/or the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following completion of the Capitalisation Issue and the Global Offering, have interests or long or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of its subsidiaries:

Long position in the Shares

Name	Capital/nature of interest	Number of Share held/interested	Percentage of shareholding
TCB	Beneficial owner	491,700,000	49.17%
K Luxe	Beneficial owner	163,900,000	16.39%
Ms. Lee	Interest in controlled corporation (Note 1)	655,600,000	65.56%
	Interest of spouse (Note 2)		
Prosperity Delight	Beneficial owner	94,425,000	9.44%

Notes:

- (1) Ms. Lee beneficially owns all of the issued shares of K Luxe, which in turn holds 16.39% of the Shares. Therefore, Ms. Lee is deemed, or taken to be, interested in the Shares held by K Luxe for the purposes of the SFO.
- (2) Ms. Lee is the spouse of Mr. Tan. Accordingly, Ms. Lee is deemed, or taken to be, interested in the Shares which Mr. Tan is interested for the purposes of the SFO.

Save as set out above, as of the Latest Practicable Date, our Directors were not aware of any persons who would, immediately following the completion of the Global Offering, be interested, directly or indirectly, in 10% or more of the share capital carrying rights to vote in all circumstances at general meetings of any member of our Group or had option in respect of such share capital.

4. Agency fees or commissions received

Save as disclosed in the section headed “Underwriting” in this prospectus, and in the paragraph headed “E. Other Information — 3. Sole Sponsor” in this appendix, none of our Directors or the experts named in the paragraph headed “E. Other Information — 8. Consents of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

5. Related parties transactions

Details of the related parties transactions are set out under Note 28 to the Accountant’s Report of our Company set out in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed herein:

- (a) taking no account of any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme or repurchased by our Company pursuant to the mandate as referred to in the paragraph headed “A. Further information about our Company and our subsidiaries” in this appendix, and taking no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Capitalisation Issue and the Global Offering, have an interest or short position in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be directly or indirectly interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our subsidiaries;
- (b) taking no account of any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme, none of our Directors or chief executive of our Company has any interest or short position in shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they are taken or deemed to have under such provisions of the SFO) or would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

- (c) none of the Directors or the experts named in the paragraph headed “E. Other information — 7. Qualifications of experts” in this appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of the Directors or the experts named in the paragraph headed “E. Other information — 7. Qualifications of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) none of the Directors or the experts named in the paragraph headed “E. Other information — 7. Qualifications of experts” in this appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;
- (f) so far as is known to our Directors, none of our Directors, their respective close associates or Shareholders who are interested in more than 5% of the issued shares of our Company has any interests in the 5 largest customers or the 5 largest suppliers of our Group;
- (g) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and
- (h) no remuneration or other benefits in kind have been paid by any member of our Group to any Director since the date of incorporation of our Company, nor are any remuneration or benefits in kind payable by any member of our Group to any Director in respect of the current financial year under any arrangement in force as at the Latest Practicable Date.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme. Conditionally approved and adopted by a written shareholder’s resolution of our Company dated 15 October 2019, it does not form part of, nor was it intended to be part of the Share Option Scheme, nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) **Summary of terms**

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholder passed on 15 October 2019:

(i) *Purpose of Share Option Scheme*

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of our Group and to promote the success of the business of our Group.

(ii) *Who may join and basis of eligibility*

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (iii) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his/her contribution or potential contribution to the development and growth of our Group.

(iii) *Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

(iv) *Grant of options and acceptance of offers*

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.00.

(v) *Maximum number of Shares*

- (aa) subject to sub-paragraphs (ii) and (iii) above, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date

(excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 100,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 100,000,000 Shares from time to time) to the participants under the Share Option Scheme.

- (bb) the 10% limit as mentioned above may be refreshed at any time by obtaining approval of our Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the Listing Rules in this regard.
- (cc) subject to sub-paragraph (dd) below, our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the Listing Rules.
- (dd) the aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(vi) *Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his/her close associates abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options

previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(vii) Grant of options to certain connected persons

- (aa) Any grant of an option to a Director, chief executive or Substantial Shareholder (or any of their respective close associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (bb) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective close associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
 - a. representing in aggregate over 1% of the Shares in issue; and
 - b. having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$500,000,000, such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the Listing Rules in this regard. All core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by Shareholders in the aforesaid manner.

(viii) Restrictions on the times of grant of options

- (aa) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, no option may be granted during the period commencing one month immediately before the earlier of:
 - a. the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

- b. the deadline for our Company to announce its results for any year, half-year or quarterly period under the Listing Rules, or other interim period (whether or not required under the Listing Rules).
- (bb) Further to the restrictions in paragraph (aa) above, no option may be granted on any day on which financial results of our Company are published and:
- a. during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
 - b. during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(ix) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(x) Performance targets

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(xi) Ranking of shares

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(xii) Rights are personal to grantee

An option shall not be assignable and shall be personal to the grantee of the option.

(xiii) Rights of cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (xiv) below arises within a period of 3 years prior to the death, in the case the grantee is an employee at the date of grant), the

legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his/her death provided that where any of the events referred to in (xvii), (xviii) and (xix) occurs prior to his/her death or within such period of 12 months following his/her death, then his/her personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(xiv) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group on any one or more of the grounds that he/she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his/her option shall lapse automatically (to the extent not already exercised) on the date of cessation of his/her employment with our Group.

(xv) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group for any reason other than his/her death or the termination of his/her employment on one or more of the grounds specified in (xiv) above, the option (to the extent not already exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(xvi) Effects of alterations to shares

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the authorised and issued Shares (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices of any unexercised option, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee as near as possible the same proportion of the issued shares of our Company as that to which he/she was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(xvii) Rights of general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(xviii) Rights on winding-up

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatch such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(xix) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Business Companies Act, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“**Suspension Date**”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued Shares on the effective

date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of our Company or any of its officers.

(xx) Lapse of options

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the period;
- (bb) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (xii);
- (cc) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (xiii), (xiv), (xv), (xvii), (xviii) or (xix) above;
- (dd) subject to paragraph (xviii) above, the date of the commencement of the winding-up of our Company;
- (ee) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his/her creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his/her integrity or honesty;
- (ff) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (gg) subject to the compromise or arrangement as referred to in paragraph (xix) become effective, the date on which such compromise or arrangement becomes effective.

(xxi) Cancellation of options granted but not exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(xxii) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by our Shareholders in general meeting.

(xxiii) Alteration to the Share Option Scheme

- (aa) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of our Shareholders in general meeting.
- (bb) Any alteration to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (cc) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the Listing Rules or any guidelines issued by the Stock Exchange from time to time.

(xxiv) Termination of Share Option Scheme

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(xxv) Conditions of the Share Option Scheme

The Share Option Scheme is conditional on the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Shares may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, and commencement of dealings in the Shares on the Stock Exchange.

E. OTHER INFORMATION**1. Tax and other indemnities**

The Controlling Shareholders have, entered into the Deed of Indemnity in favour of our Company (for ourselves and as trustee for our subsidiaries) referred to in paragraph 1(d) of the sub-section B headed “1. Summary of material contracts” in this appendix, pursuant to which the Controlling Shareholders have given indemnities in favour of our Group from and against, among other things, (a) any tax liability which might be payable by any member of our Group (i) in respect of any income, profits or gains earned, accrued or received up to the Listing Date; or (ii) in respect of or resulting from any act, omission or event occurring up to the Listing Date; and (b) any action, claims, losses, charges, penalties which any member of the Group may incur or suffer as a result of or in connection with any failure to comply with relevant laws and regulations up to the Listing Date, and the reasonable costs and expenses incurred in connection with the actions, claims, legal or arbitration proceedings related thereto.

The Controlling Shareholders will, however, not be liable under the Deed of Indemnity for taxation to the extent that, among others:

- (a) to the extent that provision, reserve or allowance has been made for such taxation liability in the audited accounts of any member of our Group for each of the three years ended 31 December 2015, 2016 and 2017; or
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date of Deed of Indemnity; or
- (c) to the extent any provisions or reserve made for taxation in the audited accounts of our Group or any member of our Group up to 31 December 2017 which is finally established to be an over-provision or an excessive reserve then the amount of any such provision or reserve shall be applied to reduce the Controlling Shareholders’ liability by an amount not exceeding such over-provision or excess reserve; or
- (d) the taxation liability arises in the ordinary course of business of our Group after the Listing Date.

In the event that the Controlling Shareholders have indemnified our Group of any tax liability and payment arising from any additional assessment by any tax authority pursuant to the Deed of Indemnity referred to above, our Company shall disclose such fact and relevant details by way of an announcement immediate after the payment of indemnification by the Controlling Shareholders.

The Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

2. Litigation

Our Directors confirmed that save as disclosed in the section headed “Business — Compliance and legal proceedings — Legal proceedings” in this prospectus as at the Latest Practicable Date, no member of our Group is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. Sole Sponsor

The Sole Sponsor made an application on behalf of our Company to the Listing Division for listing of and permission to deal in the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

The Sole Sponsor has confirmed to the Stock Exchange that it satisfies the independence test as stipulated under the Listing Rules.

The fee payable by our Company to the Sole Sponsor to act as sponsor in relation to the Listing is HK\$3.1 million, and the Sole Sponsor will be reimbursed for their expenses properly incurred in connection with the Global Offering.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company were approximately HK\$33,540 and were payable by our Company.

5. Promoter

Our Company has no promoter within two years preceding the date of this prospectus, no amount or benefit has been paid or given to the promoter in connection with the Global Offering or the related transactions described in this prospectus.

6. Compliance Adviser

Our Company has appointed Honestum International Limited as the compliance adviser upon Listing in compliance with Rule 3A.19 of the Listing Rules.

7. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which are contained in this prospectus:

Name	Qualifications
Honestum International Limited	A licensed corporation under the SFO and permitted to carry out Type 6 (advising on corporate finance) of the regulated activity as defined under the SFO
PricewaterhouseCoopers	Certified Public Accountants
Appleby	Legal adviser as to Cayman Islands law
Allen & Gledhill LLP	Legal adviser to our Company as to Singapore law
Frost & Sullivan Limited	Industrial consultant
Jones Lang LaSalle Property Consultants Pte Ltd	Property valuer

8. Consents of experts

Each of the parties listed in the paragraph headed “7. Qualifications of experts” in this appendix has given and has not withdrawn his/her/its written consent to the issue of this prospectus, with the inclusion of its/his letters and/or reports and/or opinions and/or summary thereof (as the case may be) and/or references to his/her/its name included herein in the form and context in which they respectively appear.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Registration procedures

The principal register of members of our Company in the Cayman Islands will be maintained by Estera Trust (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited, our Hong Kong Branch Share Registrar. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Hong Kong Branch Share Registrar in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

11. No material adverse change

Save as disclosed in the section headed “Financial information — Material adverse change” in this prospectus, our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Company or our subsidiaries since 31 December 2018 (being the date to which the latest audited consolidated financial statements of our Group were made up) and up to the Latest Practicable Date.

12. Taxation of holders of Shares*(a) Hong Kong*

Dealings in Shares registered on our Company’s Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred. Profits from dealings in the Shares derived by persons carrying on a business of trading or dealing in securities in Hong Kong arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under the present laws of the Cayman Islands, there is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisers

Intending holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasised that none of our Company, our Directors or the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters, any of our/their respective affiliates, directors, supervisors, employees, agents or advisers or any other party involved in the Global Offering accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

13. Miscellaneous

Save as disclosed in this Prospectus:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed or intended to be issued fully or partly paid either for cash or for a consideration other than cash;

- (ii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of our subsidiaries; and
- (iii) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, procuring or agreeing to procure subscriptions, for any shares or debenture of our Company or any of our subsidiaries;
- (b) no founder, management or deferred shares or any debentures of our Company have been issued or agreed to be issued;
- (c) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (d) 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 12 months immediately preceding the date of this prospectus;
- (e) none of the expert named in the section headed “Statutory and general information — E. Other information — 7. Qualifications of experts” to this prospectus:
 - (i) is interested beneficially or non-beneficially in any securities in any member of our Group, including the Shares; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group, including the Shares;
- (f) our Company and our subsidiaries do not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans whether guaranteed or secured as at the Latest Practicable Date;
- (g) no company within our Group is presently listed on any stock exchange or traded on any trading system;
- (h) our Group has no outstanding convertible debt securities; and
- (i) the English text of this prospectus shall prevail over the Chinese text.

14. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of each of the Application Forms;
- (b) written consents referred to in the section headed “Statutory and general information — E. Other information — 8. Consents of experts” in Appendix V to this prospectus; and
- (c) copies of each of the material contracts referred to in the section headed “Statutory and general information — B. Further information about the business — 1. Summary of material contracts” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Wong, Wan & Partners in association with Seyfarth Shaw at Suite 3701, 37th Floor, Edinburgh Tower, The Landmark, 15 Queen’s Road Central, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles;
- (b) the accountant’s report of our Group from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Group for each of the three years ended 31 December 2018 and the four months ended 30 April 2019;
- (d) the report from PricewaterhouseCoopers on the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (e) the letter of advice prepared by Appleby summarising certain aspects of Cayman Islands law referred to in Appendix IV to this prospectus;
- (f) the letter from Allen & Gledhill LLP, the legal advisers to our Company as to Singapore law, summarising certain aspects of Singapore law referred to in the section headed “Regulatory overview” in this prospectus;
- (g) the Industry Research Report issued by Frost & Sullivan Limited, our industrial consultant;
- (h) the valuation report prepared by Jones Lang LaSalle Property Consultants Pte Ltd, our property valuer;
- (i) the written consents referred to in the section headed “Statutory and general information — E. Other information — 8. Consents of experts” in Appendix V to this prospectus;

**APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES
IN HONG KONG AND AVAILABLE FOR INSPECTION**

- (j) the material contracts referred to the section headed “Statutory and general information — B. Further information about the Business — 1. Summary of material contracts” in Appendix V to this prospectus;
- (k) the service contracts and letters of appointment of our Directors referred to in the section headed “Statutory and general information — C. Further information about substantial shareholders, Directors and experts — 1. Particulars of service agreements and appointment letters” in Appendix V to this prospectus;
- (l) the Companies Law; and
- (m) the rules of the Share Option Scheme.

Beng Soon Machinery Holdings Limited