

SHIS Limited

(incorporated in the Cayman Islands with limited liability)

Stock code: 1647

SHARE OFFER

Sole Sponsor



Sole Bookrunner and Sole Lead Manager



中國保盛證券有限公司
CHINA PROSPECT SECURITIES LIMITED

IMPORTANT

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

SHIS Limited

(Incorporated in the Cayman Islands with limited liability)

SHARE OFFER

Total number of Offer Shares	:	250,000,000 Shares comprising 175,000,000 New Shares and 75,000,000 Sale Shares (subject to the Over-allotment Option)
Number of Public Offer Shares	:	25,000,000 Shares (subject to reallocation)
Number of Placing Shares	:	225,000,000 Shares (including 75,000,000 Sale Shares) (subject to reallocation and the Over-allotment Option)
Offer Price	:	Not more than HK\$0.70 per Offer Share and expected to be not less than HK\$0.50 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	:	HK\$0.01 per Share
Stock code	:	1647

Sole Sponsor



Sole Bookrunner and Sole Lead Manager



中國保盛證券有限公司
CHINA PROSPECT SECURITIES LIMITED

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 section headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 24 March 2017 or such later date as may be agreed by our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) and, in any event, not later than Monday, 27 March 2017. The Offer Price will be not more than HK\$0.70 and is currently expected to be not less than HK\$0.50 unless otherwise announced. Investors applying for Offer Shares must pay, on application, the maximum indicative Offer Price of HK\$0.70 for each Offer Share together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$0.70 per Offer Share.

The Sole Lead Manager (for itself and on behalf of the Underwriters), may, with the consent of our Company (for ourselves and on behalf of the Selling Shareholder), reduce the indicative Offer Price range and/or the number of Offer Shares below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, announcement of the reduction in the number of Offer Shares and/or the indicative Offer Price range will be made on our Company's website at www.shilimited.com and the website of the Stock Exchange at www.hkexnews.hk not later than the morning of the day which is the last day for lodging applications under the Public Offer.

If, for any reason, the Offer Price is not agreed between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Monday, 27 March 2017, the Share Offer will not proceed and will lapse.

Pursuant to the force majeure provisions contained in the Public Offer Underwriting Agreement in respect of the Public Offer, the Sole Lead Manager (for itself and on behalf of the Underwriters) has the right, in certain circumstances, subject to its sole and absolute opinion, to terminate the obligations at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on Thursday, 30 March 2017). Such circumstances are set out in the section headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus.

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

No information on any website forms part of this prospectus.

20 March 2017

EXPECTED TIMETABLE

If there is any change in the following expected timetable, our Company will issue an announcement on the respective websites of our Company at www.shilimited.com and the Stock Exchange at www.hkexnews.hk.

Date⁽¹⁾
2017

Application lists of Public Offer open⁽²⁾ 11:45 a.m. on Thursday, 23 March

Latest time for lodging **WHITE** and **YELLOW**

Application Forms and giving **electronic application**

instructions to HKSCC⁽³⁾ 12:00 noon on Thursday, 23 March

Application lists of Public Offer close⁽²⁾ 12:00 noon on Thursday, 23 March

Expected Price Determination Date⁽⁴⁾ Friday, 24 March

Announcement of the final Offer Price, the indications of the levels of interest in the Placing, the levels of applications of the Public Offer and the basis of allocation of the Public Offer Shares to be published on our Company's website at www.shilimited.com and the website of the Stock Exchange at www.hkexnews.hk on or before Wednesday, 29 March

Results of allocations in the Public Offer (with successful applicants' identification document numbers, where applicable) will be available through a variety of channels in the section headed "How to apply for Public Offer Shares – 10. Publication of results" in this prospectus) on Wednesday, 29 March

Results of allocations in the Public Offer will be available at www.ewhiteform.com.hk/results with a "search by ID" function from Wednesday, 29 March

Despatch/Collection of share certificates or deposit of the share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Public Offer⁽⁶⁾ on or before
Wednesday, 29 March

Despatch/Collection of refund cheques in respect of wholly or partially successful applications if the Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications^(5 and 6) on or before Wednesday,
29 March

Dealings in Shares on the Stock Exchange expected to commence on Thursday, 30 March

EXPECTED TIMETABLE

Notes:

1. All times and dates refer to Hong Kong local time and dates unless otherwise stated. Details of the structure of the Share Offer, including its conditions and grounds for termination, are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 23 March 2017, the application lists will not open and close on that day. Further information is set out in the section headed “How to apply for Public Offer Shares – 9. Effect of bad weather on the opening of the application lists” in this prospectus.
3. Applicants who apply by giving electronic application instructions to HKSCC should refer to the section headed “How to apply for Public Offer Shares – 5. Applying by giving electronic application instructions to HKSCC via CCASS” in this prospectus.
4. Please note that the Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Friday, 24 March 2017 or such later date as may be agreed by our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters), and, in any event, no later than Monday, 27 March 2017. If, for any reason, the Offer Price is not agreed between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Monday, 27 March 2017, the Share Offer will not proceed and will lapse. Notwithstanding that the Offer Price may be fixed at below the maximum indicative Offer Price of HK\$0.70 per Offer Share, applicants who apply for the Offer Shares must pay on application the maximum indicative Offer Price of HK\$0.70 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% but will be refunded the surplus application monies as provided in the section headed “How to apply for Public Offer Shares – 12. Refund of application monies” in this prospectus.
5. Refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. Refund by cheque(s) will be made out to you, or if you are joint applicants, to the first-named applicant on your Application Form. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant provided by you may be printed on your refund cheque, if any. Such data may also be transferred to a third party for refund purposes. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque, if any. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to a delay in encashment of, or may invalidate, your refund cheque.
6. Applicants who apply on **WHITE Application Forms** for 1,000,000 Shares or more under the Public Offer and have indicated in their Application Forms that they wish to collect their refund cheques and (where applicable) share certificates in person from the Hong Kong Share Registrar, they may collect refund cheques and (where applicable) share certificates in person from the Hong Kong Share Registrar, Boardroom Share Registrars (HK) Limited at 31/F, 148 Electric Road, North Point, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 29 March 2017. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing a letter of authorisation from their corporation stamped with the corporation’s chop. Both individuals and authorised representatives of corporations must produce, at the time of collection, identification and (where applicable) authorisation documents acceptable to the Hong Kong Share Registrar.

Applicants who apply on **YELLOW Application Forms** for 1,000,000 Shares or more under the Public Offer may collect their refund cheques (if any) in person, but may not elect to collect their share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW Application Forms** is the same as that for **WHITE Application Form** applicants.

EXPECTED TIMETABLE

Uncollected share certificates (if applicable) and refund cheques (if applicable) will be despatched by ordinary post (at the applicants' own risk) to the addresses specified in the relevant Application Forms shortly after the expiry of the time for collection at the date of despatch of refund cheque as described in the section headed "How to apply for Public Offer Shares – 13. Despatch/collection of share certificates and refund monies" in this prospectus.

Share certificates for the Offer Shares will only become valid certificates of title to which they relate at 8:00 a.m. (Hong Kong time) on the Listing Date provided that (i) the Share Offer has become unconditional in all respects; and (ii) the right of termination as described in the section headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus has not been exercised and has lapsed. Investors who trade our Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares. This prospectus may not be used for the purpose of and does not constitute an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. The distribution of this prospectus and the offering and sale 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. Our Company, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters 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 our Company, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager the Underwriters, any of their respective directors, employees, agents or professional advisers or any other person or party involved in the Share Offer.

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SUMMARY AND HIGHLIGHTS

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

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this summary are defined in the sections headed “Definitions” and “Glossary of technical terms” in this prospectus.

OVERVIEW OF OUR BUSINESS

We are a contractor in Singapore and we mainly (i) provide integrated building services, with a focus on maintenance and installations of mechanical and electrical (M&E) systems, and including minor repairs and improvement works; and (ii) undertake building and construction works. We have more than ten years of experience in the provision of maintenance services for various building systems in Singapore. Over the years, under the leadership of Mr. Chua, our founder and an Executive Director, and Mr. Joe Lim, an Executive Director, our Group has grown to a staff strength of over 310 employees, with capabilities to manage complex projects of maintenance and installations of building systems. The following table sets forth a breakdown of our revenue during the Track Record Period:

	For the year ended 31 March									For the six months ended 30 September					
	2014			2015			2016			2015 (unaudited)			2016		
	<i>S\$ million</i>	<i>HK\$ million</i>	%	<i>S\$ million</i>	<i>HK\$ million</i>	%	<i>S\$ million</i>	<i>HK\$ million</i>	%	<i>S\$ million</i>	<i>HK\$ million</i>	%	<i>S\$ million</i>	<i>HK\$ million</i>	%
Integrated building services contracts awarded by:															
– Singapore Government agencies	20.8	114.3	59.8	23.4	128.6	66.9	24.1	132.4	59.5	8.4	46.2	47.4	13.2	72.5	70.2
– Private customers	7.0	38.5	20.1	4.0	22.0	11.4	6.0	33.0	14.8	2.6	14.3	14.7	5.2	28.6	27.7
	27.8	152.8	79.9	27.4	150.6	78.3	30.1	165.4	74.3	11.0	60.5	62.1	18.4	101.1	97.9
Building and construction works contracts awarded by:															
– Singapore Government agencies	5.5	30.2	15.8	6.4	35.2	18.3	10.4	57.2	25.7	6.7	36.8	37.9	0.1	0.6	0.5
– Private customers	1.5	8.2	4.3	1.2	6.5	3.4	Negligible	Negligible	Negligible	–	–	–	0.3	1.6	1.6
	7.0	38.4	20.1	7.6	41.7	21.7	10.4	57.2	25.7	6.7	36.8	37.9	0.4	2.2	2.1
Total	34.8	191.2	100.0	35.0	192.3	100.0	40.5	222.6	100.0	17.7	97.3	100.0	18.8	103.3	100.0

SUMMARY AND HIGHLIGHTS

Integrated building services

With respect to the provision of our integrated building services, our scope of services includes maintenance and installation of various building systems for both public and private sector projects in Singapore, and also includes minor repairs and improvement works. Maintenance services are repairs and servicing (including preventive and scheduled maintenance as well as breakdown maintenance) to ensure the proper functioning of the existing building systems, including but not limited to (i) electrical systems, such as lightning protection and warning systems, light systems, power supply and cabling systems, and fire protection and alarm systems; (ii) mechanical systems, such as air-conditioning systems, mechanical ventilation systems, plumbing and sanitary systems, and automatic gates and doors systems; (iii) domestic systems, such as central antenna television systems; and (iv) specialist systems, such as lift systems, security systems, and communication systems. Installation services are applicable whereby significant changes need to be made to the existing systems, or for new buildings. Minor repairs services refer to handyman services for wear and tear on fixtures and fitting. Improvement works refer to services performed complementary to installations and/or replacements of the building systems, as such installations and replacements may affect the surrounding fixtures and fittings.

A typical integrated building services contract has a specified contract period of one to four years, during which our Group may be required to perform a range of different services in respect of different building systems at a specified building or at various premises. In some contracts, the contract value and the scope of work are fixed, while in other contracts, the actual amount and nature of works required to be performed by our Group are subject to the customer's work orders from time to time during the contract period, which are charged according to a pre-agreed schedule of rates. During the Track Record Period, we had undertaken 19 integrated building services projects which had a fixed or committed contract value stated in the contract or letter of award. The contract value of such projects ranged from S\$33,600 to S\$6.4 million (with an average contract value of approximately S\$2.6 million) and the contract period of such projects ranged from 14 months to 76 months (with an average duration of 35 months). During the Track Record Period, we had also undertaken 26 integrated building services projects which did not have any fixed or committed total contract value. The amount of revenue derived or expected to be derived (as estimated by our Executive Directors) from each of such projects ranged from S\$0.1 million to S\$17.0 million (with an average amount of approximately S\$5.2 million), and the contract period of such projects ranged from 12 months to 113 months (with an average duration of 40 months). We are generally able to derive recurrent revenue from an integrated building services contract during the contract period as preventive and scheduled maintenance services are normally required on a regular basis.

Building and construction works

With respect to the provision of our building and construction works, our scope of works varies depending on the contract, which can be broadly classified into (i) interior works; and (ii) works affecting building systems or components such as structural steel works, additions of lifts and reinforcement works. We have undertaken building and construction works for industrial buildings, educational institutions and Singapore Government buildings.

SUMMARY AND HIGHLIGHTS

In a typical building and construction works contract undertaken by us, there are generally a fixed scope of works to be performed and an agreed contract sum for performing such works. However, in some building and construction contracts, there is no fixed or committed total contract value, and the works to be performed by our Group are subject to the customer's work orders during the contract period, which are charged according to a pre-agreed schedule of rates. During the Track Record Period, we had undertaken 13 building and construction works projects which had a fixed or committed contract value stated in the contract or letter of award. The contract value of such projects ranged from S\$0.2 million to S\$8.3 million (with an average contract value of approximately S\$2.2 million) and the contract period of such projects ranged from 3 months to 47 months (with an average duration of 14 months). During the Track Record Period, we had also undertaken 18 building and construction works projects which did not have any fixed or committed total contract value. The amount of revenue derived or expected to be derived (as estimated by our Executive Directors) from each of such projects ranged from S\$18,400 to S\$0.9 million (with an average contract value of approximately S\$0.4 million), and the contract period of such projects ranged from 1 month to 6 months (with an average duration of 3 months).

CUSTOMER CONCENTRATION

Our customers comprise (i) Singapore Government agencies such as ministries or statutory boards governing educational institutions, national parks, social welfare, and building and construction; and (ii) private organisations in Singapore such as those engaged in supermarkets operation, property development, and building and construction works. For each of the three years ended 31 March 2016 and the six months ended 30 September 2016, we had 68, 48, 91 and 78 customers with revenue contribution to us respectively.

For the three years ended 31 March 2016 and the six months ended 30 September 2016, our revenue generated from Singapore Government agencies accounted for approximately 75.6%, 85.2%, 85.2% and 70.7% of our total revenue respectively. Despite such customer concentration, our Directors consider that our Group's business model is sustainable because, among other factors, all tenders with Singapore Government agencies are on an open tender basis via GeBIZ rather than by invitations or based on relationships, and our track record may place us in an advantageous position when competing for tenders. Please refer to the section headed "Business – Customers – Customer concentration" on page 154 of this prospectus for further information.

MARKETING AND PRICING

During the Track Record Period, we did not engage in any material marketing activities other than liaising with our private sector customers for relationship building and management. This was because the majority of our revenue was derived from contracts awarded by Singapore Government agencies, which are normally awarded through open tendering procedures. We monitor GeBIZ, the Singapore Government's one-stop e-procurement portal where all public sector's invitations for quotations and tenders are posted, on a daily basis for tenders put up by Singapore Government agencies. Our Directors consider that in order to obtain new contracts from Singapore Government agencies through

SUMMARY AND HIGHLIGHTS

open tendering processes, we should focus on maintaining our qualifications and licences and maintaining our competitiveness as disclosed in the section headed “Business – Competitive strengths” in this prospectus.

For projects with private customers, we are able to obtain information relating to new business opportunities through the contacts of our Executive Directors and senior management members. Our Directors consider reputation and word-of-mouth as important factors in being invited for private tenders.

Our pricing is generally determined based on certain markups over our estimated costs, after consideration of a range of factors such as the scope of services, the costs expected to be incurred, the competitive environment, etc. Please refer to the section headed “Business – Sales and marketing – Pricing and tender strategy” on pages 138 to 139 of this prospectus for further details.

TENDER SUCCESS RATES

During the Track Record Period, our revenue was generated from contracts (i.e. integrated building services contracts and building and construction works contracts) that were non-recurrent in nature as our customers are under no obligation to continue to award contracts to us in the future and there is no guarantee that we will be able to secure new contracts in the future. Our contracts were normally awarded through competitive tendering processes.

Tenders called by Singapore Government agencies are posted on GeBIZ while those from private organisations are either via open tender or by invitation. The table below illustrates our tender success rates during the Track Record Period.

	For the year ended 31 March			For the six months ended 30 September
	2014	2015	2016	2016
(i) Integrated building services				
– Open tenders	50%	46%	33%	75%
– Invited tenders	N/A	50%	N/A	N/A
(ii) Building and construction works				
– Open tenders	44%	40%	33%	N/A
– Invited tenders	33%	N/A	100%	N/A

Notes:

- In the above table, tender success rate for a financial year/period is calculated based on the number of contracts awarded (whether awarded in the same financial year/period or subsequently) in respect of the quotations and tenders submitted during that financial year/period.
- N/A means that there were no relevant quotations or tenders submitted by us during the financial year.

SUMMARY AND HIGHLIGHTS

Our Executive Directors consider that our tender success rates during the Track Record Period have been satisfactory in general. For further details, please refer to the section headed “Business – Project management and operations – Tender/quotation phase – Tender success rate” on pages 143 to 144 of this prospectus.

MAIN LICENCES AND REGISTRATIONS

Our Group holds a number of licences and registrations which enable us to carry on our businesses. In particular, we hold a GB1 Licence granted under the Builders Licensing Scheme, which allows us to undertake general building contracts of any value in Singapore. We are also registered under the workhead ME15 (Integrated Building Services) in the Contractors Registration System with a “L6” grade, which allows us to tender for integrated building services projects in the public sector in Singapore of unlimited values. For a discussion of our licences and registrations, please refer to the section headed “Regulatory overview” on pages 71 to 85 of this prospectus.

SUPPLIERS

We procured goods and services from suppliers in Singapore during the Track Record Period, which included (i) our subcontractors for building and construction works as well as certain integrated building services such as plumbing and sanitary works, electrical works, air-conditioning works, and minor repairs and improvement works (such as carpentry works); (ii) suppliers of air-conditioning systems and products and other electrical products (such as those relating to lighting, electrical and fire alarm systems); and (iii) suppliers of building materials and other consumables for use in the provision of our services. Please refer to the section headed “Business – Suppliers” on pages 157 to 164 of this prospectus for further details.

COMPETITIVE LANDSCAPE AND OUR COMPETITIVE STRENGTHS

According to the website of the Building and Construction Authority, as at the Latest Practicable Date, there were 57 contractors in Singapore registered under the workhead ME15 (Integrated Building Services) in the Contractors Registration System with a “L6” grade. The Ipsos Report states that industry drivers for the integrated building services industry in Singapore include the sustained demand for services in both existing and new buildings and facilities, the nationwide initiatives to increase the population in Singapore, the various upcoming new building projects of Singapore Government agencies, and the Singapore Government’s plan to tighten the maintenance regime for lifts. For further information, please refer to the section headed “Industry overview” on pages 59 to 70 of this prospectus.

We believe that our competitive strengths include the following: (i) we have a solid track record of providing integrated building services for Singapore Government agencies, with a focus on the installation and maintenance of M&E systems; (ii) we have an experienced and dedicated management team led by our Executive Directors and supported by an experienced supervisory team; and (iii) we have consistently delivered reliable and timely services to our customers, both attributes being important in ensuring that the

SUMMARY AND HIGHLIGHTS

building systems are properly functioning with minimal downtime. Please refer to the section headed “Business – Competitive strengths” on pages 119 to 122 of this prospectus for further details.

BUSINESS STRATEGIES AND USE OF PROCEEDS

We intend to focus on the development of our integrated building services business, and our primary business objective is to further strengthen our market position as an established contractor for providing integrated building services in Singapore. We intend to achieve our business objective by pursuing the following key business strategies: (i) expanding our scale of operation and undertaking more integrated building services projects in Singapore; and (ii) expanding our in-house capabilities and reducing the use of subcontractors in relation to plumbing and sanitary works, electrical works, and air-conditioning works. For further details, please refer to the section headed “Business – Business strategies” on pages 122 to 128 of this prospectus.

We estimate that the aggregate net proceeds from the Share Offer to be received by us, after deducting underwriting commissions and estimated expenses paid and payable by us in connection with the Share Offer, will be approximately HK\$84.4 million, assuming an Offer Price of HK\$0.60 per Offer Share, being the mid-point of the proposed Offer Price per Share in the range of HK\$0.50 to HK\$0.70. It is the current intention of our Executive Directors to apply such net proceeds for the various investments in our manpower and plant and equipment necessary for the implementation of the aforesaid business strategies. Specifically:

- approximately HK\$48.8 million (or approximately 57.8% of the estimated net proceeds to be received by us) is intended to be applied for the implementation of business strategy (i) mentioned above;
- approximately HK\$27.3 million (or approximately 32.3% of the estimated net proceeds to be received by us) is intended to be applied for the implementation of business strategy (ii) mentioned above; and
- approximately HK\$8.3 million (or approximately 9.9% of the estimated net proceeds to be received by us) is intended to be applied for use as our general working capital.

For further information, please refer to the section headed “Future plans and use of proceeds” on pages 273 to 277 of this prospectus.

REASONS FOR LISTING

Our Executive Directors believe that the Listing on the Stock Exchange will benefit our Group as it will (i) allow our Group to gain access to capital market funding and (ii) increase the profile of our Group and enable our Group to be considered more favourably by our customers when tendering for contracts, given that a listed company is subject to

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ongoing regulatory compliance for announcements, financial disclosure and corporate governance. In addition, we intend to implement our business strategies and future plans which require funding and are intended to be financed by the proceeds from the Share Offer.

Our Executive Directors had considered and evaluated different listing venues including Hong Kong and Singapore and have concluded that Hong Kong is the suitable venue to pursue a listing after taking into account the ease of access to capital market funding for our Group's future business development.

For further information, please refer to the section headed "History, Reorganisation and Corporate Structure – Reasons for Listing" on pages 112 to 115 of this prospectus.

SUMMARY OF FINANCIAL INFORMATION

The tables below summarise our combined financial information for the Track Record Period and should be read in conjunction with our financial information included in the accountants' report set forth in Appendix I to this prospectus, including the notes thereto.

Highlight of combined statements of comprehensive income

	For the year ended 31 March						For the six months ended 30 September			
	2014		2015		2016		2015 (unaudited)		2016	
	<i>S\$ million</i>	<i>HK\$ million</i>	<i>S\$ million</i>	<i>HK\$ million</i>	<i>S\$ million</i>	<i>HK\$ million</i>	<i>S\$ million</i>	<i>HK\$ million</i>	<i>S\$ million</i>	<i>HK\$ million</i>
Revenue	34.8	191.2	35.0	192.3	40.5	222.6	17.7	97.3	18.8	103.3
Gross profit	9.1	50.0	11.3	62.1	13.7	75.3	5.2	28.6	7.3	40.1
Profit before taxation	5.6	30.8	5.5	30.2	6.9	37.9	2.6	14.3	2.9	15.9
Profit and other comprehensive income for the year/period	5.1	28.0	4.6	25.3	5.6	30.8	2.1	11.5	2.3	12.6

Highlight of combined statements of financial position

	As at 31 March						As at 30 September 2016	
	2014		2015		2016		<i>S\$ million</i>	<i>HK\$ million</i>
	<i>S\$ million</i>	<i>HK\$ million</i>	<i>S\$ million</i>	<i>HK\$ million</i>	<i>S\$ million</i>	<i>HK\$ million</i>	<i>S\$ million</i>	<i>HK\$ million</i>
Non-current assets	7.4	40.7	7.4	40.7	8.8	48.4	8.9	48.9
Current assets	15.5	85.2	19.9	109.4	23.8	130.8	19.7	108.3
Current liabilities	7.9	43.4	7.8	42.9	12.5	68.7	7.8	42.9
Net current assets	7.6	41.8	12.1	66.5	11.3	62.1	11.9	65.4
Non-current liabilities	5.2	28.6	5.1	28.0	3.5	19.2	3.4	18.7
Net assets	9.8	53.9	14.4	79.1	16.6	91.2	17.4	95.6

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Key financial ratios

(times)	As at 31 March			As at 30 September 2016
	2014	2015	2016	
	2014	2015	2016	2016
Current ratio	2.0	2.5	1.9	2.5
Gearing ratio	0.6	0.4	0.5	0.2
				For the six months ended 30 September 2016
(%)	For the year ended 31 March			September 2016
	2014	2015	2016	
	2014	2015	2016	2016
Gross profit margin				
– Integrated building services	29.6	37.5	40.6	39.4
– Building and construction works	12.8	13.3	14.6	15.1
– Overall	26.2	32.3	34.0	38.9
Net profit margin	14.6	13.2	13.9	12.0
Return on total assets	22.3	16.9	17.2	7.9
Return on equity	52.0	32.1	33.8	13.1

Note: Please refer to the section headed “Financial information – Key financial ratios” on pages 262 to 267 of this prospectus for the method of calculation of the above key financial ratios.

We derive our revenue from integrated building services and building and construction works. The increase in our revenue for the year ended 31 March 2016 was mainly because (i) we secured new projects from a Singapore Government agency for the building and construction of social services offices; (ii) secured a new integrated building services contract secured from the property manager a real estate investment trust; and (iii) there was an increase in the amount of integrated building services performed for a private contractor. Our revenue for the two years ended 31 March 2015 was relatively stable.

For the year ended 31 March 2014, a substantial gain on disposal of property, plant and equipment was recognised, which was in relation to the disposal of our previously owned property located at 40 Kaki Bukit Industrial Terrace Singapore 416120. We entered into an agreement for the sale of the property on 18 December 2012 and the disposal was completed on 14 May 2013. The property had a carrying value as at the date of its disposal of S\$1.8 million and we sold it for a consideration of approximately S\$4.0 million. Therefore, we recorded a gain of approximately S\$2.2 million for the year ended 31 March 2014 from the disposal.

For the six months ended 30 September 2016, the increase in our revenue was mainly contributed by our integrated building services segment, which had a period-on-period increase in revenue of approximately S\$7.4 million (as opposed to the period-on-period

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decrease in revenue of approximately S\$6.3 million from our building and construction works segment). This was mainly due to our continued expansion of our integrated building services segment, and our larger scale of operations for the six months ended 30 September 2016.

For further discussion and analysis on our performance during the Track Record Period, please refer to the section headed “Financial information” on pages 211 to 272 of this prospectus.

LISTING EXPENSES

The total estimated expenses in relation to the Listing are approximately HK\$23.6 million, of which approximately HK\$20.6 million is borne by our Group and approximately HK\$3.0 million is borne by the Selling Shareholder. For the amount of approximately HK\$20.6 million borne by our Group, approximately HK\$7.3 million is directly attributable to the issue of new Shares to the public and is to be accounted for as a deduction from equity upon the Listing. For the remaining amount of approximately HK\$13.3 million, approximately HK\$0.3 million and HK\$8.6 million was charged to the profit or loss of our Group for the year ended 31 March 2016 and for the six months ended 30 September 2016 respectively, and approximately HK\$4.4 million is to be charged to the profit or loss of our Group for the six months ending 31 March 2017. The recognition of listing expenses is expected to materially affect our financial results for the year ending 31 March 2017. The estimated listing-related expenses of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of the Listing.

RECENT DEVELOPMENT

As at the Latest Practicable Date, we had a total of 39 projects on hand, comprising 34 integrated building services projects and 5 building and construction works projects.

Out of the 34 integrated building services projects, there are 17 integrated building services projects which have a fixed or committed contract value stated in the contract or letter of award. The aggregate contract value of such 17 integrated building services projects is approximately S\$51.3 million. 13 out of such 17 integrated building services projects were awarded by Singapore Government agencies, with an aggregate contract value of approximately S\$41.2 million. For the remaining 17 integrated building services projects which do not have any fixed or committed total contract value, our Executive Directors estimate that the total revenue to be recognised is approximately S\$59.9 million over the contract period of such projects. 7 out of the aforesaid 17 integrated building services projects were awarded by Singapore Government agencies, with an estimated revenue to be recognised of approximately S\$55.5 million over the contract period of such 7 projects.

For the 5 building and construction works projects on hand, the total aggregate contract value is approximately S\$16.4 million. 4 out of such 5 building and construction works projects on hand were awarded by Singapore Government agencies, with an aggregate contract value of approximately S\$15.8 million.

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Our Executive Directors estimate that the total revenue of our projects on hand (i.e. all 39 projects) to be recognised amounts to approximately S\$27.6 million for the six months ending 31 March 2017 and approximately S\$66.1 million for the year ending 31 March 2018 or thereafter. For those 22 projects which have a fixed or committed contract value stated in the contract or letter of award, the total revenue to be recognised is estimated to amount to approximately S\$13.8 million for the six months ending 31 March 2017 and approximately S\$37.5 million for the year ending 31 March 2018 or thereafter. For the remaining 17 projects which do not have any fixed or committed total contract value, the total revenue to be recognised is estimated to amount to approximately S\$13.8 million for the six months ending 31 March 2017 and approximately S\$28.6 million for the year ending 31 March 2018 or thereafter. A list of our projects on hand as at the Latest Practicable Date (including projects that have commenced but not completed as well as projects that have been awarded to us but not yet commenced) is shown in the section headed “Business – Projects on hand” on pages 134 to 137 of this prospectus. In addition, our Executive Directors consider that our gross profit margin is sustainable given our competitive strengths as discussed in the section headed “Business – Competitive strengths” in this prospectus as well as the current operating environment as of the Latest Practicable Date.

Our Executive Directors are of the view that our valuation is justifiable, having considered (i) the future prospects and the business growth of our Group; (ii) our projects on hand (i.e. all 39 projects) as at the Latest Practicable Date, from which our Executive Directors estimate that total revenue of approximately S\$27.6 million will be recognised for the six months ending 31 March 2017 and approximately S\$66.1 million for the year ending 31 March 2018 or thereafter; and (iii) our gross profit margin which is considered by our Executive Directors to be sustainable as discussed above. For further details, please refer to the section headed “History, Reorganisation and corporate structure – The valuation of our Group” in this prospectus.

According to a media release by the Building and Construction Authority, it is expected that, on the one hand, there will be a slowdown in construction demand from the private sector in Singapore in 2016 due to, among other factors, an increased supply of completed housing projects and offices, but, on the other hand, a higher construction demand from the public sector is expected, largely due to an increase in civil engineering demand. Our Executive Directors consider that such industry development will not have a material adverse impact on our business and financial position and prospect because our primary business focus is the provision of integrated building services rather than undertaking building and construction works, and that the majority of our revenue is derived from contracts awarded by Singapore Government agencies rather than by private customers. In addition, our Executive Directors consider that the demand for integrated building services is generally more stable and sustainable as regular maintenance services of building systems are normally required to ensure their proper functioning.

Based on our aforesaid projects on hand and our business operations subsequent to the Track Record Period and up to the Latest Practicable Date, our Executive Directors do not foresee any material adverse change in our revenue for the year ending 31 March 2017. Nevertheless, our Executive Directors expect that the recognition of listing expenses is expected to materially affect our financial results for the year ending 31 March 2017, as discussed in the paragraph headed “Listing expenses” above.

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Our Executive Directors confirm that, save for the expenses in connection with the Listing, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospect since 30 September 2016, and there have been no events since 30 September 2016, which would materially affect the information shown in our combined financial statements included in the accountants' report set forth in Appendix I to this prospectus.

OFFERING STATISTICS

	Based on an Offer Price of HK\$0.70 per Offer Share	Based on an Offer Price of HK\$0.50 per Offer Share
Market capitalisation ⁽¹⁾	HK\$700,000,000	HK\$500,000,000
Unaudited pro forma adjusted combined net tangible assets per Share ⁽²⁾	HK\$ 0.21	HK\$ 0.18

Notes:

- (1) The calculation of the market capitalisation of our Company is based on 1,000,000,000 Shares in issue immediately following the completion of the Share Offer but does not take into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme.
- (2) The unaudited pro forma adjusted combined net tangible assets per Share is arrived at after the adjustments set forth in Appendix II to this prospectus and on the basis that 1,000,000,000 Shares were in issue immediately following the completion of the Share Offer assuming no exercise of the Over-allotment Option or exercise of any options which may be granted under the Share Option Scheme and no Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares, and does not take into account any trading results or other transactions entered into subsequent to 30 September 2016.

DIVIDEND

During the year ended 31 March 2016, SH Integrated and DRC Engineering declared and paid dividends of S\$2,025,000 and S\$1,500,000 respectively, out of their respective distributable profits. In July 2016, SH Integrated and DRC Engineering declared interim dividends of S\$400,000 and S\$1,100,000 respectively out of their respective distributable profits, which were paid in August 2016. 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, which will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition and other factors which our Directors deem relevant. Our Group does not have a pre-determined dividend payout ratio. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

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RISK FACTORS

You should read the section headed “Risk factors” on pages 32 to 45 of this prospectus carefully before you decide to invest in the Shares. The material risks relating to our business include those in relation to the concentration of our revenue derived from contracts awarded by Singapore Government agencies, our ability to maintain our existing licences and registrations, our ability to achieve continuity of our order book, and possible cost overruns. The material risks relating to our industry include shortage of labour in the construction industry (including the integrated building services industry) in Singapore, possible change in applicable regulatory requirements, and slowdown in demand for private building and construction works in Singapore.

FOREIGN EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 313, full-time staff (including our Executive Directors), of which 269 were foreign employees (including site foreign workers and other employees). Our foreign workers are sourced and recruited through an Independent Third Party agency. The availability of the foreign workers to the construction industry is regulated by the MOM through certain policy instruments, including but not limited to (i) the dependency ceilings based on the ratio of local to foreign workers; and (ii) the quotas based on the man year entitlements in respect of workers from non-traditional sources and the PRC. As advised by our Singapore Legal Adviser, the maximum number of foreign workers that our Group can hire is subject to the ratio of one full-time local worker to seven foreign workers for the construction industry in Singapore set under the dependency ceilings. Based on the aforesaid ratio, the maximum number of foreign workers our Group can hire is 308, which means that we can hire 39 additional foreign workers based on the dependency ceilings.

We believe that any material difficulties in employing foreign labour may materially affect our operation and financial performance. In order to mitigate the impact of foreign labour shortages arising from changes in relevant laws and regulations in Singapore and/or other countries where the foreign labour originated, our management has adopted a policy to employ foreign labour from more than one countries including India, Bangladesh, Malaysia, Philippines and Myanmar. To mitigate the increasing expenses (including foreign worker levies) incurred with employing foreign workers, our Group will either hire skilled foreign workers (where the applicable foreign worker levies are lower), or conduct regular in-house training and provides external training for unskilled foreign workers. After sufficient training, our Group would be able to apply to the BCA Academy to qualify them as skilled foreign workers so as to benefit from lower applicable foreign worker levies. In our recruitment exercise, our Group also makes it a point to hire more skilled foreign workers as they are normally more productive and incur lower foreign worker levies.

Further information regarding our employment of foreign labours are set out under the section headed “Business – Employees – Recruitment policies and foreign workers” on pages 178 to 180 of this prospectus.

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NON-COMPLIANCE

During the Track Record Period, our Group had been involved in certain safety-related non-compliances, which resulted in composition fines in the aggregate amount of S\$8,000, a stop work order from 27 June 2013 to 5 July 2013, and 12 demerit points issued against us. As at the Latest Practicable Date, we do not have any demerit points issued against us which are still valid. Furthermore, there is no stop work order issued against us which is still outstanding as at the Latest Practicable Date. Further details are set out under the section headed “Business – Workplace safety and health – Work safety non-compliance incidents” on pages 170 to 173 of this prospectus.

LITIGATION AND CLAIMS

As at the Latest Practicable Date, there were three ongoing claims against us in relation to a motor accident which is being handled by our insurer who informed us that the claims had already been settled and will be officially concluded pending the filing of the relevant discontinuance court documents. In addition, during the Track Record Period, we were involved in a number of legal cases, mainly including those commenced by us against certain private customers for payments, as well as claims in relation to workplace and motor accidents which are covered by insurance. For further details, please refer to the section headed “Business – Litigation and claims” on pages 186 to 187 of this prospectus.

CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), Ruiheng Global (which is owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua) will hold 750,000,000 Shares, representing 75% of the enlarged issued share capital of our Company. For further details, please refer to the section headed “History, Reorganisation and corporate structure” on pages 102 to 115 of this prospectus.

Ruiheng Global is an investment holding company. Mr. Chua and Mrs. Chua are husband and wife. Mr. Chua is our founder, the chairman of our Board and an Executive Director. Mrs. Chua is a member of our senior management. Please refer to the section headed “Directors and senior management” on pages 196 to 206 of this prospectus for the biographical information of Mr. Chua and Mrs. Chua.

DEFINITIONS

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

“Application Form(s)”	WHITE Application Form(s) and YELLOW Application Form(s) or, where the context so requires, any of them to be used in connection with the Public Offer
“Articles of Association” or “Articles”	the amended and restated articles of association of our Company conditionally adopted on 5 January 2017, and to take effect on the Listing Date, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
“associate(s)” or “close associates”	has the same meanings ascribed thereto under the Listing Rules
“BCA Academy”	the education and research arm of the Building and Construction Authority
“BCISPA”	the Building and Construction Industry Security of Payment Act, Chapter 30B of the laws of Singapore
“bizSAFE”	a five-step programme to assist companies to build up their workplace safety and health capabilities in order to achieve quantum improvements in safety and health standards at the workplace, and organised under the Workplace Safety and Health Council of Singapore
“bizSAFE Star”	the highest bizSAFE level that may be awarded under the bizSAFE programme
“Board of Directors” or “Board”	the board of Directors
“Builders Licensing Scheme”	the Builders Licensing Scheme administered by the Building and Construction Authority of Singapore, which aims to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency

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“Building and Construction Authority”	the Building and Construction Authority of Singapore, an agency under the Ministry of National Development of the Singapore Government
“Business Day”	a day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licenced banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours.
“Buy-Back Mandate”	the general mandate to buy back Shares given to our Directors by our sole Shareholder, a summary of which is contained in the section headed “A. Further information about our Group – 3. Written resolutions of our sole Shareholder dated 5 January 2017 and 15 March 2017” in Appendix V to this prospectus
“BVI”	the British Virgin Islands
“CAGR”	compounded annual growth rate
“Capitalisation Issue”	the issue of 824,999,000 Shares (including 75,000,000 Sale Shares) to be made upon capitalisation of the sum of HK\$8,249,990 standing to the credit of the share premium account of our Company as referred to in the paragraph headed “A. Further information about our Company – 3. Written resolution of our sole Shareholder dated 5 January 2017 and 15 March 2017” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	the person(s) admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant(s)”	the person(s) admitted to participate in CCASS as a custodian participant

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“CCASS Investor Participant(s)”	the person(s) admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant(s)”	the CCASS Clearing Participant(s), the CCASS Custodian Participant(s) or the CCASS Investor Participant(s)
“Central Provident Fund”	Central Provident Fund of Singapore, which is a comprehensive social security system that enables working Singapore citizens and permanent residents to set aside funds for retirement
“Companies Law” or “Cayman Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	SHIS Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability on 18 May 2016 and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 13 June 2016
“Concert Party Deed”	a confirmatory deed dated 17 August 2016 executed by Mr. Chua and Mrs. Chua, details of which are set out in the section headed “History, Reorganisation and corporate structure – Collective control of Mr. Chua and Mrs. Chua” in this prospectus
“connected person(s)” or “core connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Contractors Registration System”	the Contractors Registration System administered by the Building and Construction Authority of Singapore, which serves the construction and construction-related procurement needs of the public sector including Singapore Government ministries and statutory boards, under which, in Singapore, registration is required if companies wishing to participate in construction tenders or as subcontractors for the public sector
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, and, in the context of our Company, means Ruiheng Global and its beneficial shareholders being Mr. Chua and Mrs. Chua

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“CR06”	one of the construction-related workheads classified under the Contractors Registration System, where the title of the CR06 workhead is “Interior Decoration and Finishing Works” and it refers to the interior design, planning and the decoration of buildings, including ceiling panels, partitions, built-in fitments, raised floor works, plastering and tiling; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
“CSH Development”	CSH Development Pte. Ltd., a private limited company incorporated in Singapore on 9 October 2015 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“CW01”	one of the construction workheads classified under the Contractors Registration System where the title of the CW01 workhead is “General Building” and it refers to a range of general building works as further set forth in the section headed “Regulatory overview” in this prospectus
“CW02”	one of the construction workheads classified under the Contractors Registration System, where the title of the CW02 workhead is “Civil Engineering” and it refers to a range of construction works as further set forth in the section headed “Regulatory overview” in this prospectus
“CWUMPO”	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
“Deed of Indemnity”	the deed of indemnity dated 13 March 2017 entered into by our Controlling Shareholders as indemnifiers in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries), particulars of which are set out in the section headed “E. Other information – 1. Tax and other indemnities” in Appendix V to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 13 March 2017 entered into by our Controlling Shareholders as covenantors in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) as further described in the section headed “Relationship with our Controlling Shareholders” in this prospectus

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“demerit points”	points that will be issued by the MOM to contractors in the construction sector in Singapore for breaches and infringements under the Workplace Safety and Health Act, Chapter 354A of Singapore, details of which are set out in the section headed “Regulatory overview – Workplace safety and health – Workplace Safety and Health Act” in this prospectus
“Director(s)”	the director(s) of our Company
“DRC Engineering”	DRC Engineering Pte. Ltd., a private limited company incorporated in Singapore on 8 March 2005, formerly known as SH International (S) Pte. Ltd., and changed to its current name on 22 April 2009; and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Executive Director(s)”	the executive Director(s)
“foreign worker levy”	a pricing mechanism administered by the Singapore Government to regulate the number of foreign workers in Singapore
“GB Licence(s)”	general builder licence(s) issued by the Building and Construction Authority under the Builders Licensing Scheme where “GB1 Licence” refers to Class 1 General Builder Licence and a builder with such a licence is allowed to undertake projects of any value; and “GB2 Licence” refers to Class 2 General Builder Licence and a builder with such a licence is restricted to undertake projects of S\$6 million or less; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
“GeBIZ”	the Singapore Government’s one-stop e-procurement portal where all public sector’s invitations for quotations and tenders are posted
“Green and Gracious Builder Scheme”	a scheme launched by the Building and Construction Authority to promote environmental protection and gracious practices during construction phases of projects
“Group”, “our Group”, “we”, “our” or “us”	our Company and our subsidiaries or, where the context otherwise requires, in respect of the period before our Company becoming the holding company of our present subsidiaries and the businesses carried on by them or their predecessors (as the case may be)

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“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing 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
“Hong Kong Share Registrar”	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar of our Company
“IFRS”	International Financial Reporting Standards
“Independent Non-Executive Director(s)”	our independent non-executive Director(s)
“Independent Third Party(ies)”	individual (s) or company(ies) which is/are independent of and not connected with any of the directors, chief executive, the controlling shareholders or the substantial shareholders of our Company or our subsidiaries or any of their respective associates
“Innovative Plus”	Innovative Plus Investments Limited (創添投資有限公司), a company incorporated in the BVI with limited liability on 25 April 2016, and a direct wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Ipsos”	Ipsos Pte Ltd, an Independent Third Party and an independent market research expert
“Ipsos Report”	the industry report prepared by Ipsos and commissioned by our Company, the content of which is quoted in this prospectus
“ISO 9001:2008”	a quality management system standard that is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement

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“ISO 14001:2004”	an environmental management system standard that maps out a framework that a company or organisation can follow to set up an effective environmental management system, to provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved
“Issue Mandate”	the general mandate to allot, issue and deal with new Shares given to our Directors by our sole Shareholder, a summary of which is contained in the section headed “A. Further information about our Group – 3. Written resolutions of our sole Shareholder dated 5 January 2017 and 15 March 2017” in Appendix V to this prospectus
“JinFeng Ventures”	Jinfeng Ventures Limited (錦峰創投有限公司), a company incorporated in the BVI with limited liability on 18 March 2016, and a direct wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Latest Practicable Date”	11 March 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing and the commencement of dealings of our Shares on the Main Board
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date on which dealings in our Shares on the Main Board first commence, which is expected to be on or about Thursday, 30 March 2017
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the main board of the Stock Exchange

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- “ME01” one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME01 workhead is “Air-conditioning, Refrigeration and Ventilation Works” and it refers to the installation, commissioning, maintenance and repairs of air-conditioning, refrigeration, cold rooms, and ventilation systems; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
- “ME05” one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME05 workhead is “Electrical Engineering” and it refers to the installation, testing, commissioning, maintenance and repair of electrical based systems such as switchgears, transformers and large generators, and includes the electrical installations in building and marine vessels; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
- “ME06” one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME06 workhead is “Fire Prevention and Protection Systems” and it refers to the installation and maintenance of fire alarm, prevention and protection systems, and may include the supply of fire extinguishers and fire hoses if these items are part and parcel of the system installation or maintenance contract; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
- “ME11” one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME11 workhead is “Mechanical Engineering” and it refers to the installation, commissioning, maintenance and repair of mechanical plant, machinery and systems, and includes the installation and maintenance of power generation and turbine systems; further details of which are set forth in the section headed “Regulatory overview” in this prospectus

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“ME15”	one of the mechanical and electrical workheads classified under the Contractors Registration System, where the title of the ME15 workhead is “Integrated Building Services” and it refers to the installation, commissioning, maintenance and repairs of building services, which include some or all of, among other workheads, ME01, ME05, ME06, ME11, etc.; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company adopted on 5 January 2017, as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
“MOM”	Ministry of Manpower of the Singapore Government
“Mr. Chua”	Mr. Chua Seng Hai (蔡成海), our founder, one of the Controlling Shareholders, chairman of our Board, an Executive Director and the spouse of Mrs. Chua
“Mr. Joe Lim”	Mr. Lim Kai Hwee, an Executive Director
“Mrs. Chua”	Ms. Bek Poi Kiang (麥佩卿), one of the Controlling Shareholders, a member of the senior management of our Group and the spouse of Mr. Chua
“New Shares”	the 175,000,000 new Shares being offered by our Company for subscription at the Offer Price under the Share Offer
“Offer Price”	the final price per Offer Share in Hong Kong dollars (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%) at which the Offer Shares are to be subscribed for and issued, or purchased and sold, pursuant to the Share Offer, which will not be more than HK\$0.70 and is currently expected to be not less than HK\$0.50, to be determined in the manner further described in the section headed “Structure and conditions of the Share Offer – Pricing and allocation – Determining the Offer Price” in this prospectus
“Offer Shares”	together, the Public Offer Shares and the Placing Shares

DEFINITIONS

“OHSAS 18001:2007”	an international standard setting out requirements for an occupational health and safety management system developed for managing the occupational health and safety risks associated with a business
“Over-allotment Option”	the option to be granted by our Company to the Placing Underwriter exercisable by the Sole Lead Manager (for itself and on behalf of the Placing Underwriter), at its sole and absolute discretion, to require our Company to allot and issue up to an aggregate of 37,500,000 additional new Shares, representing 15.0% of the Offer Shares initially available under the Share Offer, at the Offer Price, to cover over-allocations in the Placing and/or to satisfy the obligation of the Stabilising Manager to return securities borrowed under the Stock Borrowing Agreement, subject to the terms of the Placing Agreement
“Pine Vantage”	Pine Vantage Limited (松益有限公司), a company incorporated in the BVI with limited liability on 5 May 2016, and a direct wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriter for and on behalf of our Company and the Selling Shareholder, subject to reallocation as further described under the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Agreement”	the conditional underwriting agreement expected to be entered into by our Company, the Selling Shareholder, the Controlling Shareholders, the Executive Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Placing Underwriter relating to the Placing, particulars of which are summarised in the section headed “Underwriting” in this prospectus
“Placing Shares”	225,000,000 Shares, comprising 150,000,000 new Shares initially offered by our Company for subscription and 75,000,000 Sale Shares offered by the Selling Shareholder for sale under the Placing, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Options, subject to reallocation, as described under the section headed “Structure and conditions of the Share Offer” in this prospectus

DEFINITIONS

“Placing Underwriter”	the underwriter of the Placing
“PRC” or “China”	the People’s Republic of China, which for the purpose of this prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Price Determination Agreement”	the agreement expected to be entered into between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) on or before the Price Determination Date to record the agreement on the final Offer Price
“Price Determination Date”	the date, expected to be on or around Friday, 24 March 2017 but no later than Monday, 27 March 2017, on which the final Offer Price is to be fixed for the purpose of the Share Offer
“Principal Share Registrar”	Codan Trust Company (Cayman) Limited, the Cayman Islands share registrar of our Company
“Public Offer”	the issue and offer of the Public Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price on and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 25,000,000 Shares (subject to reallocation) being initially offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and conditions of the Share Offer” in this prospectus
“Public Offer Underwriters”	the underwriters of the Public Offer, whose name is set out under the section headed “Underwriting – Public Offer Underwriters” in this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement dated 17 March 2017 and entered into by our Company, the Controlling Shareholders, the Executive Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Public Offer Underwriters relating to the Public Offer, particulars of which are summarised in the section headed “Underwriting” in this prospectus

DEFINITIONS

“Reorganisation”	the pre-listing reorganisation of our Group, further details of which are described under the section headed “History, Reorganisation and corporate structure – Reorganisation” in this prospectus
“Ruiheng Global”	Ruiheng Global Investments Limited (瑞亨環球投資有限公司), a company incorporated in the BVI with limited liability on 1 February 2016, which is owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua, and one of the Controlling Shareholders
“S\$”	Singapore dollars, the lawful currency of Singapore
“Safety Adviser”	Axcel Safety Audit Pte Ltd, an independent safety auditing agency approved by the Occupational Safety Department of the MOM in the Safety Management System Audit Scheme, which is engaged by us to perform review procedures on our workplace safety system
“Sale Shares”	75,000,000 Shares to be offered for sale by the Selling Shareholder at the Offer Price under the Placing
“Selling Shareholder”	Ruiheng Global, being the Shareholder which offers the Sale Shares for sale under the Placing, particulars of which are set out in the section headed “E. Other information – 9. Particulars of the Selling Shareholder” in Appendix V to this prospectus
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“SH Integrated”	SH Integrated Services Pte. Ltd., a private limited company incorporated in Singapore on 23 November 2005 and an indirect wholly-owned subsidiary of our Company upon completion of the Reorganisation
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share Offer”	the Public Offer and the Placing

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally approved and adopted by our Company on 5 January 2017, the principal terms of which are summarised in the section headed “D. Share Option Scheme” in Appendix V to this prospectus
“Singapore”	the Republic of Singapore
“Singapore Government”	the government of Singapore
“Singapore Legal Adviser”	LPP Law Corporation, the legal adviser to our Company as to Singapore laws
“SLT Services”	SLT Services Pte. Ltd., a private limited company incorporated in Singapore, of which Mrs. Chua was a director from 26 April 2013 to 21 March 2016, and a shareholder of 50% of the issued share capital until she disposed of all of her shareholding interests to an Independent Third Party on 1 April 2016
“Sole Bookrunner” or “Sole Lead Manager”	China Prospect Securities Limited, a corporation licensed to engage type 1 (dealing in securities) regulated activity under the SFO, being the sole bookrunner, the sole lead manager and an Underwriter to the Share Offer
“Sole Sponsor” or “Dakin Capital”	Dakin Capital Limited, a corporation licensed to engage in Type 6 (advising on corporate finance) regulated activity under the SFO, being the sole sponsor to the Share Offer
“Stabilising Manager”	China Prospect Securities Limited
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into on or about 17 March 2017 between the Stabilising Manager and Ruiheng Global
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Track Record Period”	the three years ended 31 March 2016 and the six months ended 30 September 2016
“Underwriters”	together, the Public Offer Underwriters and the Placing Underwriter
“Underwriting Agreements”	together, the Public Offer Underwriting Agreement and the Placing Agreement
“United States” or “U.S.”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“US\$”	United States dollars, the lawful currency of the United States
“WHITE Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“workheads”	work categories as sub-classified under the seven major categories of registration under the Contractors Registration System in Singapore; further details of which are set forth in the section headed “Regulatory overview” in this prospectus
“YELLOW Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“%”	per cent.

GLOSSARY OF TECHNICAL TERMS

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

“electrical engineering”	a work category which involves the installation, testing, commissioning, maintenance and repair of electrical based systems such as switchgears, transformers and generators including electrical installations in buildings
“high-tension”	a term used to describe a high rating of electrical voltage
“integrated building services”	the installation, commissioning, maintenance and repairs of building systems, such as air-conditioning, refrigeration and ventilation systems, building automation, industrial and process control systems, electrical systems, fire prevention and protection systems, internal telephone wiring and telecommunication systems, mechanical systems, and plumbing and sanitary systems
“low-tension”	a term used to describe a low rating of electrical voltage
“M&E”	mechanical and electrical
“mechanical engineering”	the installation, commissioning, maintenance and repair of mechanical plant, machinery and systems
“plumbing and sanitary works”	the installation, repairs and servicing of water and gas pipes, sanitary works and plumbing fixtures
“refrigerant”	a compound that changes from a gas to a liquid and then back, commonly used in refrigerators/freezers and air conditioners
“switchgear”	a system used to isolate electrical equipment for protection purposes, which is used both to de-energise equipment to allow work to be done and to clear faults downstream
“transformer”	a device that transfers electrical energy from one circuit to another through electrical conductors

GLOSSARY OF TECHNICAL TERMS

“VRV/VRF”

variable refrigerant volume/variable refrigerant flow, both used to describe efficient and energy-saving heating and cooling systems by the volume or flow rate of refrigerant in these systems that is accurately matched to the required heating or cooling loads, thereby saving energy and providing more accurate control

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS MAY NOT MATERIALISE

We have included in this prospectus forward-looking statements that are not historical facts, but relate to our intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections headed “Summary and highlights”, “Risk factors”, “Industry overview”, “Business”, and “Financial information”, which are, by their nature, subject to risks and uncertainties.

In some cases, we use the words “aim”, “anticipate”, “believe”, “consider”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “ought”, “plan”, “potential”, “predict”, “project”, “propose”, “seek”, “should”, “will”, “would” or similar expressions or the negative of these words or other similar expressions or statements to identify forward-looking statements, are forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements are based on certain assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the following:

- our operations, business prospect, operating strategies and plan of operation;
- our dividend policy;
- our capital expenditure plans;
- the amount and nature of, potential for and future development of our business;
- our overall financial condition and performance;
- the regulatory environment of our industry in general and restrictions that may affect the industry in which we operate;
- the general industry outlook, competition for our business activities and future development in our industry;
- macroeconomic measures taken by the Singapore Government to manage economic growth and general economic trends in Singapore;
- general political and economic conditions in Singapore;

FORWARD-LOOKING STATEMENTS

- other statements in this prospectus that are not historical facts;
- realisation of the benefits or our future plans and strategies; and
- other factors beyond our Group’s control.

We believe that the sources of information and assumptions contained in such forward-looking statements are appropriate sources for such statements and we have taken reasonable care in extracting and reproducing such information and assumptions. We have no reason to believe that information and assumptions contained in such forward-looking statements are false or misleading or that any fact has been omitted that would render such forward-looking statements false or misleading in any material respect. 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 the current views of our Company with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements of our Group to differ materially from those expressed or implied by forward-looking statements include, but are not limited to, those discussed under the section headed “Risk factors” and elsewhere in this prospectus.

These forward-looking statements are based on current plans and estimates, and apply only as of the date they are made. Subject to the requirements of applicable laws, rules and regulations, our Company has no obligation to update or revise any forward-looking statements in light of new information, future events or otherwise.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, 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.

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

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

A significant portion of our revenue was generated from contracts awarded by Singapore Government agencies during the Track Record Period and any significant reduction in the level of Singapore Government's spending on integrated building services may materially and adversely affect us

Approximately 75.6%, 85.2%, 85.2% and 70.7% of our total revenue for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 was generated from contracts awarded by Singapore Government agencies. In particular, approximately 59.8%, 66.9%, 59.5% and 70.2% of our total revenue for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 was generated from integrated building services contracts awarded by Singapore Government agencies.

All public sector's invitations for quotation and tender are posted on GeBIZ, the Singapore Government's one-stop e-procurement portal, and contracts from Singapore Government agencies are normally awarded through open tendering processes. There is no guarantee that we will continue to obtain contracts from Singapore Government agencies or maintain our tender success rate in the future. Please refer to the section headed "Risk factors – Risks relating to our business – Failure to obtain continuity of our order book for new contracts could materially affect our financial performance" below.

In addition, there is no guarantee that there will not be any significant reduction in the level of Singapore Government's spending on integrated building services, which may be affected by various factors such as the Singapore Government's policy in relation to the maintenance of its buildings and facilities as well as the general financial conditions of the Singapore Government and its various ministries, departments, authorities, statutory boards, and other agencies. If there is any significant reduction or delay in the level of spending on integrated building services by the Singapore Government and we are unable to obtain sufficient businesses from other customers, our business and financial positions and prospect will be materially and adversely affected.

RISK FACTORS

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

Our Group holds a number of licences and registrations which enable us to carry on our businesses. In particular, we are registered under the workhead ME15 (Integrated Building Services) in the Contractors Registration System with a “L6” grade, which allows us to tender for integrated building services projects in the public sector in Singapore of unlimited values, and we also hold a GB1 Licence granted under the Builders Licensing Scheme, which allows us to undertake general building contracts of any value in Singapore. For further details of our licences and registrations, please refer to the section headed “Regulatory overview – Licensing regime for contractors in Singapore” in this prospectus.

Our ability to maintain our registrations under the Contractors Registration System and our GB Licences under the Builders Licensing Scheme are crucial to our business operation. There are certain financial, personnel, track record, certification and other requirements that we have to comply with in order to maintain such licences and registrations, which are set forth in detail in the section headed “Regulatory overview – Licensing regime for contractors in Singapore” in this prospectus.

If we fail to comply with the applicable requirements or any required conditions to maintain our licences and registrations, then our licences and registrations may be downgraded, suspended or cancelled and/or may not be permitted to be renewed upon their respective expiry, which may in turn lead to our inability to tender for certain projects, restriction of certain business activities, or suspension of our business operations, thereby materially and adversely affecting our business, financial position, results of operations and prospect.

Failure to obtain continuity of our order book for new contracts could materially affect our financial performance

During the Track Record Period, our revenue was generated from contracts that were normally awarded through competitive tendering processes. Our customers are under no obligation to continue to award contracts to us in the future and there is no guarantee that we will be able to secure new contracts in the future. Accordingly, the number and scale of contracts and the amount of revenue that we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of our future business.

Our tender success rate for open tenders for integrated building services contracts was approximately 50%, 46%, 33% and 75% for each of the three years ended 31 March 2016 and the six months ended 30 September 2016. Our tender success rate is affected by a range of factors, such as our pricing and tender strategy, customers’ tender evaluation standards, our competitors’ pricing and tender strategy, and the level of competition. There is no guarantee that we will be able to achieve a tender success rate in the future that is similar to those during the Track Record Period. There is also no guarantee that we will not have to lower our pricing and/or otherwise change our tender strategy due to competition.

RISK FACTORS

In addition, so far as our Directors are aware, Singapore Government agency customers have maintained an evaluation system for their tenders to ensure that contractors meet certain quality and service standards. If a contractor receives a poor performance evaluation, its success rate for future tenders will be affected.

In the event that we are unable to secure new contracts of similar or larger values or similar number of contracts on a continual basis, our business and financial performance and prospect will be materially and adversely affected.

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

Our pricing is generally determined based on certain markups over our estimated costs. We need to estimate the cost of the supplies (including the cost of labours, materials, subcontracting services and other supplies) needed for the carrying out of our services at the time of submitting quotations or tender proposals, but the prices that we actually pay to our suppliers are normally agreed at the time when we actually place our purchase orders. For instance, for an integrated building services contract, we may need to purchase various building systems and related products from time to time throughout the contract period, during which the prices of such building systems and related products may fluctuate and there is no guarantee that such prices will not become significantly higher than our original estimates.

Therefore, there is no assurance that the actual amount of costs would not exceed our estimation during the performance of our projects. Any material deviation of our costs from our estimation may lead to material cost overruns, thereby materially and adversely affecting our business operation and financial performance.

The value of work orders under integrated building services contracts that do not have a fixed contract value may fluctuate significantly from period to period

A typical integrated building services contract has a specified contract period of one to four years, during which our Group may be required to perform a range of different services in respect of different building systems at a specified building or at various premises. In some contracts, the contract value and the scope of work are fixed, while in other contracts, there is no fixed or committed contract value and the actual amount and nature of works required to be performed by our Group are subject to the customer's work orders from time to time during the contract period, which are charged according to a pre-agreed schedule of rates.

For a contract that does not have a fixed or committed contract value, there is no guarantee that our customer will continue to keep placing work orders throughout the contract period. If there is no work order, we will not be able to charge the customer or to recognise revenue. Accordingly, the value of work orders and the amount of revenue that we are able to derive from such a contract may vary significantly from period to period. As disclosed in the section headed "Business – Projects undertaken during the Track Record

RISK FACTORS

Period” in this prospectus, out of the top 10 integrated building services contracts from which we derived the highest amount of revenue over the Track Record Period, seven do not have a fixed or committed contract value.

Despite the uncertainty as to the amount of work orders that may be placed by such customers, we need to allocate labour and other resources to prepare for work orders over the relevant contract periods based on our past experience and the volumes of work orders placed by such customers in the past. In the event that such customers significantly reduce the amount of work orders during the relevant contract periods for whatever reasons, our business operations and financial performance may be materially and adversely affected.

Inability to attract and/or retain management staff will adversely affect our operations and financial performance

Mr. Chua, our founder, a Controlling Shareholder and an Executive Director, and Mr. Joe Lim, an Executive Director, provide significant contributions to various key aspects of our business, including sales and marketing, maintenance of customer relationships and pricing for tender. We also rely on our experienced senior management team to ensure the smooth operation of our projects, including adhering to quality and safety standards. Our Group’s success and growth therefore depends on our ability to identify, hire, train and retain suitable, 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 an adverse impact on our business, our operations and our overall financial performance and prospect.

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

Reliable and timely services to our customers are attributes important to our customers to ensure that the building systems are properly functioning with minimal downtime. Approximately 75.6%, 85.2%, 85.2% and 70.7% of our revenue for the three years ended 31 March 2016 and the six months ended 30 September 2016 was generated from contracts awarded by Singapore Government agencies and typically their tender documents would require tenderers to submit the previous track record both with them and with other Singapore Government agencies. As such, if our services for a particular contract are not delivered on a timely basis or fail to meet the required quality standards, the likelihood of securing future tenders with Singapore Government agencies may be negatively affected. For severe cases of contractual breaches, a contractor may also be debarred from participating in future tenders.

Any failure to fulfil the services required may expose us to various negative scenarios, depending on the severity of quality lapse and/or the delayed timing, including: (i) delayed billings for the services; (ii) part or whole of the works required to be fulfilled being taken out by the customer to be awarded to another contractor; (iii) recovery of additional costs by the customer for higher charges charged by the other contractor; and/or (iv) termination of contract. If the replacement parts, specific building systems such as air-conditioning or alarm systems, or subcontractor costs have already been committed, we will still be required to

RISK FACTORS

pay our suppliers and subcontractors. A delay can be due to various factors, including a shortage of manpower, delays by subcontractors, delays in the delivery of system parts, adverse weather or factors attributable to other parties in the project. If the delay is caused by us, we are liable to pay our contracting parties for the liquidated damages stipulated in our contracts or be subject to claims, which may materially and adversely affect our reputation, business operations, financial position and prospect.

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

We procured goods and services from suppliers in Singapore during the Track Record Period, which mainly included (i) our subcontractors for building and construction works as well as certain integrated building services such as plumbing and sanitary works, electrical works, air-conditioning works, and minor repairs and improvement works (such as carpentry works); (ii) suppliers of air-conditioning systems and products and other electrical products (such as those relating to lighting, electrical and fire alarm systems); and (iii) suppliers of building materials and other consumables for use in the provision of our services.

We did not enter into any long term contract with our suppliers, or commit to any minimum purchases, and we make our purchases based on the requirements of each contract and the project schedule. As such, there is no assurance that our suppliers will continue to provide goods and services to our Group at prices acceptable to our Group. In the event that any of our major suppliers and subcontractors is unable to provide the required goods and services to our Group and we are unable to locate alternative suppliers on similar or more favourable terms, or the costs for them to provide those required goods and services increase substantially, our business, results of operations, profitability and liquidity may be adversely affected.

Our suppliers include subcontractors whom we engage to perform or to assist us in performing certain works. The engagement of subcontractors exposes us to the risks associated with non-performance, late performance or poor performance by our subcontractors. As a result, we may incur additional costs for rectifying the unsatisfactory works and/or engaging additional subcontractors for the works in question, or be subject to liability under the relevant contracts between us and our customers for our subcontractors' unsatisfactory performance. Such events could adversely affect our reputation, business operation, and financial position.

In addition, there is no assurance that our Group will always be able to secure suitable subcontractors when required, or be able to negotiate acceptable fees and terms of service with subcontractors. In the event that we are unable to do so in the future, our business operation and financial position may be adversely affected.

RISK FACTORS

Over 80% of our workforce is made up of foreign labour and any difficulties in recruiting and/or retaining foreign labour could materially affect our operations and financial performance

As at the Latest Practicable Date, approximately 85.9% of our workforce is made up of foreign labour (including skilled, semi-skilled and unskilled, and including site workers as well as other employees) as the local construction labour force in Singapore is limited and more costly. Any shortage in the supply of foreign labour or any unfavourable change in the relevant laws and regulations in relation to the employment of foreign labour in Singapore, such as a substantial increase in foreign worker levy or any additional restriction on the types of foreign labour that we can employ, will adversely affect our operations and financial performance. For instance, the monthly rate of foreign worker levy for basic skilled workers under the construction sector will increase to S\$650 effective from 1 July 2016 and further to S\$700 effective from 1 July 2017 (subject to changes as and when announced by the Singapore Government). Any increase in foreign worker levy will increase our operating expenses and will affect our financial performance. The employment of foreign labour in Singapore is subject to laws and regulations summarised in the section headed “Regulatory overview – Employment matters – Employment of foreign workers in Singapore” 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 adversely and materially affect our business and financial position and prospect.

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

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

RISK FACTORS

We may face liquidity risk in relation to the potential increase in staff costs upon our planned recruitment of additional staff if our revenue fail to increase proportionately

It is one of our business strategies to recruit additional staff so as to further strengthen our market position as an established contractor for providing integrated building services in Singapore. Please refer to the section headed “Future plans and use of proceeds” in this prospectus for details of the additional staff that we plan to employ and the intended timing of deployment of the proceeds from the Share Offer in this regard.

Our planned investments in labour resources will increase our overall recurring staff costs but there is no assurance that our revenue will increase proportionately. Should we be unable to obtain more projects and our revenue fail to increase proportionately resulting in lower cash inflows from our operations after such planned investment, and we are unable to take adequate measures to reduce staff costs and/or reduce our manpower in a timely manner, our future profits may decrease and we will face liquidity risks as our staff costs will be incurred on a recurring basis.

Our cash flows may fluctuate due to the payment practice applied to our projects and our business operations are subject to liquidity risk

Under a typical contract undertaken by us, we do not receive any upfront payments or deposits from our customers prior to the commencement of work. However, there are costs which are typically incurred at an early stage of a contract before we receive payments from customers and which are therefore required to be paid from our available financial resources, such as the costs of labours, supplies and/or subcontracting services. In addition, throughout the execution of a contract, we receive payments after the performance of our services and works, for which we would have incurred costs (including costs of labours, supplies and/or subcontracting services) that are also required to be paid from our available financial resources. In addition, contracts undertaken by us may have performance bonds and retention money requirements, which also affect our liquidity position. If we fail to properly manage our cash flows and liquidity position, our cash flows, business operation, and financial position may be materially and adversely affected.

We are subject to credit risk in relation to the collectability of our trade receivables and retention receivables

Our Executive Directors consider that the credit risk faced by us is mainly in relation to the collectability of trade receivables and retention receivables from private customers who are not Singapore Government agencies. For each of the three years ended 31 March 2016 and the six months ended 30 September 2016, approximately 24.4%, 14.8%, 14.8% and 29.3% of our total revenue was derived from contracts awarded by private customers.

During the Track Record Period, we commenced legal actions against certain private customers for payments, which were concluded in our favour either by court order or out-of-court settlement, involving settlement amounts ranging from approximately S\$0.2 million to S\$0.4 million for each case. In addition, there was an amount of approximately S\$0.4 million that was written off directly against our trade receivables during the year ended 31 March 2014 as the relevant debtor went into liquidation.

RISK FACTORS

As at 31 March 2014, 2015, 2016 and 30 September 2016, out of our trade receivables of approximately S\$4.6 million, S\$6.9 million, S\$5.7 million and S\$7.1 million, approximately S\$1.5 million, S\$1.1 million, S\$1.4 million and S\$3.0 million were past due but not impaired.

There can be no assurance that our customers will settle our invoices and, where applicable, release retention monies withheld from us, in full and on a timely basis in accordance with the respective agreed credit terms. Any material difficulties or delays in collecting any substantial portion of our trade receivables and retention receivables from our customers may materially and adversely affect our liquidity, business operation and financial position.

We had been involved in certain safety-related non-compliances during the Track Record Period

Our operation is subject to certain safety-related laws and regulations. For details, please refer to the section headed “Regulatory overview – Workplace safety and health” in this prospectus.

In 2013, our Group was involved in certain safety-related non-compliances, which resulted in composition fines in the aggregate amount of S\$8,000, a stop work order from 27 June 2013 to 5 July 2013, and 12 demerit points issued against us. Further details are set out under the section headed “Business – Workplace safety and health – Work safety non-compliance incidents” in this prospectus.

Despite our safety management system that conforms to the OHSAS 18001:2007 standard as disclosed in the section headed “Business – Workplace safety and health” in this prospectus, there is no assurance that safety-related non-compliance will never occur in the future. If any non-compliance of similar or other nature occurs in the future, we may be subject to fines, demerit points, stop work orders, and/or other legal and operational consequences, which may adversely and materially affect our business operation and financial position.

Our operations may subject us to litigation, claims or other disputes

We may from time to time encounter disputes arising from contracts with customers, subcontractors, suppliers or other third parties, which may involve claims against them or us. During the Track Record Period and up to the Latest Practicable Date, we were involved in various legal cases, mainly including those commenced by us against some of our private customers for payments, as well as claims in relation to workplace and motor accidents which are covered by insurance. For further details, please refer to the section headed “Business – Litigation and claims” in this prospectus.

Should any future claims against us fall outside the scope and/or limit of insurance coverage, our financial position may be adversely affected. Regardless of the merits, legal proceedings can be time-consuming and costly, and may divert our management’s attention away from our business operation, thereby adversely affecting our business operation and financial position. Legal proceedings that result in unfavourable judgment may harm our

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reputation, cause financial losses and damage our prospects of winning future contracts, thereby materially and adversely affecting our business, financial position, results of operations and prospect.

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

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

We have purchased public liability insurance to cover claims in connection with personal injuries or damage to property, plant and machinery due to accidents at our premises or from negligence in connection with our business operations. We have purchased required policies for our staff, such as workmen compensation, medical and hospitalisation policies. We also have a fire insurance policy to cover our loss or damage to our inventories, property, plant and machineries due to fire. However, we may become subject to liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured. Should any significant liabilities arise due to accidents, natural disasters, or other events which are not covered or inadequately covered by our insurance, our business may be adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss.

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

RISKS RELATING TO THE INDUSTRIES IN WHICH WE OPERATE

There is a shortage of labour in the construction industry in Singapore

According to the Ipsos Report, one of the challenges to the construction industry (including the integrated building services industry) in Singapore is the shortage of labour. Even without such shortage, we generally compete with similar businesses for such workers. We are in a labour intensive industry and we rely on our workers for our business operations. If we are unable to recruit or retain sufficient workers, we may be forced to increase our reliance on subcontractors or otherwise be unable to maintain the quality of our services. We cannot assure you that we will be able to maintain a sufficient labour force necessary for us to execute our business, nor can we guarantee that our staff costs will not

RISK FACTORS

increase in order to attract or retain workers. If this occurs, it could have a material and adverse effect on our results of operations and inhibit our future growth and expansion plans.

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

Our operations are subject to laws and regulations that relate to matters such as contractors' licensing and registrations, employment of foreign workers, workplace health and safety, and environmental public health and environmental pollution control. In order to comply with such laws and regulations, we have established relevant risk management and internal control systems, as disclosed in the section headed "Business – Risk management and internal control systems" in this prospectus. Nevertheless, there is no guarantee that regulatory requirements applicable to our operation will not change in the future. For instance, there will be an increase in the foreign worker levy as discussed in the section headed "Risk factors – Risks relating to our business – Over 80% of our workforce is made up of foreign labour and any difficulties in recruiting and/or retaining foreign labour could materially affect our operations and financial performance" above. Any changes in applicable laws and regulations may result in time-consuming and costly changes to our risk management and internal control systems and may increase our cost and burden in order for us to comply with them, thereby adversely affecting our business and financial position and prospect.

There has been a slowdown in the demand for private building and construction works in Singapore

For each of the three years ended 31 March 2016 and the six months ended 30 September 2016, approximately 20.1%, 21.7%, 25.7% and 2.1% of our total revenue was generated from building and construction works contracts.

According to the Ipsos Report, the total value of construction contracts awarded from both public and private sectors in Singapore (including building construction and civil engineering works) decreased from approximately S\$38.8 billion in 2014 to approximately S\$27.1 billion in 2015. According to a media release by the Building and Construction Authority, it is expected that there will be a slowdown in the construction demand from the private sector in 2016 due to, among other factors, an increased supply of completed private housing projects and offices. If such slowdown persists, the availability of new building and construction works contracts in the market may decrease, thereby adversely affecting our building and construction works business.

There is no assurance that competition in the industry will not increase

In respect of the integrated building services industry in Singapore, according to the website of the Building and Construction Authority, as at the Latest Practicable Date, there were 57 contractors in Singapore registered under the workhead ME15 (Integrated Building Services) in the Contractors Registration System with a "L6" grade and there was an

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aggregate of 93 contractors registered under the workhead ME15 of any grades. We mainly compete with these contractors for integrated building services contracts from Singapore Government agencies.

In respect of the building and construction industry in Singapore, there were 1,889 contractors in Singapore registered under the workhead CW01 (General Building) of all grades and there were 991 contractors registered under the workhead CW02 (Civil Engineering) of all grades in the Contractors Registration System as at the Latest Practicable Date according to the website of the Building and Construction Authority.

Registrations under the aforesaid workheads are subject to certain financial, personnel, track record, certification and other requirements, which are set forth in detail in the section headed “Regulatory overview – Licensing regime for contractors in Singapore” in this prospectus. Firms meeting such requirements may enter the market and compete for integrated building services contracts and building and construction contracts from Singapore Government agencies. There is no assurance that competition in the industry will not increase in the future. Increased competition may result in an adverse impact on our business and financial position and prospect.

RISKS RELATING TO THE SHARE OFFER

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

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the Share Offer, there has been no public market for the Shares. The Offer Price range has been determined through negotiation between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) and the final Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Share Offer. In addition, there is no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Share Offer, or that the trading price of the Shares will not decline below the Offer Price.

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

- variations in our operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by us or our competitors;
- changes in investors’ perception of our Group and the investment environment generally;
- addition or departure of key management;

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- changes in Singapore Government expenditure;
- developments in the Singapore construction industry and integrated building services industry;
- changes in pricing made by us or our competitors;
- fluctuations in market prices and trading volume of the Shares;
- involvement in litigation; and
- general economic environment and other factors.

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

Investors may experience difficulties in enforcing their shareholders' rights as the laws of Cayman Islands may differ from those of Hong Kong or other jurisdictions where investors may be located

Our Company is incorporated in the Cayman Islands and our affairs are governed by the Articles, the Companies Law and common law applicable in the Cayman Islands. The laws of 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 minorities is set out in the paragraph headed "3. Cayman Islands company law" in Appendix IV to this prospectus.

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

During the year ended 31 March 2016, SH Integrated and DRC Engineering declared and paid dividends of S\$2,025,000 and S\$1,500,000 respectively, out of their respective distributable profits. In July 2016, SH Integrated and DRC Engineering declared interim dividends of S\$400,000 and S\$1,100,000 respectively out of their respective distributable profits, which were paid in August 2016. There is no assurance that dividends will be declared or paid in the future. 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, which will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition and other factors which our Directors deem relevant. Our Group does not have a pre-determined dividend payout ratio.

Termination of the Underwriting Agreements

Prospective investors should note that the Sole Lead Manager (for itself and on behalf of the Underwriters) is entitled to terminate the Underwriters' obligations under the Underwriting Agreements by giving written notice to our Company (for ourselves and on behalf of the Selling Shareholder) upon the occurrence of any of the events stated in the

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section headed “Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination” 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 Sole Lead Manager exercises its rights and terminate the Underwriting Agreements, the Share Offer will not proceed and will lapse.

Future issues, offers or sales of Shares may adversely affect the prevailing market price of the Shares

Future issues of Shares by our Company or the disposals of Shares by any of the Shareholders or the perception that such issues or sales may occur, may negatively impact the prevailing market price of the Shares. We cannot give any assurance that such events will not occur in the future.

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

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

Risk of impact of granting options under the Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme although no options have been granted thereunder as at the Latest Practicable Date. Any exercise of any options to be granted under the Share Option Scheme in the future and the 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. In addition, 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 results may be adversely affected.

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 the industries in which we operate

Certain facts, statistics and data in this prospectus are derived from various sources including various official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We 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

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have not been prepared or independently verified by us, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or any of their respective directors, affiliates or advisers. Therefore none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Due to possible differences in collection methods or discrepancies between published information, market practice and other problems, the statistics in this prospectus may not be comparable with statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

You should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in press articles or media regarding us or the Share Offer

There may be press and media coverage regarding us or the Share Offer, which may include certain events, financial information, financial projections and other information about us that do not appear in this prospectus. We have not authorised the disclosure of any other information not contained in this prospectus. We do not accept any responsibility for any such press or media coverage and 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. 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. Please refer to the section headed “Forward-looking statements” in this prospectus for further details of such statements and the associated risks.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

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

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules provides that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong, which normally means that at least two of its executive directors must be ordinarily residents in Hong Kong. The core business and operations of our Group are primarily located, managed and conducted in Singapore. Our assets are located in Singapore. All of our Executive Directors are ordinarily based in Singapore and our Company does not and, in the foreseeable future, will not have any management presence in Hong Kong.

In view of that, the Sole Sponsor has, on behalf of our Company, applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules.

In order to ensure that regular communication is effectively maintained between the Stock Exchange and our Company, we will put in place the following measures:

- (a) we have appointed 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 and ensure that our Group complies with the Listing Rules at all times. The two authorised representatives are Mr. Joe Lim and Ms. Chan So Fun, our Company secretary. Ms. Chan So Fun is ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email (if applicable). Each of the two authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange. Ms. Chan So Fun, the company secretary of our Company, has also been authorised to accept service of process and notices in Hong Kong on behalf of our Company for the purpose of the Companies Ordinance;
- (b) each of the authorised representatives has means to contact all members of the Board and the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives and our Directors, we will implement a policy that (a) each Director will have to provide their respective office phone numbers, mobile phone numbers, residential phone numbers, fax numbers and email addresses (if applicable) to the authorised representatives and his/her respective alternates; and (b) in the event that a Director expects to travel and be out of office, he/she will endeavour to provide the phone number of the place of his/her accommodation to the authorised representatives or maintain an open line of communication via his/her telephone;

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (c) in addition, all Directors will provide their mobile phone numbers, residential phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange to ensure that they will be readily contactable when necessary to deal promptly with enquiries from the Stock Exchange; and
- (d) furthermore, all Directors have confirmed that they possess valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet the Stock Exchange upon reasonable notice.

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Dakin Capital as the compliance adviser to act as the alternate channel of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. Dakin Capital will provide professional advice on matters relating to compliance with the Listing Rules and other obligations for companies listed in Hong Kong. Dakin Capital will, in addition to the authorised representatives and alternative authorised representative, act as an additional channel of communication with the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the CWUMPO, 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, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

Copies of this prospectus required by the Listing Rules and the CWUMPO are available, for information purpose only, at the respective offices of the Sole Lead Manager and the Underwriters during normal office hours from 9:00 a.m. to 5:00 p.m. from Monday, 20 March 2017 to Thursday, 23 March 2017 (both dates inclusive).

SELLING SHAREHOLDER

The Placing Shares consists of 75,000,000 Sale Shares being sold by the Selling Shareholder. We estimate that the net proceeds to the Selling Shareholder from the Sale Shares (after deduction of proportional underwriting fees and estimated expenses payable by our Selling Shareholder in relation to the Placing), and assuming an Offer Price of HK\$0.60 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.50 to HK\$0.70, will be approximately HK\$42.0 million. We will not receive any of the proceeds from the sale of the Sale Shares. Please refer to the details in the section headed "E. Other information – 9. Particulars of the Selling Shareholder" in Appendix V to this prospectus.

FULLY UNDERWRITTEN

The Share Offer comprises the Placing and the Public Offer. The Share Offer is an offer of 25,000,000 New Shares under the Public Offer (subject to reallocation) and 150,000,000 New Shares and 75,000,000 Sale Shares under the Placing (subject to reallocation and the Over-allotment Option), in each case at the Offer Price. Details of the structure of the Share Offer are set out in the section headed "Structure and conditions of the Share Offer" in this prospectus. This prospectus is published solely in connection with the Public Offer which forms part of the Share Offer. For applicants under the Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Public Offer.

The Listing is sponsored by the Sole Sponsor. The Share Offer will be fully underwritten by the Underwriters under the terms of the Underwriting Agreements and is subject to the agreement to the Offer Price between our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters). The Share Offer is managed by the Sole Lead Manager. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) on or around Friday, 24 March 2017 (Hong Kong time) or such later date as may be agreed between the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder), but in any event no later than Monday, 27 March 2017 (Hong Kong time). The Offer Price will be not more than HK\$0.70 per Offer Share and is currently expected to be not less than HK\$0.50 per Offer Share, unless otherwise announced. Investors applying for the Public Offer Shares must pay, on application, the maximum Offer Price of HK\$0.70 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$0.70 per Offer Share.

The Sole Lead Manager (for itself and on behalf of the Underwriters) may, with the consent of our Company (for ourselves and on behalf of the Selling Shareholder), reduce the number of the Offer Shares and/or the indicative Offer Price range stated in this prospectus at anytime prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of reduction of the number of the Offer Shares and/or the indicative Offer Price range will be published on our Company's website at www.shilimited.com and the website of the Stock Exchange at www.hkexnews.hk, not later than the morning of the last day for lodging applications under the Public Offer. If applications for Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the Offer Price is so reduced, such applications cannot subsequently be withdrawn.

If, for any reason, the Offer Price is not agreed among our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Monday, 27 March 2017, the Share Offer will not proceed and will lapse.

RESTRICTIONS ON SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation, nor is it calculated to invite or solicit offers 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 of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the U.S., except in compliance with the relevant laws and regulations of each of such jurisdiction.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

The Offer Shares are offered to the public in Hong Kong solely on the basis of the information contained and the representations made in this Prospectus and the related Application Forms. No person is authorised in connection with the Share Offer to give any information or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorised by our Company, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Share Offer.

This prospectus and any other materials relating to the Offer Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore pursuant to the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”). Accordingly, this prospectus and any other prospectus or materials in connection with the offer or sale, or invitation for subscription or purchase, of Offer Shares, may not be issued, circulated or distributed, nor may the Offer Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with, the conditions of an exemption invoked under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

Each person acquiring the Offer Shares will be required, and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

Prospective applicants for Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme).

No part of the Share or loan capital of our Company is listed or dealt in on any other stock exchange and, at present, no such listing or permission to deal is being or is proposed to be sought on any other stock exchange in the near future.

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. Accordingly, a total of 250,000,000 Offer Shares, which represent 25% of the enlarged issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

(without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or pursuant to the exercise of any options which may be granted under the Share Option Scheme) will be made available under the Share Offer.

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or, under contingent situation, any other date determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing, purchasing, holding, disposing or dealing in the Shares. It is emphasised that none of our Company, the Selling Shareholder, the Sole Sponsor, the Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, agents or advisers or any other party involved in the Share Offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription, purchase, holding, disposal or dealing of Shares.

HONG KONG REGISTER OF MEMBERS AND STAMP DUTY

All the Offer Shares will be registered on our Company's branch share register to be maintained in Hong Kong by the Hong Kong Share Registrar. Our principal register of members will be maintained in the Cayman Islands by the Principal Share Registrar. Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on the Stock Exchange unless the Stock Exchange otherwise agree. Dealings in our Shares registered on our branch register of members in Hong Kong 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 the registered address of each Shareholder or, in the case of joint holders, the first-named holder.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for applying for the Public Offer Shares is set out under the section headed “How to apply for Public Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions and grounds for termination, are set out under the section headed “Structure and conditions of the Share Offer” in this prospectus.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and the related stabilisation exercise are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus.

STOCK BORROWING ARRANGEMENT

Details of the stock borrowing arrangement are set out in the section headed “Structure and conditions of the Share Offer” of this prospectus.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on or about Thursday, 30 March 2017. Shares will be traded in board lots of 5,000 Shares each.

ROUNDING

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.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus and the related Application Forms, the English version of this prospectus and the related Application Forms shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists are unofficial translations for your reference only.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

TRANSLATIONS

Unless otherwise specified, amounts denominated in S\$ have been translated, for the purpose of illustration only, into HK\$ (or *vice versa*) in this prospectus at the following exchange rate:

S\$1.00 : HK\$5.4954

No representation is made that any S\$ amounts were or could have been or could be converted into HK\$, at such rate or any other rate on any date.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential address	Nationality
<i>Executive Directors</i>		
Mr. Chua Seng Hai (蔡成海)	27 Gerald Terrace Singapore 797747	Singaporean
Mr. Lim Kai Hwee	89 Compassvale Bow #17-32 Singapore 544687	Singaporean
<i>Independent Non-Executive Directors</i>		
Ms. Ng Peck Hoon	22 St. Patrick's Road Singapore 424144	Singaporean
Mr. Toh Soo Bock, Bob (卓思穆)	19 Sengkang East Avenue #17-16 Singapore 544808	Singaporean
Mr. Sim Choon Hong (Shen Junfeng) (沈俊峰)	Apt Blk 938 Hougang Street 92, #06-47 Singapore 530938	Singaporean

Further information of our Directors can be found in the section headed "Directors and senior management" in this prospectus.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

Sole Sponsor	Dakin Capital Limited <i>A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO</i> Room 2701 Admiralty Centre, Tower 1 18 Harcourt Road, Admiralty Hong Kong
Sole Bookrunner and Sole Lead Manager	China Prospect Securities Limited Unit 1113A & 1115, 11/F., Cosco Tower No.183 Queen's Road Central Hong Kong
Public Offer Underwriters	China Prospect Securities Limited Unit 1113A & 1115, 11/F., Cosco Tower No.183 Queen's Road Central Hong Kong China Sky Securities Limited Room 1106, 11/F., Cosco Tower No. 183 Queen's Road Central Hong Kong Sorrento Securities Limited 11/F., The Wellington 198 Wellington Street Central Hong Kong
Placing Underwriter	China Prospect Securities Limited Unit 1113A & 1115, 11/F., Cosco Tower No.183 Queen's Road Central Hong Kong
Legal advisers to our Company	<i>As to Hong Kong laws</i> Michael Li & Co. 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong <i>As to Singapore laws</i> LPP Law Corporation Advocates & Solicitors Level 39 Marina Bay Financial Centre Tower 2 10 Marina Boulevard Singapore 018983

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

	<i>As to Cayman Islands laws</i> Conyers Dill & Pearman Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters	<i>As to Hong Kong laws</i> Howse Williams Bowers 27th Floor, Alexandra House 18 Chater Road Central Hong Kong
Reporting accountants	Deloitte Touche Tohmatsu <i>Certified Public Accountants</i> 35/F, One Pacific Place 88 Queensway Hong Kong
Auditors	Deloitte & Touche LLP <i>Certified Public Accountants</i> 6 Shenton Way, OUE Downtown 2 #33-00 Singapore 068809
Safety Adviser	Axcel Safety Audit Pte Ltd Blk 196 Pandan Loop Pantech Business Hub #07-18 Singapore 128384
Property valuer	Roma Appraisals Limited Unit 3806, 38/F, China Resources Building 26 Harbour Road Wan Chai Hong Kong
Receiving bank	Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Principal place of business in Hong Kong	19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Headquarters and principal place of business	18 Kaki Bukit Place Eunos Techpark Singapore 416196
Company secretary	Ms. Chan So Fun <i>Solicitor, Hong Kong</i> 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong
Authorised representatives	Ms. Chan So Fun <i>Solicitor, Hong Kong</i> 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong Mr. Lim Kai Hwee 89 Compassvale Bow #17-32 Singapore 544687
Audit committee	Ms. Ng Peck Hoon (<i>Chairlady</i>) Mr. Toh Soo Bock, Bob Mr. Sim Choon Hong
Remuneration committee	Mr. Toh Soo Bock, Bob (<i>Chairman</i>) Ms. Ng Peck Hoon Mr. Sim Choon Hong Mr. Lim Kai Hwee
Nomination committee	Mr. Sim Choon Hong (<i>Chairman</i>) Ms. Ng Peck Hoon Mr. Toh Soo Bock, Bob Mr. Chua Seng Hai

CORPORATE INFORMATION

Compliance adviser	Dakin Capital Limited <i>A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO</i> Room 2701 Admiralty Centre, Tower 1 18 Harcourt Road, Admiralty Hong Kong
Principal Share Registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar and transfer office	Boardroom Share Registrars (HK) Limited 31/F, 148 Electric Road North Point Hong Kong
Principal banker	United Overseas Bank Head Office 80 Raffles Place UOB Plaza Singapore 048624
Company website	www.shilimited.com <i>(Note: Contents of this website do not form part of this prospectus)</i>

INDUSTRY OVERVIEW

Ipsos has been engaged by our Company to prepare the Ipsos Report to provide an overview of the integrated building services industry and the building and construction industry in Singapore and an analysis of market demand. The information and statistics set out in this section have been extracted from the Ipsos Report and other publicly available sources. References to Ipsos should not be considered as its opinion as to the value of any security or the advisability of investing in our Group. Our Group, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters believe that the sources of the information and statistics are appropriate sources for such information and statistics and have taken reasonable care in extracting and reproducing such information and statistics. Our Group, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters have no reason to believe that such information and statistics are false or misleading or that any material fact has been omitted that would render such information and statistics false or misleading in any material aspect. The information and statistics used in this section have not been independently verified by our Group, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters and other parties involved in the Share Offer or their respective directors and advisers and no representation is given as to the accuracy or completeness of such information and statistics. So far as our Directors are aware of, there is no adverse change in the market information since the date of the Ipsos Report which may qualify, contradict or have an impact on the information in this section.

THE IPSOS REPORT

We commissioned Ipsos, an independent market research consulting firm, to conduct an analysis of, and to report on, the integrated building services industry and the building and construction industry in Singapore. A total fee of S\$85,600 was charged by Ipsos for the preparation of the Ipsos Report. The Ipsos Report has been prepared by Ipsos independent of our Group's influence. Except as otherwise noted, the information and statistics set forth in this section have been extracted from the Ipsos Report. The payment of such amount was not conditional on our Group's successful listing or on the results of the Ipsos Report.

Ipsos has been engaged in a number of market assessment projects in connection with initial public offerings in Hong Kong. Ipsos is part of a group of companies which employs approximately 16,000 personnel worldwide across 84 countries. Ipsos conducts research on market profiles, market sizes and market shares and performs segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

The Ipsos Report includes information on the integrated building services industry and the building and construction industry in Singapore. The information contained in the Ipsos Report is derived by means of data and intelligence gathering which include: (i) desktop research; and (ii) primary research, including interviews with key stakeholders including integrated building services and building and construction works service providers, quality surveyors and industry experts and associations in Singapore, etc.

INDUSTRY OVERVIEW

Information gathered by Ipsos has been analysed, assessed and validated using Ipsos in-house analysis models and techniques. According to Ipsos, this methodology ensures a full circle and multilevel information sourcing process, where information gathered can be cross-referenced to ensure accuracy.

All statistics are based on information available as at the date of the Ipsos Report. Other sources of information, including government, trade associations or marketplace participants, may have provided some of the information on which the analysis or data is based.

Ipsos developed its estimates and forecasts on the following principal bases and assumptions: (i) it is assumed that the global economy remains a steady growth across the forecast period; and (ii) it is assumed that the social and political environments of Singapore will remain stable during the forecast period for the sustained development of the integrated building services and the building and construction industry.

OVERVIEW OF THE SINGAPORE INTEGRATED BUILDING SERVICES INDUSTRY

Our Group's primary business focus is the provision of integrated building services, which refer to the installation, commissioning, maintenance and repairs of building systems, such as air-conditioning, refrigeration and ventilation systems, building automation, industrial and process control systems, electrical systems, fire prevention and protection systems, internal telephone wiring and telecommunication systems, mechanical systems, and plumbing and sanitary systems.

A typical integrated building services contract has a contract period of one year or more, during which the contractor may be required to perform a range of different services in respect of different building systems at a specified building or at various premises. A contractor is generally able to derive recurrent revenue from an integrated building services contract during the contract period as preventive and scheduled maintenance services are normally required on a regular basis.

The Ipsos Report states that the total output value of the integrated building services industry in Singapore is not available because (i) there is no public data in this relation; (ii) in some integrated building services contracts, there is no fixed or committed contract value, and the actual amount and nature of works required to be performed by the contractor are subject to the customer's work orders from time to time during the contract period, making it impracticable to keep track of and to estimate the value of works performed; (iii) the amount and nature of building services required by different buildings and facilities may vary significantly, depending on factors such as their ages and conditions as well as the owners' budgets and preferences on servicing and replacements of building systems, making it impracticable to estimate the total output value of the industry; and (iv) many contractors of integrated building services are private companies who had not made their detailed revenue breakdown information available.

INDUSTRY OVERVIEW

Nevertheless, based on Ipsos’s desktop research and primary research (including interviews with key stakeholders in the industry), Ipsos has identified 10 key active contractors of integrated building services in Singapore and SH Integrated is one of them, as further discussed in the section headed “Industry overview – Competitive landscape and entry barriers” below.

OVERVIEW OF THE SINGAPORE BUILDING AND CONSTRUCTION INDUSTRY

The following table sets out the total value of construction contracts awarded from both public and private sectors in Singapore (including building construction and civil engineering works) from 2012 to 2016, based on the statistics published by the Building and Construction Authority:

S\$ billion	2012	2013	2014	2015p (Note)	2016f (Note)
Total value of contracts awarded:					
– Public sector	9.3	14.9	19.3	13.3	18.5-21.5
– Private sector	<u>18.8</u>	<u>20.9</u>	<u>19.5</u>	<u>13.8</u>	<u>8.5-12.5</u>
	<u><u>28.1</u></u>	<u><u>35.8</u></u>	<u><u>38.8</u></u>	<u><u>27.1</u></u>	<u><u>27.0-34.0</u></u>

Source: Building and Construction Authority

Note: 2015 figures are preliminary (p); 2016 figures are forecasted (f)

As shown in the above table, the total value of contracts awarded decreased from approximately S\$38.8 billion in 2014 to approximately S\$27.1 billion in 2015.

The total value of contracts awarded in the private sector decreased from approximately S\$19.5 billion in 2014 to approximately S\$13.8 billion in 2015. According to a media release by the Building and Construction Authority, it is expected that there will be a further slowdown in the construction demand from the private sector in 2016 due to, among other factors, an increased supply of completed private housing projects and offices.

Despite a lower expected outlook in the private sector, the media release by the Building and Construction Authority stated that the total value of contracts awarded from the public sector is expected to increase, mainly driven by civil engineering demand. This was primarily due to the rescheduling of several infrastructure contracts of the Thomson Line MRT developments to 2016. In addition, there is a large pipeline of infrastructure projects that are planned for 2016 including construction of new National Cancer Centre, State Courts’ new building at Havelock Square, JTC’s Integrated Logistics Hub, PUB’s water reclamation and sewerage projects, Changi Airport’s 3-runway system (package 2), improvement works to the Kranji Expressway and Pan-Island Expressway.

INDUSTRY OVERVIEW

Our Directors are of the view that the lower expected outlook of the building and construction industry in the private sector will not have a material impact to our business operation because (i) our building and construction contracts were mainly awarded by Singapore Government agencies; and (ii) our primary business focus is the provision of integrated building services.

INDUSTRY DRIVERS AND MARKET OUTLOOK AND TREND

Industry drivers

According to Ipsos Report, the integrated building services industry and the building and construction industry in Singapore are expected to benefit from the following industry drivers:

1. Sustained demand for integrated building services in both existing and new buildings and facilities

According to the Ipsos Report, the integrated building services industry is not short of business opportunities as buildings systems require regular maintenance to ensure their proper functioning. In addition, as time passes by, building systems may become obsolete or reach the end of their useful lives, and as such, replacements and installations of new building systems would be necessary from time to time. Furthermore, the construction and completion of new buildings and facilities will increase the demand for both installation and regular maintenance services of building systems. As such, there is expected to be a sustained demand for integrated building services in existing building and facilities, with a steady increase in the demand for integrated building services expected due to the construction of new buildings and facilities from time to time in the future.

2. Nationwide initiatives to increase the population

Residential developments in the public sector is expected to increase over the next decade to support the Singapore Government's initiatives to increase the overall population. The initiative, known as the Singapore Population Whitepaper, is a part of the Singapore Government's plans to raise the population level to a range of 6.5 to 6.9 million in 2030 from its then 5.3 million in 2012, primarily via an increase in immigration of skilled workers.

According to the Ministry of National Development, the number of public residential units ready for occupation will increase substantially over the next few years. This is due to a plan of the Singapore Government to roll out 700,000 new housing units by 2030. As such, the construction demand for the residential sector and infrastructure is forecasted to increase over next few years to support this development.

In addition, an increase in population will likely lead to an increase in more social and economic activities, which in turn will likely increase the number of both private and public buildings and facilities for educational, recreational, social, commercial, industrial and other

INDUSTRY OVERVIEW

purposes. Such potential increase in the number of buildings and facilities in connection with a possible increase in population is expected to drive the demand for integrated building services.

3. Upcoming new building projects of Singapore Government agencies

In the public sector, there is a pipeline of new building construction projects from Singapore Government agencies such as the National Cancer Centre, State Courts' new building at Havelock Square, and JTC's Integrated Logistics Hub. Integrated building services may be required in the new buildings and thus integrated building services industry players may benefit from the growth in such building constructions.

4. Singapore Government's plan to tighten the maintenance regime for lifts

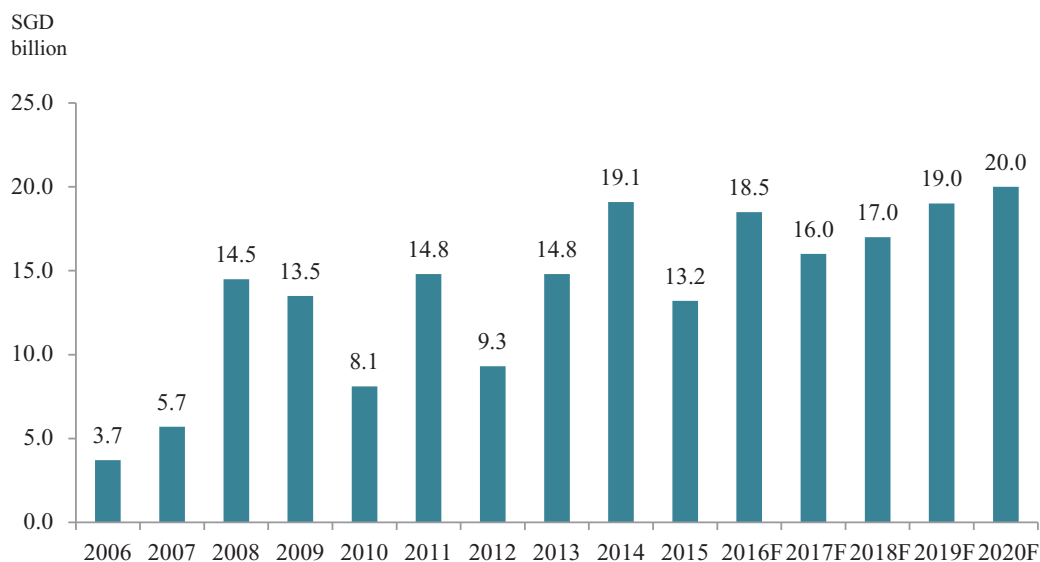
In 2016, Singapore's Minister for National Development announced that he had asked the Building and Construction Authority to intensify its audits of lifts in Singapore. According to a media release by the Building and Construction Authority, it plans to enhance the lift reliability and safety by tightening the maintenance regime with new requirements based on maintenance outcomes. As a result, the integrated building services industry players are expected to be able to benefit from additional lift maintenance works.

Market outlook and trend

According to the Ipsos Report, from 2006 to 2015, general construction demand (including both integrated building services and building and construction) for the public sector in Singapore grew from approximately S\$3.7 billion to S\$13.2 billion, representing a CAGR of approximately 15.2%. In addition, driven by certain industry drivers mentioned above, the Ipsos Report forecasted that the general construction demand for the public sector in Singapore will continue to increase from approximately S\$13.2 billion in 2015 to approximately S\$20.0 billion in 2020, representing a CAGR of approximately 8.7%. The following chart sets out the public construction demand in Singapore from 2006 to 2020:

INDUSTRY OVERVIEW

Public construction demand from 2006 to 2020F



Source: Building & Construction Authority of Singapore Annual Forecast, Ipsos Analysis

Note: The construction sector also encompasses the integrated building services sector.

“F” denotes forecasted values.

Integrated building services

According to the Ipsos Report, there is expected to be a steady increase in the demand for integrated building services in Singapore in the future. The steady increase is mainly due to (i) the potential increase in the number of buildings and facilities as a result of a possible increase in population in Singapore; (ii) the expected demand for both installation and regular maintenance services of building systems for new buildings and facilities; (iii) the upcoming new building projects of Singapore Government agencies resulting in a possible demand for the integrated building services; and (iv) the possible benefit from additional lift maintenance works as a result of the Singapore Government’s plan for tightening the maintenance regime for lifts.

For further details, please refer to the sections headed “Industry overview – Overview of the Singapore integrated building services industry” and “Industry overview – Industry drivers and market outlook and trend – Industry drivers” above.

Building and construction industry

According to a media release by the Building and Construction Authority in January 2016, it is expected that there will be a slowdown in the construction demand from the private sector in 2016 due to, among other factors, an increased supply of completed private housing projects and offices.

INDUSTRY OVERVIEW

Despite a lower expected outlook in the private sector, the media release by the Building and Construction Authority stated that the total value of contracts awarded from the public sector is expected to increase, mainly driven by civil engineering demand. This was primarily due to the rescheduling of several infrastructure contracts of the Thomson Line MRT developments to 2016. In addition, there is a large pipeline of infrastructure projects that are planned for 2016 including construction of new National Cancer Centre, State Courts' new building at Havelock Square, JTC's Integrated Logistics Hub, PUB's water reclamation and sewerage projects, Changi Airport's 3-runway system (package 2), improvement works to the Kranji Expressway and Pan-Island Expressway.

The overall construction demand (including both private and public sector) is expected to increase or remain constant in 2016 as compared with 2015. Based on the statistics published by the Building and Construction Authority, the total value of construction contracts awarded by both public and private sectors in Singapore (including building construction and civil engineering works) in 2016 is forecasted to be ranging from S\$27.0 billion to S\$34.0 billion (2015: S\$27.1 billion).

For further details, please refer to the section headed "Industry overview – Overview of the Singapore building and construction industry" above.

COMPETITIVE LANDSCAPE AND ENTRY BARRIERS

Our competitors

As we mainly undertake integrated building services projects from Singapore Government agencies, we mainly compete for contractors registered under the workhead ME15 (Integrated Building Services) in the Contractors Registration System, especially those with a "L6" grade. Please refer to the section headed "Regulatory overview – Licensing regime for contractors in Singapore" in this prospectus for further information regarding such registration.

According to the website of the Building and Construction Authority, there were 57 contractors registered under the workhead ME15 in the Contractors Registration System with a "L6" grade, and there was an aggregate of 93 contractors registered under the workhead ME15 of all grades as at the Latest Practicable Date.

Key active integrated building services industry players in Singapore

Ipsos has identified 10 key active contractors of integrated building services in Singapore based on its desktop research and primary research, including (i) the results of the interviews conducted with integrated building services industry players; (ii) the research results from various construction industry reports and news articles; and (iii) the research results from various databases such as those of the Accounting and Corporate Regulatory Authority and the Building and Construction Authority. The metrics used to determine the 10 key industry players in the market was a consolidation of (i) the ranking provided by the integrated building services industry players during the Ipsos interviews; (ii) the total number of contracts awarded to the integrated building services industry players which were publicly disclosed during the Track Record Period; and (iii) the total contract value awarded

INDUSTRY OVERVIEW

to the integrated building services industry players which were publicly disclosed during the Track Record Period. Such 10 key active contractors include SH Integrated, one of our principal operating subsidiaries, as well as the following nine companies (shown in alphabetical orders):

- ACESIAN STAR (S) PTE LTD
- DIGO CORPORATION PTE. LTD.
- ENGIE SERVICES SINGAPORE PTE. LTD.
- FONDA GLOBAL ENGINEERING PTE. LTD.
- GDS ENGINEERING PTE LTD
- INDECO ENGINEERS (PTE) LTD
- KIM YEW ELECTRICAL & SANITARY PTE LTD
- PROPELL INTEGRATED PTE LTD
- VICTOR ENGINEERING & TRADING PTE LTD

All of the above companies are registered under the workhead ME15 (Integrated Building Services) with a “L6” grade in the Contractors Registration System.

Ipsos advised that as the total output value of the integrated building services industry in Singapore and the financial information of some of the aforesaid active industry players are not available, the market share of our Group and the ranking of the industry players cannot be reliably ascertained.

Entry barriers

1. Registration under the workhead ME15 (Integrated Building Services) in the Contractors Registration System

SH Integrated, our operating subsidiary, is registered under the workhead ME15 (Integrated Building Services) in the Contractors Registration System with a “L6” grade. Being on such list is a prerequisite for tendering for integrated building services projects in the public sector in Singapore of unlimited values. There are certain financial, personnel, track record, certification and other requirements that a contractor has to comply with in order to apply for and maintain such registration, which are set forth in detail in the section headed “Regulatory overview – Licensing regime for contractors in Singapore” in this prospectus. Such requirements present entry barriers for new entrants.

INDUSTRY OVERVIEW

2. Proven track record

According to Ipsos Report, one of the key tender evaluation criteria by Singapore Government agencies is the track record with the agency that awards the tender or with other Singapore Government agencies in respect of projects of similar nature and complexity.

A proven track record on quality, safety, and ability to execute projects timely and reliably will be evaluated favourably by Singapore Government agencies. As a result, new entrants with little integrated building services track record may find themselves in a disadvantageous position in winning public tenders.

3. Wide variety of skills required

Contractors providing integrated building services need to have knowledge of a variety of skills, including those in relation to some or all of the different building systems such as air-conditioning, refrigeration and ventilation systems, building automation, industrial and process control systems, electrical systems, fire prevention and protection systems, internal telephone wiring and telecommunication systems, mechanical systems, and plumbing and sanitary systems. Contractors specialising in one or a limited few of the aforesaid building systems may only be preferred in projects that entail heavily on those building systems, rather than in sizeable integrated building services projects that require a wide variety of skillsets. New entrants may have difficulties in assembling a workforce and management personnel with sufficient knowledge and skills on such a wide variety of different building systems.

POTENTIAL CHALLENGES

Labour shortage

Subcontracting cost is the most significant cost item in our costs of services during the Track Record Period. Our Executive Directors consider that subcontracting costs are directly affected by labour costs as integrated building services and building and construction works are labour-intensive in nature and our subcontractors are generally responsible for bearing the costs of labours required for the performance of the site works in our typical subcontracting arrangements.

According to the Ipsos Report, the construction industry and the integrated building services industry in Singapore are suffering from hiring challenges due to the shortage of construction labours as a result of an aging workforce supply and a declining rate of young Singaporeans who are entering the industry.

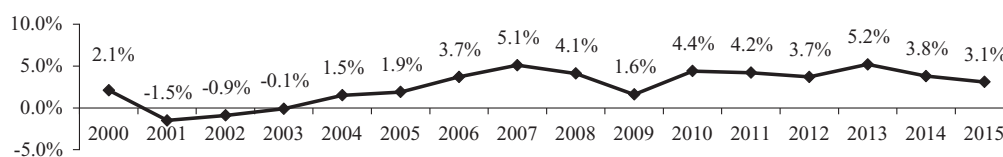
Labour cost in Singapore has been on an increasing trend in the past few years as a result of labour shortage, as well as increased foreign worker levies that have been applied. Based on a survey on annual wage changes by the MOM, the annualised change in real total

INDUSTRY OVERVIEW

wages (including Central Provident Fund) was 2.9% from 2010 to 2015. Based on Ipsos' analysis, this is expected to continue from 2015 to 2019, with rising foreign worker levies and recruitment costs being the primary factor.

The graph below shows the average annual percentage changes in wages in the construction industry (including the integrated building services industry) for local residents that consist of full-time Singapore citizens and Singapore permanent residents. While there is no available data on the average annual percentage changes in wages for foreign construction workers, Ipsos considers that changes in the wage level for foreign construction workers are not materially different from those for local Singaporean construction workers as there has not been any material changes in the employment patterns or demand structures for local and foreign construction workers in Singapore over the past few years based on Ipsos' research and analysis.

Annual changes in wages in the construction industry in Singapore



Source: Survey on Annual Wage Changes, Manpower Research and Statistics Department, Ministry of Manpower

Note: Figures are total wage changes from all employee levels for full-time Singapore citizens and Singapore permanent resident employees in continuous employment of at least one year in the construction industry, which also includes the integrated building service industry.

Ipsos forecasts that from 2016 to 2019, the wages in the construction industry will rise at an average rate of approximately 4% per annum for Singaporean workers in the construction industry. The shortage of labour and the rising trend of labour costs are therefore expected to be a challenge for the construction industry (including the integrated building services industry) in Singapore.

Rising foreign worker levies

The construction industry (including the integrated building services industry) in Singapore relies on the supply of foreign labour as the local construction labour force in Singapore is limited and more costly than foreign labour.

The monthly rate of foreign worker levy for basic skilled workers under the construction sector will increase to S\$650 effective from 1 July 2016 and further to S\$700 effective from 1 July 2017 (subject to changes as and when announced by the Singapore Government). Rising foreign worker levy will increase contractors' costs of operations and will therefore be one of the challenges faced by the industry.

INDUSTRY OVERVIEW

Slowdown in the demand for private building and construction works

As mentioned in the section headed “Industry overview – Overview of the Singapore building and construction industry” above, there has been a slowdown in the total value of contracts awarded in the private sector, which is expected to continue in 2016 and will therefore be one of the challenges for construction contractors, especially those focusing on private building and construction projects.

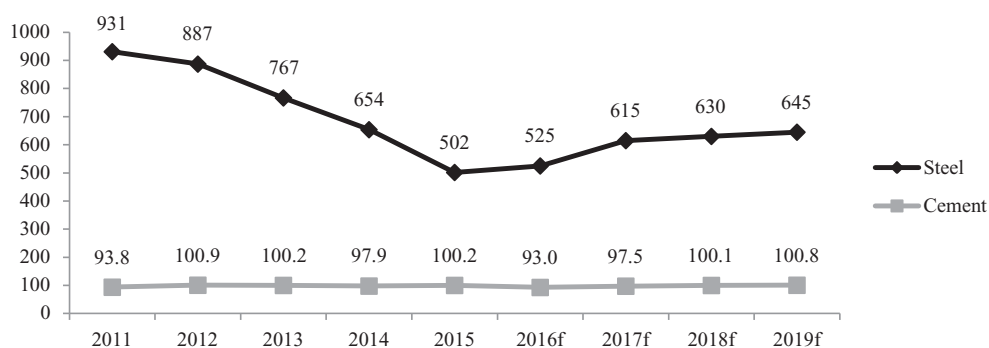
Fluctuating cost of materials

Materials cost is one of our significant cost item in our costs of services during the Track Record Period. Various different materials are required for the performance of building and construction works and integrated building services works, including in particular steels, cement, air conditioning units, fire systems, electrical systems and mechanical systems. Any substantial fluctuations in the costs of materials may affect our subcontracting charges and our costs of services.

Building and construction industry

Basic materials used in the building and construction industry in Singapore include steel and cement. The prices of these basic materials from 2011 to 2019 are shown in the graph below:

Prices of basic construction materials from 2011 to 2019f (S\$ per tonne)



Source: Department of Singapore Statistics, World Bank, Ipsos analysis

Note: Steel prices are based on 16-32mm High Tensile Steel Bars. “f” denotes figures forecasted by Ipsos.

Steel prices have dropped from S\$931 per tonne in 2011 to S\$502 per tonne in 2015 at a rate of approximately 14.3% per annum. Despite so, Ipsos forecasts that steel prices will increase from 2016 to 2019 because of the expected recovery and growth of the global steel demand as forecasted by the World Steel Association and China’s recovering property development market. Cement prices have remained relatively flat over the last 5 years and is expected to remain relatively steady in the coming few years.

INDUSTRY OVERVIEW

Integrated building services industry

According to Ipsos Report, there have been both upward and downward fluctuations in the costs of different major materials required for the provision of integrated building services, such as various building systems and their related products.

The table below sets out the average costs of the following M&E systems from 2013 to 2015 in Singapore: (i) air conditioning and mechanical ventilation systems; (ii) electrical systems; (iii) fire systems; and (iv) lift systems:

S\$ per m ²	Air conditioning and mechanical ventilation systems			Electrical systems			Fire systems			Lift systems		
	2013	2014	2015	2013	2014	2015	2013	2014	2015	2013	2014	2015
	Standard condominiums	112.5	112.5	109.5	130	130	132	30	30	28	50	50
Offices buildings (<i>Note</i>)	207.5	207.5	173.5	197.5	197.5	231	45	45	42.5	92.5	92.5	88.5
Factory buildings	97.5	97.5	52.5	110	110	112	47.5	47.5	46.5	70	70	71

Source: ARCADIS Construction Cost Handbook of Singapore

Note: Offices buildings include schools and government buildings.

Our purchase of air-conditioning systems and products is the largest component of our materials costs under our costs of services (see “Financial information – Principal components of combined statements of comprehensive income” in this prospectus). As shown in the above table, the cost of air conditioning and mechanical ventilation systems decreased from S\$207.5 per metre square in 2013 to S\$173.5 per metre square in 2015. The Ipsos Report states that this was mainly due to reduced costs as a result of the incorporation of new technologies such as reduced number of fans in radiant cooling systems.

Based on Ipsos’ interviews with industry stakeholders and its research and analysis, there are not expected to be new technological developments or other significant market forces that will have a foreseeable material impact on the costs of M&E systems in the coming few years. On such basis, Ipsos forecasts that the overall costs of major building systems and their related products required for the provision of integrated building services will remain stable or increase steadily at a moderate pace in the coming few years along with inflation and the growth of the integrated building services industry.

Any material fluctuations in the prices of materials in relation to building and construction and integrated building services required by us may lead to fluctuation in our costs and thus in the profit margin of our Group.

REGULATORY OVERVIEW

LICENSING REGIME FOR CONTRACTORS IN SINGAPORE

Overview

The building and construction industry in Singapore is regulated by the Building and Construction Authority, whose primary role is to develop and regulate Singapore's building and construction industry. The provision of integrated building services also fall under the purview of the Building and Construction Authority. The Building Control (Amendment) Act 2007 and its subsidiary legislation 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 and builders who work in specialist areas which have a high impact on public safety will require a builder's licence from 16 June 2009. There are two types of builder's licences, namely, the GB Licence and the specialist builder licence. A GB Licence is issued under the Builders Licensing Scheme, which is administered by the Building and Construction Authority, and such a licence is required for companies which intend to carry out private sector building works or public sector building works.

Apart from the Builders Licensing Scheme, there is also the Contractors Registration System in Singapore, which is administered by the Building and Construction Authority as well. Registration under the Contractors Registration System is a pre-requisite to tender for projects in the public sector in Singapore. A company which is only involved in private sector projects need not register under Contractors Registration System and will only need a licence under the Builders Licensing Scheme. A company would need to have a licence issued under the Builders Licensing Scheme in order to be registered under the Contractors Registration System.

SH Integrated is issued with a GB1 Licence by the Building and Construction Authority under the Builders Licensing Scheme and is registered by the Building and Construction Authority under the Contractors Registration System under various workheads related to construction, construction-related and mechanical and electrical engineering. DRC Engineering is issued with a GB2 Licence by the Building and Construction Authority under the Builders Licensing Scheme and is registered by the Building and Construction Authority under the Contractors Registration System under various workheads related to construction and mechanical and electrical engineering.

Contractors Registration System

Registration in the Contractors Registration System maintained by the Building and Construction Authority is a pre-requisite to tendering for projects in the Singapore public sector. At present, there are seven major categories of registration under the Contractors Registration System (a) Construction (CW) (b) Construction-Related (CR) (c) Mechanical and Electrical (ME) (d) Maintenance (MW) (e) Trade Heads for sub-contractors (TR) (f) Regulatory Workhead (RW) and (g) Supply (SY). Under these seven major categories, there is a further sub-classification of a total of 63 workheads. Each major category of registration under the Contractors Registration System is also subject to six to seven financial grades. In order to qualify for a particular grade, companies must satisfy the respective grade requirements in terms of (i) financial capability (valid audited accounts, paid-up capital, net worth, etc); (ii) relevant technical personnel (full-time employed, recognised professional,

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technical qualifications, valid licences, etc); (iii) management certifications (Singapore Accreditation Council Accredited ISO 9000, ISO 14000, OHSAS 18000, etc.); and (iv) track record (valid projects with documentation proof, endorsed and assessed by clients).

The qualified grade of registered companies corresponds with a tendering limit (valid for one year) which, depending on the economy of the construction industry in Singapore, may be adjusted from year to year.

A contractor's eligibility to qualify under the different gradings is dependent on, *inter alia*, the company's minimum net worth and paid-up capital, the professional and technical expertise of its management and its track record in relation to previously completed projects. The validity for a first time registration is for a period of three years. Registration will thereafter lapse automatically unless a renewal (for a period of three years) is filed and approved by the Building and Construction Authority.

Our registrations under the Contractors Registration System

The following tables set out the current registrations of SH Integrated and DRC Engineering under different workheads in the Contractors Registration System:

(i) Registrations of SH Integrated under the Contractors Registration System

Workheads	Title	Scope of work	Grade⁽¹⁾	Expiry date
CW01	General building	(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, buildings for parks and playgrounds and other recreational works, industrial plants, and utility plants. (b) Addition and alteration works on buildings involving structural changes. (c) Installation of roofs.	B2	1 October 2018

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Workheads	Title	Scope of work	Grade ⁽¹⁾	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 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 oilrigs or any floating platform.</p>	C3	1 October 2018
CR06	Interior Decoration and Finishing Works	Interior design, planning and the decoration of buildings. This includes ceiling panels, partitions, built-in fitments, raised floor works, plastering and tiling.	L1	1 October 2018
ME01	Air-conditioning, Refrigeration and Ventilation Works	The installation, commissioning, maintenance and repairs of air-conditioning, refrigeration, cold rooms, and ventilation systems	L6	1 October 2018
ME05	Electrical Engineering	The installation, testing, commissioning, maintenance and repair of electrical based systems such as switchgears, transformers and large generators. It also includes the electrical installations in building and marine vessels.	L6	1 October 2018

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Workheads	Title	Scope of work	Grade⁽¹⁾	Expiry date
ME06	Fire Prevention and Protection Systems	Installation and maintenance of fire alarm, prevention and protection systems. This workhead may include the supply of fire extinguishers and fire hoses if these items are part and parcel of the system installation or maintenance contract.	L4	1 October 2018
ME11	Mechanical Engineering	The installation, commissioning, maintenance and repair of mechanical plant, machinery and systems. It includes the installation and maintenance of power generation and turbine systems.	L1	1 October 2018
ME15	Integrated Building Services	The installation, commissioning, maintenance and repairs of building services, which include some or all of the following: air-conditioning, refrigeration and ventilation works, building automation, industrial and process control systems, communication and security systems, electrical engineering, fire prevention and protection systems, internal telephone wiring for telecommunications, mechanical engineering, and plumbing and sanitary works.	L6	1 October 2018

Note:

- (1) The differences in the grades relate to the tendering limits for Singapore public sector projects, which may be adjusted from year to year depending on the economy of the construction industry in Singapore. For further details, please refer to the paragraph headed “Tendering limits for different grades under the Contractors Registration System” below.

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(ii) *Registrations of DRC Engineering under the Contractors Registration System*

Workheads	Title	Scope of work	Grade⁽¹⁾	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, buildings 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 June 2018
ME01	Air-conditioning, Refrigeration and Ventilation Works	The installation, commissioning, maintenance and repairs of air-conditioning, refrigeration, cold rooms, and ventilation systems.	L3	1 June 2018
ME05	Electrical Engineering	The installation, testing, commissioning, maintenance and repair of electrical based systems such as switchgears, transformers and large generators. It also includes the electrical installations in building and marine vessels.	L5	1 June 2018
ME06	Fire Prevention and Protection Systems	Installation and maintenance of fire alarm, prevention and protection systems. This workhead may include the supply of fire extinguishers and fire hoses if these items are part and parcel of the system installation or maintenance contract.	L2	1 June 2018

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Workheads	Title	Scope of work	Grade ⁽¹⁾	Expiry date
ME15	Integrated Building Services	The installation, commissioning, maintenance and repairs of building services, which include some or all of the following: air-conditioning, refrigeration and ventilation works, building automation, industrial and process control systems, communication and security systems, electrical engineering, fire prevention and protection systems, internal telephone wiring for telecommunications, mechanical engineering, and plumbing and sanitary works.	L5	1 June 2018

Note:

- (1) The differences in the grades relate to the tendering limits for Singapore public sector projects, which may be adjusted from year to year depending on the economy of the construction industry in Singapore. For further details, please refer to the paragraph headed “Tendering limits for different grades under the Contractors Registration System” below.

Tendering limits for different grades under the Contractors Registration System

Tendering limits for different grades of major categories of registration under the Contractors Registration System are as summarised below:

(i) *For workheads CW01 and CW02*

Grades	A1	A2	B1	B2	C1	C2	C3
Tendering limit (\$ million)	Unlimited	85	40	13	4	1.3	0.65

(ii) *For workheads CR06, ME01, ME05, ME06, ME11 and ME15*

Grades	Single grade	L6	L5	L4	L3	L2	L1
Tendering limit (\$ million)	Unlimited	Unlimited	13	6.5	4	1.3	0.65

Registration and retention requirements

In order to apply for, maintain and renew the registrations under the Contractors Registration System, there are different requirements to be complied with for different grades, including but not limited to requirements relating to minimum paid up capital and net worth, employment of personnel (including registrable professionals (“RP”)⁽²⁾, professionals (“P”)⁽³⁾ and technicians (“T”)⁽⁴⁾), and track record of past projects.

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Some of the specific requirements as at the Latest Practicable Date are as follows:

Workhead/Title/Grade	Requirements	
CW01/General Building/ B2 and C3	Minimum paid-up capital and minimum net worth	B2: S\$1 million C3: S\$25,000
	Management	B2: To employ at least 3 RP, P or T, with a minimum of 1 RP and 1 RP/P/T with ACCP ⁽⁵⁾ C3: To employ 1 RP/P/T with BCCPE ⁽⁶⁾
	Track record (over a three-year period)	B2: To secure projects with an aggregate contract value of at least S\$10 million with a minimum S\$7.5 million from main contracts (nominated sub-contracts may be included) and a minimum size single main contract or nominated sub-contract of S\$2.5 million. Percentage of sub-contract value taken into consideration shall be 50%. C3: To secure projects with an aggregate contract value of S\$100,000
	Certification	B2: <ul style="list-style-type: none"> ● ISO 9001:2008 ● ISO 14000 ● OHSAS 18000 ● Green and Gracious Builder Scheme (by 1 January 2016) C3: None
	Additional requirement	B2: To possess GB1 Licence C3: To possess GB1 Licence or GB2 Licence
CW02/Civil Engineering/ C3	Minimum paid-up capital and minimum net worth	S\$25,000
	Management	To employ at least 1 RP, P or T, with BCCPE ⁽⁶⁾
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$100,000
	Certification	None
	Additional requirement	To possess GB1 or GB2 Licence

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Workhead/Title/Grade	Requirements	
CR06/Interior Decoration and Finishing Works/L1	Minimum paid-up capital and minimum net worth	S\$10,000
ME11/Mechanical Engineering/L1	Management	To employ 1T and at least 1 RP, P or T, with BCCPE ⁽⁶⁾
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$100,000
ME01/Air-conditioning, refrigeration and ventilation works/L6	Minimum paid-up capital and minimum net worth	S\$1.5 million
ME05/Electrical Engineering/L6	Management	To employ at least 2 RP/P with at least 5 years relevant experience, and at least one RP/P with SDCP ⁽⁷⁾ /CCPP ⁽⁸⁾
ME15/Integrated Building Services/L6	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$30 million with a minimum S\$7.5 million worth of projects executed in Singapore, S\$3 million from main contracts (nominated sub-contracts may be included) and a minimum size single main contract or nominated sub-contract of S\$3 million
	Certification	SMC ⁽⁹⁾ /OHSAS 18000
ME05/Electrical Engineering/L5	Minimum paid-up capital and minimum net worth	S\$500,000
ME15/Integrated Building Services/L5	Management	To employ at least 1 RP/P or 2T, one with at least 8 years relevant experience, and at least one RP, P or T with BCCPE ⁽⁶⁾
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$10 million of which minimum size single main contract or nominated sub-contract of S\$1 million
	Certification	SMC ⁽⁹⁾ /OHSAS 18000
ME06/Fire Prevention & Protection Systems/L4	Minimum paid-up capital and minimum net worth	S\$250,000
	Management	To employ 2T one with at least 5 years of relevant experience, and at least 1 RP, P or T with BCCPE ⁽⁶⁾

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Workhead/Title/Grade	Requirements	
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$5 million with minimum size single main contract or nominated sub-contract of S\$500,000
	Certification	SMC ⁽⁹⁾ /OHSAS 18000
ME01/Air-conditioning, refrigeration and ventilation works/L3	Minimum paid-up capital and minimum net worth	S\$150,000
	Management	To employ 2T and at least 1 RP, P or T with BCCPE ⁽⁶⁾
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$3 million
	Certification	SMC ⁽⁹⁾ /OHSAS 18000
ME06/Fire Prevention & Protection Systems/L2	Minimum paid-up capital and minimum net worth	S\$50,000
	Management	To employ 1T with at least 3 years of relevant experience, at least 1 RP, P or T with BCCPE ⁽⁶⁾
	Track record (over a three-year period)	To secure projects with an aggregate contract value of at least S\$1 million
	Certification	SMC ⁽⁹⁾ /OHSAS 18000

Notes:

- (2) A RP must have a minimum professional qualification of a degree in architecture, civil/structural engineering or equivalent recognised by Professional Engineers Board, the Building and Construction Authority or Board of Architects Singapore.
- (3) A P must have a minimum professional qualification of a recognized degree in architecture, building, civil/structural engineering or equivalent.
- (4) A T must have a minimum qualification of (i) a technical diploma in architecture, building, civil/ structural mechanical, electrical engineering, or equivalent awarded by the BCA Academy, Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic or Temasek Polytechnic; (ii) a National Certificate in Construction Supervision or Advance National Building Qualification or a Specialist Diploma in M&E Coordination awarded by the BCA Academy; or (iii) such other diplomas or qualifications as approved by the Building and Construction Authority from time to time.
- (5) A 2-month Advanced Certificate in Construction Productivity conducted by the BCA Academy to keep participants abreast of the latest productive technologies and trends and encourage adoption of such technologies and processes.

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- (6) Basic Concept in Construction Productivity Enhancement (Certificate of Attendance) (“BCCPE”). This certificate is obtained after having attended a course conducted by the BCA Academy. Should the director of a company be the only person in the company possessing a BCCPE, he cannot utilise the same BCCPE to satisfy the requirements for another company of which he is also part of.
- (7) A Specialist Diploma in Construction Productivity conducted by BCA Academy (applicable to all ME workheads at grade L6 except ME07 and ME13).
- (8) A Certified Construction Productivity Professional registered with the Building and Construction Authority.
- (9) The “Safety Management Certification System for Small and Medium Construction Firms” introduced by the Building and Construction Authority.

Additional requirements for ME15 – Grade L6 and L5

Specific for workhead ME15 (Integrated Building Services), firms must already be registered at L2 and above under ME01 and ME05 (compulsory workheads) and at least one other ME workhead registered in ME02, ME04, ME06, ME08, ME11 or ME12. Registration grade will be pegged at the higher grade of the compulsory ME workheads subject to a maximum of two grades higher than that of the lower workhead. The lowest registration grade shall be L2. Firms must also possess a valid telecommunication wiring contractor’s licence (see the paragraph headed “Telecommunication wiring” below).

An illustration of how the applicable grade for ME15 is computed and the additional personnel requirements are set out below:

Grade for ME15	Workhead requirements	Personnel requirements
L6	ME01 = L6, ME05 ≥ L4 and one other ME workhead ≥ L2 or ME01 ≥ L4, ME05 = L6 and one other *ME workhead ≥ L2	2P, both with at least 5 years of relevant experience, one of whom must hold a MEC ⁽¹⁰⁾ or 2P, both with at least 5 years of relevant experience + 1MEC ⁽¹⁰⁾
L5	ME01 ≥ L5, ME05 ≥ L3 and one other ME workhead ≥ L2 or ME01 ≥ L3, ME05 ≥ L5 and one other *ME workhead ≥ L2	1P who also holds a MEC ⁽¹⁰⁾ or 1P +1MEC ⁽¹⁰⁾ or 2T, one of whom must have at least 8 years of relevant experience and either one holding a MEC ⁽¹⁰⁾

* ME workhead registered in ME02, ME04, ME06, ME08, ME11 or ME12.

Note:

- (10) Refers to a full-time personnel with either one of the following qualifications: a) Specialist Diploma in M&E Coordination or Diploma in Mechanical Engineering (Green Building Technology) awarded by the BCA Academy; b) Diploma in Building Services Engineering awarded by Ngee Ann Polytechnic; or c) Diploma in Green Building & Sustainability awarded by Temasek Polytechnic.

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Builders Licensing Scheme

SH Integrated currently holds a GB1 Licence while DRC Engineering currently holds a GB2 Licence.

As the holder of a GB1 Licence, SH Integrated can undertake contracts of unlimited value. The company's work scope under a GB1 Licence includes all general building works as well as the following minor specialist building works:

- (i) all specialist building works associated with minor specialist building works;
- (ii) structural steelwork comprising fabrication and erection work for structures with a cantilever length of not more than 3 metres, a clear span of less than 6 metres and a plan area not exceeding 150 square metres; and
- (iii) pre-cast concrete work comprising casting of pre-cast reinforced concrete slabs or planks on site.

In addition to the above minor specialist building works, a company with a GB1 Licence may conduct all types of construction works, including all forms of specialist works if the project does not require checks from an accredited checker, but cannot undertake works that have been designated as specialist works to be carried out only by companies possessing a specialist builder class of builders' licence.

To qualify for the GB1 Licence, the following conditions must be met:

Financial (minimum paid-up capital)	Approved person ⁽¹¹⁾		Technical controller ⁽¹²⁾	
	Course	Practical experience	Course	Practical experience
S\$300,000	A course leading to a Bachelor's degree or postgraduate degree in any field	At least 3 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a Bachelor's degree or postgraduate degree in a construction and construction-related fields ⁽¹³⁾	At least 5 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification
	or A course leading to a diploma in a construction and construction-related fields ⁽¹¹⁾	At least 5 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification		

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Financial (minimum paid-up capital)	Approved person ⁽¹¹⁾		Technical controller ⁽¹²⁾	
	Course	Practical experience	Course	Practical experience
	or A course conducted by the Building and Construction Authority known as “Essential Knowledge in Construction Regulations & Management for Licensed Builders”	At least 10 years (in aggregate) of practical experience in the execution of construction projects in Singapore		

As the holder of a GB2 Licence, DRC Engineering can undertake private sector contracts of S\$6 million or less. To qualify for the GB2 Licence, the following conditions must be met:

Financial (minimum paid-up capital)	Approved person ⁽¹¹⁾		Technical controller ⁽¹²⁾	
	Course	Practical experience	Course	Practical experience
S\$25,000	A course leading to a diploma in a construction related fields, or a Bachelor’s degree or post-graduate degree in any field	At least 3 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification	A course leading to a diploma, Bachelor’s degree or postgraduate degree in a construction and construction related fields	At least 5 years (in aggregate) of practical experience in the execution of construction projects (whether in Singapore or elsewhere) after attaining the corresponding qualification
	or A course conducted by the Building and Construction Authority known as “Essential Knowledge in Construction Regulations & Management for Licensed Builders”	At least 8 years (in aggregate) of practical experience in the execution of construction projects in Singapore		

Notes:

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

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- (12) The technical controller is the appointed key personnel under whose personal supervision the execution and performance of any general building works or specialist building works in Singapore that the licensee undertakes is carried out. The technical controller(s) could be the sole proprietor, partner, director or member of board of management of the licensee or an employee (being a person employed in such a manner and with such similar duties and responsibilities as a partner, director or member of its board of management). The technical controller shall not have acted as an approved person or the technical controller of a builder whose licence has been revoked in the 12 months preceding the date of application for the licence by the licensee. The technical controller must not be acting, for so long as he is the technical controller for the Licensee, as a technical controller for any company with or applying for a licence. The technical controller must give his consent to carrying out the duties of a technical controller for the applicant of the licensee.
- (13) “Construction and construction-related field” means the field of architecture, civil or structural engineering, mechanical or electrical engineering, construction or project management, quantity surveying or building science, facilities or estate management.

Telecommunication wiring

Pursuant to the Telecommunications (Internal Wiring) Regulations 2005 of Singapore, any party which intends to provide installation, maintenance or repair of any internal telecommunication wiring work connected to the Public Switch Telephone Network would be required to have (if a business, limited liability partnership or company) a Telecommunication Wiring Contractor’s (Class) Licence; or (if an individual) a Telecommunication Wiring Installer’s Licence. These licences are required to perform internal telecommunication wiring work. A business, limited liability partnership or company shall be deemed to have been granted a Telecommunication Wiring Contractor’s (Class) licence if it has (a) registered with the Infocomm Development Authority of the Singapore Government (the “**IDA**”); (b) submitted to the IDA upon registration the required information as detailed in the online registration form; and (c) paid to IDA the requisite onetime payment.

To register for a Telecommunication Wiring Contractor’s (Class) licence, business, limited liability partnership or company must be registered with the Accounting and Corporate Regulatory Authority of the Singapore Government and must employ at least one licensed telecommunication wiring installer.

SH Integrated has a Telecommunication Wiring Contractor’s (Class) licence issued on 30 January 2007. Such licence is also one of the requirements under the ME15 – Grade L6 registration.

DRC Engineering has a Telecommunication Wiring Contractor’s (Class) licence issued on 27 April 2010. Such licence is also one of the requirements under the ME15 – Grade L5 registration.

Electrical works

The carrying out of electrical works on electrical installations is governed under the Electricity Act, Chapter 89A of Singapore (the “**Electricity Act**”).

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An electrical installation includes any appliance, wire fitting or other apparatus placed in, on, over or under any premises and used for or for purposes incidental to the conveyance, control or use of electricity. Electrical work includes the supply, installation, construction of any electrical installation, any addition, repair or alteration to the structure thereof and the carrying out of any maintenance works thereof.

The Electricity Act provides that no person shall engage in, *inter alia*, carry out or caused to be carried out any electrical work, unless he holds a valid electrical workers licence granted under the Electricity Act (“**Electrician Licence**”) or is exempted under the Electricity Act.

The Energy Market Authority (the “**EMA**”) issues licences to electrical workers who are qualified to work on electrical installations.

Electrician Licence entitles the holder to carry out the following electrical work:

- (a) design, install, repair, maintain, operate, inspect and test an electrical/supply installation where the operating voltage of such installation does not exceed 1000 volts and the approved load of such installation does not exceed 45 kVA;
- (b) install, repair, maintain and operate, under the supervision of an electrical technician, an electrical/supply installation where the operating voltage of such installation does not exceed 1000 volts and the approved load of such installation is more than 45 kVA but does not exceed 500 kVA; and
- (c) carry out any work as instructed by or under the supervision of an authorised high voltage switching engineer.

In determining whether to grant an Electrician Licence, the EMA requires applicants to undertake a written assessment test and an interview, whereby the EMA considers, *inter alia*, the relevant experience of the applicant and technical, regulatory and practical knowledge of the applicant in relation to such duties and tasks the applicant may undertake upon the grant of the Electrician Licence. Additionally, the EMA requires that an applicant for an Electrician Licence should possess:

- (a) a National Institute of Technical Education Certificate which curriculum is relevant to the electrical work which an electrician is authorised to perform or such other qualifications as may be acceptable to the Authority, and has not less than 2 years’ practical experience in Singapore relevant to the electrical work which an electrician is authorised to perform; or
- (b) not less than 10 years’ practical experience in Singapore relevant to the electrical work which an electrician is authorised to perform.

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As at the Latest Practicable Date, we have two full-time employees, namely, Mr. Bay Suay Yang and Mr. Tan Chee Thiam, who possess Electrician Licences with licence number ET-07211 and EL-22493 respectively.

EMPLOYMENT MATTERS

Employment Act

The Employment Act, Chapter 91 of Singapore (“**Employment Act**”) is the main legislation governing employment in Singapore. The Employment Act covers every employee who is under a contract of service with an employer and includes a workman (as defined under the Employment Act) but does not include, *inter alia*, any person employed in a managerial or executive position (subject to the exceptions set out below).

A workman is defined under the Employment Act as including, *inter alia*, (a) any person, skilled or unskilled, who has entered into a contract of service with an employer in pursuance of which he is engaged in manual labour, including any apprentice, (b) any person employed partly for manual labour and partly for the purpose of supervising in person any workman in and throughout the performance of his work.

Part IV of the Employment Act contains provisions relating to, *inter alia*, working hours, overtime, rest days, holidays, annual leave, payment of retrenchment benefit, priority of retirement benefit, annual wage supplement and other conditions of work or service and apply to: (a) workmen earning basic monthly salaries of not more than S\$4,500 and (b) employees (excluding workmen) earning basic monthly salaries of not more than S\$2,500.

Paid public holidays and sick leave apply to all employees who are covered by the Employment Act regardless of salary levels.

Any person employed in a managerial or an executive position (who is generally not regarded as an employee under the Employment Act) who is in receipt of a salary not exceeding S\$2,500 shall be regarded as an employee for the purposes of provisions in the Employment Act relating to, *inter alia*, payment and computation of salaries, powers of the Commissioner for Labour in relation to claims, complaints and investigations into offences under the Employment Act and procedures and regulations governing claims and offences under the Employment Act.

Following the amendments to the Employment Act in effect from 1 April 2016, all employers must issue key employment terms (“**KETs**”) in writing to employees covered under the Employment Act. Such employees include employees who: (i) enter into a contract of service with the company on or after 1 April 2016; (ii) are covered by the Employment Act and (iii) are employed for 14 days or more in relation to the length of contract (does not apply to number of days of work).

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KETs include, *inter alia*, full name of employer and employee, job title, duties and responsibilities, start date of employment, duration of employment, basic salary, fixed allowances, fixed deductions, overtime pay, leave, medical benefits, probation period and notice period. KETs which are not applicable to specific employees may be excluded from their contracts.

Employment of foreign workers in Singapore

Employment of Foreign Manpower Act

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act, Chapter 91A of Singapore (the “EFMA”) and the regulations issued pursuant to the EFMA and regulated by the MOM.

In Singapore, under Section 5(1) of the EFMA, no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him. Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

- be liable on conviction to a fine of 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
- on a second or subsequent conviction:
 - in the case of an individual, be punished 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
 - in any other case, be punished with a fine not less than S\$20,000 and not more than S\$60,000.

The availability of foreign workers to the construction and/or manufacturing industry is also regulated by the MOM through, among others, the following policy instruments:

- approved source countries;
- the imposition of security bonds and levies;
- dependency ceilings 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 (“NTS”) and the PRC.

Please refer to the sections headed “Risk factors” and “Business – Employees” in this prospectus for further details.

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Approved source countries

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

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

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

Requirements	Type of workers
Skills Evaluation Certificate (“SEC”) or Skills Evaluation Certificate (Knowledge) (“SEC(K)”) ⁽¹⁴⁾ , issued or accepted by the BCA	NTS countries and the PRC under the PA (Type: New); NAS countries
Sijil Pelajaran Malaysia (“SPM”) or its equivalent, the SEC or SEC(K)	Malaysia
Attend and pass full day Construction Safety Orientation Course (“CSOC”)	NTS countries, NAS countries, the PRC and Malaysia (All)
Pass medical examination by doctor registered in Singapore	NTS countries, NAS countries, the PRC and Malaysia (All)

Note:

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

With respect to NTS and PRC construction workers, basic skilled workers are allowed to work up to a maximum of 10 years, while higher skilled workers are allowed to work up to 22 years. There is no maximum employment period for all other foreign workers (from NAS and Malaysia). The maximum age limit for all foreign workers to work in Singapore, regardless of country of origin, is up to 60 years old.

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In addition, for each individual's work permit, in-principle approvals have to be sought. Within two weeks of arrival, the foreign construction worker is required to undergo a medical examination by a doctor registered in Singapore and must pass such medical examination before a work permit can be issued to him.

All foreign workers in the construction sector must attend the CSOC, a two-day course conducted by various training centres accredited by the MOM and obtain a valid CSOC Pass. The CSOC is to (i) ensure that construction workers are familiar with common safety requirements and health hazards in the industry; (ii) educate them on the required measures to prevent accidents and diseases; (iii) ensure that they are aware of their rights and responsibilities under Singapore employment law; and (iv) familiarise with personal protective equipment. Employers must ensure that the foreign workers attend the course within two weeks of their arrival in Singapore before their work permits can be issued. At the end of the course, the workers will receive a safety orientation pass if they pass its requirement or assessment. Foreign workers who have failed the CSOC must retake the CSOC as soon as possible. Employers who fail to ensure that their workers take and pass the CSOC will be barred from applying for any new work permits for three months, while the affected workers will have their work permits revoked.

Security bonds and foreign worker levy

In the construction sector, for each NAS, NTS or PRC construction worker whom we were successfully granted with a work permit, a security bond of S\$5,000 in the form of a banker's guarantee or insurance guarantee is required to be furnished to the Controller of Work Passes under the Employment of Foreign Manpower Act. The security bond must be furnished prior to the foreign worker's arrival in Singapore, failing which entry into Singapore will not be allowed. Malaysian workers are exempt from the above requirement of furnishing a security bond.

For the construction sector, employers pay the requisite foreign worker levy according to the qualification of the foreign workers employed. The levy rates for 2016 and 2017 are subject to changes as and when announced by the Singapore Government.

Worker category	Monthly levy rate (before changes effective 1 July 2016) S\$	Monthly levy rate (effective 1 July 2016) S\$	Monthly levy rate (effective 1 July 2017) S\$
Higher skilled and on MYE (see below for more details on MYE)	300	300	300
Basic skilled and on MYE	550	650	700
Higher skilled, experienced and MYE waiver ⁽¹⁵⁾	600	600	600
Basic skilled, experienced and MYE waiver ⁽¹⁵⁾	950	950	950

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Note:

- (15) To qualify for MYE waiver, the foreign workers must have at least two years of working experience in Singapore which is relevant to the construction sector.

Dependency ceilings

The dependency ceiling for the construction industry is currently set at a ratio of one full-time local worker to seven foreign workers. This means that for every full-time Singapore citizen or Singapore permanent resident employed by a company in the construction sector with regular full month 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.

Man Year entitlements (“MYE”)

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 owners. The allocation of MYE is in the form of the number of “man-years” required to complete a project and only main contractors may apply for MYE. One man-year is equivalent to one year’s employment under a work permit. All levels of subcontractors are required to obtain their MYE allocation from their main contractors. A main contractor’s MYE will expire on the completion date of the relevant project, which can be extended if the completion date of the project is extended. NTS or PRC construction workers who have worked with any employer for a cumulative period of two or more years in the construction industry, may be hired by main contractors without the need for MYE.

Employers are required to comply with the conditions of the work permits, such as the requirement to provide acceptable accommodation for their foreign workers. Other conditions of the work permits which employers of foreign construction workers are also required to comply with include the following:

- that the foreign worker performs only those construction activities specified in the conditions;
- ensuring that the foreign worker is not sent to work for any other person, except as provided for in the conditions;
- providing safe working conditions for their foreign workers; and
- purchasing and maintaining medical insurance with coverage of at least S\$15,000 per 12-month period of the foreign worker’s employment (or for such shorter period where the worker’s period of employment is less than 12 months) for the foreign worker’s in-patient care and day surgery except as the Controller of Work Passes may otherwise provide by notification in writing. Where the employer purchases group medical insurance policy for its foreign workers, the employer shall not be considered to have satisfied the obligation under this condition unless

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the terms of the employer's group medical insurance policy are such that each and every individual foreign worker is concurrently covered to the extent as required aforesaid.

Apart from the EFMA, an employer of foreign workers is also subject to, amongst others, the provisions set out in:

- the Employment Act, as discussed above; and
- the Immigration Act, Chapter 133 of Singapore ("**Immigration Act**") and the regulations issued pursuant to the Immigration Act.

Immigration Act

Pursuant to the Immigration Act (Cap. 133), no person, other than a citizen of Singapore, shall enter or attempt to enter Singapore unless, *inter alia*, he is in possession of a valid pass lawfully issued to him to enter Singapore. Such valid pass would include, *inter alia*, a valid work pass issued by the Controller of Work Passes under the EFMA and the regulations issued pursuant to the EFMA, including *inter alia*, work permits (including a training work permit), S passes and employment passes. A work pass may be in the form of a card or in an endorsement made in the passport or other travel document of the work pass holder or in such other form as the Controller of Work Passes may determine.

Housing of foreign workers

The operation of foreign workers' dormitories has to comply with applicable laws and regulations, including but not limited to the Building Control Act, Chapter 29 of Singapore, the Control of Vectors and Pesticides Act Chapter 59 of Singapore, the Environmental Public Health Act, Chapter 95 of Singapore, the Fire Safety Act, Chapter 109A of Singapore, the Planning Act, Chapter 232 of Singapore and the Foreign Employee Dormitories Act 2015 (No. 3 of 2015) (in the case of dormitories housing 1000 or more foreign workers).

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

We have obtained a grant of written permission (temporary) (the "**URA Approval**") from the URA of Singapore to provide ancillary workers' dormitories on two levels of our premises at 18 Kaki Bukit Place Eunos Techpark Singapore 416196. The URA Approval allows for a maximum of 74 workers to be housed at the premises, and such approval is valid until 24 April 2019.

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Central Provident Fund Act

The Central Provident Fund (“CPF”) system is a mandatory social security savings scheme funded by contributions from employers and employees.

Pursuant to the Central Provident Fund Act (Cap. 36) (the “CPF Act”), an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service (save for employees who are employed as a master, a seaman or an apprentice in any vessel, subject to an exception for non-exempted owners). CPF contributions are not applicable for foreigners who hold Employment Passes, S Passes or Work Permits.

CPF contributions are required for both ordinary wages and additional wages (subject to a yearly additional wage ceiling) of employees at the applicable prescribed rates which 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.

Wage Credit Scheme

The Wage Credit Scheme was introduced in Budget 2013 by the Singapore Government as a three-year scheme under which the Singapore Government co-funds 40% of the wage increases that are given in 2013 to 2015 to Singapore citizen employees earning a gross monthly wage of S\$4,000 and below.

In Budget 2015, it was announced that the Wage Credit Scheme would be extended for two years (2016 to 2017). New wage increases given from 2016 to 2017 will be co-funded at 20% instead of 40%. For wage increases given in 2015 which are sustained in 2016 and 2017 by the same employer, employers will receive 20% co-funding for two additional years from 2016 to 2017.

Only employers are eligible for co-funding. Employers do not need to apply for wage credit. Wage credits are automatically paid to eligible employers annually, based on the CPF contributions that they make for their employees.

During the Track Record Period, we received wage credits granted under the Wage Credit Scheme, which is recognised in our other income in our financial statements. Please refer to the section headed “Financial information – Principal components of combined statements of comprehensive income” for further information.

Female employees

The Children Development Co-Savings Act, Chapter 38A of Singapore (“CDCSA”) provides that every female employee is legally entitled to 16 weeks of paid maternity leave regardless of her occupation if: (1) her child is a Singapore citizen, (2) she is lawfully married to the child’s father at the time of the child’s birth; and (3) she has served the

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company for at least 90 days before the birth of her child. During such period of leave, the female employee shall be entitled to receive payment from her employer at her gross rate of pay.

Personal Data Protection Act 2012 (the “PDPA”)

The main data protection rules in the PDPA came into full effect on 2 July 2014. The PDPA governs the collection, use and disclosure of personal data by organisations in a manner that recognises both the right of individuals to protect their personal data and the need of organisations to collect, use or disclose the same for purposes that a reasonable person would consider appropriate in the circumstances. Under the PDPA, personal data is defined as data, whether true or not, about an individual (whether living or deceased) who can be identified (a) from that data; or (b) from that data and other information to which the organisation has, or is likely to have access. Generally, the PDPA imposes the following obligations on organisations collecting, using or disclosing personal data of individuals (“relevant persons”): obligations of obtaining consent, giving notification and access and correction rights to the relevant persons, purpose limitation in respect of use of, and retention limitation and transfer limitation in respect of personal data collected, ensuring accuracy and protection of data collected and openness in making information available on its privacy policies and procedures relating to protection of personal data.

BUILDING AND CONSTRUCTION INDUSTRY SECURITY OF PAYMENT ACT

Under the Building and Construction Industry Security of Payment Act, Chapter 30B of Singapore (“**BCISPA**”) which is regulated by the BCA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. The BCISPA also contains provisions relating to, amongst others, the amount of the progress payment to which a person is entitled under a contract, the valuation of the construction work carried out under a contract and the date on which a progress payment becomes due and payable. In addition, the BCISPA, amongst others, endorses the following rights:

- (i) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to a claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The BCISPA has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;
- (ii) the right of a claimant to suspend the carrying out of construction work or supply of goods or services, and to exercise a lien over goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, or to enforce the adjudication determination as if it were a judgment debt, if, amongst others, such claimant is not paid after the adjudicator has determined that the respondent shall pay an adjudicated amount to the claimant; and

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

Generally, our contracts with customers contain terms relating to progress payments. For further details, please refer to section headed “Business – Key contract terms with customers” in this prospectus.

WORKPLACE SAFETY AND HEALTH

Workplace Safety and Health Act

Under the Workplace Safety and Health Act, Chapter 354A of Singapore (“**WSHA**”), 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 as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work.

Additional specific duties imposed by the MOM on employers are laid out in the various regulations subsidiary to the WSHA, including without limitation, the Workplace Safety and Health (Construction) Regulations 2007, Workplace Safety and Health (Scaffolds) Regulations 2011, Workplace Safety and Health (Work at Heights) Regulations 2013 and Workplace Safety and Health (General Provisions) Regulations.

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

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

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

Pursuant to the Workplace Safety and Health (General Provisions) Regulations, the following equipment are required to, amongst others, be tested and examined by an authorised examiner (“**Authorised Examiner**”) before they can be used and thereafter, at specified intervals:

- hoists or lifts
- lifting gears
- lifting appliances and lifting machines

Upon examination, the Authorised Examiner will issue and sign a certificate of test and examination, specifying the safe working load of the equipment. Such certificate of test and examination shall be kept available for inspection. Under the WSHR, it is the duty of the occupier of a workspace in which the equipment is used to comply with the foregoing provisions of the WSHR, and to keep a register containing the requisite particulars with respect to the lifting gears, lifting appliances and lifting machines.

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

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Under the WSHA, the Commissioner may issue a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the Commissioner, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The stop-work order shall, amongst others, direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the Commissioner have been taken, to the satisfaction of the Commissioner, to (i) remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work; (ii) to comply with any duty imposed under legislation; or (iii) to do or refrain from doing any act which in the opinion of the Commissioner, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

A full stop-work order is usually for a period of 3 weeks and the lifting of such stop-work order is subject to the person served with the order complying with such conditions as may be required by the Commissioner including, *inter alia*, the conduct of refresher training on all areas of weaknesses and re-audit of such person's work safety and health management system. A person who has been served with a stop-work order or who has had a workplace fatality may, at the discretion of the Commissioner, face a temporary suspension for the hiring of new foreign workers until improvements and rectifications on their systemic issues are addressed.

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

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The following table indicates the number of demerit points issued to contractors based on the severity of the offences committed:

Type of incident	Demerit Points	Effective Date
Composition fines	1 point per fine from the 4th composition fine onwards	Date of the MOM's decision to offer composition fines
Stop work order (partial)	5	Date of stop work order issued
Stop work order (full)	10	
Prosecution action taken for accident that led to serious injuries to any person	18	Date of the MOM's decision to prosecute
Prosecution action taken for dangerous occurrence (potential for multiple fatalities)	18	
Prosecution action taken for accident that led to death of one person	25	
Prosecution action taken for accident that led to death of more than one person	50	

Demerit points for a contractor are calculated by adding the points accumulated from all the worksites under the same contractor.

Each demerit point issued is valid for a period of 18 months after which the demerit point becomes expunged and removed from the records maintained by the MOM in relation to the number of demerit points currently issued to a specific company.

Contractors, including all main and sub-contractors who accumulates a pre-determined number of demerit points within an 18-month period, will be debarred from employing foreign workers. An accumulation of a minimum 25 demerit points within a period of 18 months would immediately trigger debarment for the contractor. Depending on the number of demerit points accumulated, the debarment can be in respect of the hiring of new foreign workers and/or the renewal of existing foreign workers and the duration of the debarment will also increase with the accumulation of more demerit points. The following table indicates the scope and duration of debarment for the accumulated demerit points.

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

In addition, pursuant to section 56 of the WSHA, the Commissioner may, at his discretion, compound certain offences under the WSHA. To the extent that the Commissioner offers a composition fine in respect of an offence under the WSHA and once the composition fine is duly paid, no further proceedings may be taken against the offender in respect of the offence.

Pursuant to the Workplace Safety and Health (Risk Management) Regulations, an employer is supposed to, *inter alia*, conduct a risk assessment (at least once every 3 years) in relation to the safety and health risks posed to any person carrying out or undertaking work at the workplace, take all reasonably practicable steps to eliminate or minimise foreseeable risks, implement measures/safety procedures to address the risks, and to inform workers of the same, maintain records of such risk assessments and measures/safety procedures for a period of not less than 3 years, and submit such records to the Commissioner from time to time when required by the Commissioner.

Please refer to the section headed “Business – Workplace safety and health” in this prospectus for our workplace safety and health policy and our past record in this regard.

Workmen’s compensation

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

Employers are required to maintain work injury compensation insurance for two categories of employees engaged under contracts of service (unless exempted) – firstly, all employees doing manual work and secondly, non-manual employees earning S\$1,600 or less a month. Failure to do so is an offence punishable by a maximum fine of S\$10,000 and/or imprisonment of up to 12 months.

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

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

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

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

Under the WICA, every employer is required to insure and maintain insurance under approved policies with an insurer against all liabilities which he may incur under the provisions of the WICA in respect of all employees employed him, unless specifically exempted.

ENVIRONMENTAL LAWS AND REGULATIONS

The Environmental Public Health Act, Chapter 95 of Singapore (“**EPHA**”) requires, among others, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance.

The EPHA also regulates, among others, the disposal and treatment of industrial waste and public nuisances. 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 any factory or workplace which is not kept in a clean state, any place where there exists or is likely to exist any condition giving rise, or capable of giving rise to the breeding of flies or mosquitoes, any place where there occurs, or from which there

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emanates noise or vibration as to amount to a nuisance and any machinery, plant or any method or process used in any premises which causes a nuisance or is dangerous to public health and safety.

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

Please refer to the section headed “Business – Environmental matters” in this prospectus for further information on our environmental management system.

COMPANY LAWS AND REGULATIONS

Our principal subsidiaries, SH Integrated and DRC Engineering, are indirect wholly-owned subsidiaries of our Company. Both are private companies limited by shares, incorporated and governed under the provisions of the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”) and its regulations.

The Companies Act generally governs, amongst others, matters relating to the status, power and capacity of a company, shares and share capital of a company (including issuances of new shares (including preference shares), treasury shares, share buybacks, redemption, share capital reduction, declaration of dividends, financial assistance, directors and officers and shareholders of a company (including meetings and proceedings of directors and shareholders, dealings between such persons and the company), protection of minority shareholders’ rights, accounts, arrangements, reconstructions and amalgamations, winding up and dissolution.

In addition, members of a company are subject to, and bound by the provisions its constitution (which in the case of a company incorporated immediately before the date of commencement of Section 3 of the Companies (Amendment) Act 2014, refers to the memorandum and articles of association of the company). The memorandum of association of a company provides for, *inter alia*, the objects of the company while the articles of association of the company contains, *inter alia*, provisions relating to some of the matters in the foregoing paragraph, transfers of shares as well as sets out the rights and privileges attached to the different classes of shares of the company (if applicable).

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SINGAPORE TAXATION

Corporate tax

The prevailing corporate tax rate in Singapore is 17% with effect from Year of Assessment 2010. In addition, the partial tax exemption scheme applies on the first S\$300,000 of normal chargeable income; and specifically 75% of up to the first S\$10,000 of a company's normal chargeable income, and 50% of up to the next S\$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. Further, companies will be granted a corporate income tax rebate of 50% of the tax payable for the Years of Assessment 2016 and 2017, subject to a cap of S\$20,000 and S\$25,000 respectively per year of assessment.

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, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

(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 Scheme (“**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 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 year of assessment 2013 to 2015. The PIC

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Scheme has been extended for another 3 years from year of assessment 2016 to 2018, and higher expenditure caps in relation to tax deductions and allowances apply for qualifying small and medium enterprises, which takes effect from year of assessment 2015. As announced in Singapore Budget Announcement 2016, the PIC payment will be at 40% for qualifying expenditure incurred on or after 1 August 2016.

During the Track Record Period, we received payments under the PIC Scheme, which is recognised in our other income in our financial statements. Please refer to the section headed “Financial information – Principal components of combined statements of comprehensive income” for further information.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY AND DEVELOPMENT

Our business history

Our Group was founded by Mr. Chua in 2005 when our two principal operating subsidiaries, SH Integrated and DRC Engineering, were incorporated in Singapore. In 2005, SH Integrated started to undertake repairs, maintenance and minor works in Singapore mainly in its capacity as a subcontractor, with a small team at a rented factory space. In July 2006, we were awarded a subcontract for M&E maintenance works for educational institutions in Singapore, which provided us the first opportunity to gain experience into the specifications and requirements for undertaking works for educational institutions in Singapore.

In February 2008, we obtained our first contract as a main contractor with a Singapore Government agency, for integrated building services that covered maintenance of M&E systems, water supply and sanitary systems, building works and lightning protection systems for a centre that offers government linked services and retail services. This represented the first of many contracts that we were subsequently awarded directly by Singapore Government agencies.

Due to the growth in the construction sector in Singapore around 2009, we expanded into building and construction works segment and were awarded by a private sector customer with a contract for building and construction works for a 6-storey industrial building in August 2009.

Our business operations have expanded since 2009 as we were awarded more contracts directly by Singapore Government ministries and statutory boards, both for integrated building services as well as building and construction works. We continued to build our team competencies to include project management, management of subcontractors, execution of specialist services such as plumbing and sanitary services and expanded our term contract department that performed installations and maintenance of building systems. Given that one of the key evaluation criteria by Singapore Government agencies was the track record with the agency which awards the tender or with other Singapore Government agencies, our track record became our competitive advantage and a barrier to entry for competitors into the integrated building services sector. The growth in our operations over the years was evident from our shifting to larger premises (4-storey) with a floor area of approximately 802 square metres in July 2010 and subsequently to our current premises (7-storey) with a floor area of approximately 1,620 square metres in November 2012. Our staff strength has also increased to over 310 staff members as at the Latest Practicable Date.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Key milestones of our Group

The following table sets forth major development milestones of our Group:

Date	Milestones
March 2005	DRC Engineering was incorporated on 8 March 2005 in Singapore.
November 2005	SH Integrated was incorporated on 23 November 2005 in Singapore.
July 2006	We obtained our first project for educational institutions in Singapore involving subcontracting works for M&E maintenance services.
February 2008	We obtained our first contract as a main contractor with a Singapore Government agency for integrated building services that covered maintenance of M&E systems, water supply and sanitary systems, building works and lightning protection systems for a centre that offers government linked services and retail services.
November 2008	We first obtained ISO 9001:2008 certification for conformance to ISO 9001:2008 requirements for our maintenance of M&E services and general building construction.
March 2009	We obtained our first contract as a main contractor for M&E maintenance services for a building that stores national archival collection, awarded by a Singapore Government statutory board.
June 2009	We obtained our first contract as a main contractor for M&E maintenance services for educational institutions in Singapore, awarded by a Singapore Government ministry.
August 2009	We expanded into building and construction segment and also obtained our first subcontract for the erection of a 6-storey industrial building in Singapore from a main contractor for building and construction works.
March 2010	We first obtained OHSAS 18001:2007 certification for conformance to OHSAS 18001:2007 requirements for installation and maintenance of M&E services and general building construction.
July 2010	We expanded our operations and shifted our office premises to Kaki Bukit Industrial Terrace, a 4-storey industrial building with a floor area of approximately 802 square metres, including dormitory for our foreign workers.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Date	Milestones
July 2011	We were granted grade L6 under the construction workhead ME15 (Integrated Building Services) under the Contractors Registration System for the first time.
March 2011	We obtained our first contract from the Singapore Government ministry responsible for communications and arts, as a main contractor for M&E maintenance services.
October 2011	We obtained our first contract from the Singapore Government statutory board responsible for national parks, as a main contractor for integrated building services, including M&E maintenance services.
November 2012	We further expanded our operations and moved our office premises to 18 Kaki Bukit Place, a 7-storey industrial building with a floor area of approximately 1,620 square metres including dormitory for our foreign workers. It is also our current head office building as at the Latest Practicable Date.
June 2013	We first obtained ISO 14001:2004 certification for conformance to ISO 14001:2004 requirements for our installation and maintenance of M&E services and general building construction.
October 2015	CSH Development was incorporated on 9 October 2015 in Singapore.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law on 18 May 2016 and became the holding company of our Group, pursuant to the Reorganisation which was completed on 29 December 2016. Our Group comprises our Company, JinFeng Ventures, Innovative Plus, Pine Vantage, SH Integrated, DRC Engineering and CSH Development, all wholly-owned subsidiaries of our Company.

Immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme), Ruiheng Global will hold 750,000,000 Shares, representing 75% of the enlarged issued share capital of our Company.

Ruiheng Global was incorporated in the BVI with limited liability on 1 February 2016. It is the holding vehicle of Mr. Chua and Mrs. Chua. Ruiheng Global is owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua. The respective shareholding interests of Mr. Chua and Mrs. Chua in Ruiheng Global were determined based on the mutual agreement between Mr. Chua and Mrs. Chua by reference to the respective business and financial positions of SH Integrated, DRC Engineering and CSH Development.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

JinFeng Ventures, Innovative Plus and Pine Vantage

JinFeng Ventures, Innovative Plus, and Pine Vantage are investment holding companies incorporated in the BVI as part of the Reorganisation. Please refer to the paragraph headed “Reorganisation” below for further details.

CSH Development

For the purpose of risk management, Mr. Chua and Mrs. Chua established CSH Development in October 2015 for the sole purpose of holding our owned property located at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196, a 7-storey building currently for use as our head office, storage, and foreign workers’ dormitory. Such property was previously owned by SH Integrated immediately before being transferred to CSH Development.

Since incorporation on 9 October 2015 and up to the Reorganisation, CSH Development was owned as to 50% by Mr. Chua and as to 50% by Mrs. Chua.

On 29 December 2016, pursuant to the Reorganisation, CSH Development became an indirect wholly-owned subsidiary of our Company. Details of the Reorganisation is set out in the paragraph headed “Reorganisation” below.

Principal operating subsidiaries

Our two principal operating subsidiaries are SH Integrated and DRC Engineering, incorporated on 23 November 2005 and 8 March 2005 respectively. Initially, DRC Engineering was set up for carrying out trading business while SH Integrated was set up for carrying out subcontracting services. Subsequently, as we were building our competencies in this industry and were awarded more contracts from Singapore Government agencies, our Executive Directors felt that both companies should focus on integrated building services. Our Executive Directors believed that having two companies allowed us to diversify risks, in particular the risks relating to maintaining our construction workheads under the Contractors Registration System as this is a key requirement when tendering for public sector contracts. Since SH Integrated started to build its track record in integrated building services earlier than DRC Engineering, SH Integrated has a higher grading for the M&E construction workheads. We intend to continue carrying out the same principal activities with both our principal subsidiaries.

Upon incorporation on 8 March 2005, DRC Engineering was wholly-owned by Mr. Chua. Since then, a number of transfers and allotments and issues of shares of DRC Engineering were effected. In particular, on 20 October 2010, Mr. Chua transferred all his shareholding interests in DRC Engineering to Mrs. Chua for a nominal consideration due to family arrangement. After such transfer, DRC Engineering continued to be wholly-owned by Mrs. Chua up to the Reorganisation.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Upon incorporation on 23 November 2005, SH Integrated was wholly-owned by Mr. Chua. Since then, a number of transfers and allotments and issues of shares of SH Integrated were effected (including to Independent Third Parties and Mr. Joe Lim). Since 15 November 2010, SH Integrated was wholly-owned by Mr. Chua up to the Reorganisation.

On 29 December 2016, pursuant to the Reorganisation, SH Integrated and DRC Engineering became indirect wholly-owned subsidiaries of our Company. Details of the Reorganisation is set out in the paragraph headed “Reorganisation” below.

Directorships of SH Integrated, DRC Engineering and CSH Development

SH Integrated

Since incorporation on 23 November 2005 and up to the Latest Practicable Date, Mr. Chua has been the sole director of SH Integrated.

DRC Engineering

Upon incorporation on 8 March 2005, Mr. Chua had been the sole director of DRC Engineering. On 20 October 2010, due to family arrangement, Mr. Chua transferred all his shareholding interests in DRC Engineering to Mrs. Chua and resigned as the sole director of DRC Engineering, and Mrs. Chua was appointed as the sole director of DRC Engineering. Since 20 October 2010 and up to the Latest Practicable Date, Mrs. Chua has been the sole director of DRC Engineering.

CSH Development

Since incorporation on 9 October 2015 and up to the Latest Practicable Date, the directors of CSH Development have been Mr. Chua and Mrs. Chua.

High degree of integration and interconnections amongst SH Integrated, DRC Engineering and CSH Development

There was a high degree of integration and interconnections amongst SH Integrated, DRC Engineering and CSH Development as evidenced by the following:

- (i) Since incorporation, SH Integrated and DRC Engineering have been operated and managed by Mr. Chua and Mrs. Chua. Subsequently, both SH Integrated and DRC Engineering share the same management team. Mr. Joe Lim, an Executive Director, has been employed by SH Integrated as the general manager since August 2006 and he has also been acting as the general manager for DRC Engineering since then. Mr. Kong Chen Yung, a member of our senior management, has been employed by SH Integrated as the financial controller since October 2015 and he has also been overseeing the financial affairs of DRC Engineering since then. Mr. Chio Keng Hiang, a member of our senior management, has been employed by DRC Engineering as the assistant general manager since August 2015 and he has also been acting as the assistant general manager of SH Integrated since then. Mr. Ng Chang Soon, a member of our

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

senior management, has been employed by DRC Engineering since October 2009 and is currently its project and safety director and he has also been overseeing operations of SH Integrated since then.

- (ii) Starting from 2006 (or, for CSH Development, since its incorporation), the operation of SH Integrated, DRC Engineering and CSH Development shared, and have been supported by, the same back-office supporting services including but not limited to accounting, human resources management and information technology services.
- (iii) Starting from 2009, SH Integrated and DRC Engineering have worked together on various integrated building services projects, as DRC Engineering acted as a subcontractor of SH Integrated for those integrated building services projects. For each of the three years ended 31 March 2016 and the six months ended 30 September 2016, the revenue of DRC Engineering which is derived from SH Integrated amounted to approximately S\$6.7 million, S\$7.3 million, S\$1.2 million and nil, representing approximately 82.5%, 89.0%, 17.1% and nil of the total revenue of DRC Engineering respectively.
- (iv) Starting from 2006, our motor vehicles have been shared for use by both SH Integrated and DRC Engineering. During the Track Record Period, SH Integrated and DRC Engineering also shared plant and equipment as well as inventories.
- (v) CSH Development owned the property located at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196, a 7-storey building for use as the head office, storage and workshop of both SH Integrated and DRC Engineering. The property has been used by SH Integrated and DRC Engineering since November 2012.
- (vi) Mr. Chua provided financial support to DRC Engineering as evidenced by certain performance guarantees and security bonds in relation to the foreign workers of DRC Engineering, which were secured by, among other things, personal guarantees given by both Mr. Chua and Mrs. Chua.

COLLECTIVE CONTROL OF MR. CHUA AND MRS. CHUA

Mr. Chua and Mrs. Chua have been married to each other for close to 30 years since December 1986. SH Integrated and DRC Engineering were established in November 2005 and March 2005 respectively, which were over 18 years after they were married, using the financial resources from their matrimonial assets accumulated thus far throughout their marriage.

Despite the respective legal ownerships in SH Integrated, DRC Engineering and CSH Development, Mr. Chua and Mrs. Chua, being husband and wife who are close family members and have influence on each other, have had a mutual understanding and arrangement all along to act in concert with each other in exercising their respective powers, whether as directors and/or shareholders of such companies, to collectively control these three companies. Furthermore, as evidenced by our Group's internal meeting minutes, matters relating to the major development of our Group's business were discussed between

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Mr. Chua and Mrs. Chua from time to time and decisions for carrying out our Group's important business strategies were mutually agreed by Mr. Chua and Mrs. Chua, including but not limited to the following:

- (i) In 2008, to improve the quality control of our Group's operation, Mr. Chua and Mrs. Chua collectively decided to apply for ISO 9001:2008 certification for the maintenance of M&E services and general building construction.
- (ii) In 2009, having considered the scale of our Group's operation, Mr. Chua and Mrs. Chua collectively decided to submit tenders for integrated building services contracts put up by Customer A (being our largest customer during the Track Record Period as referred to in the section headed "Business – Customers – Top customers").
- (iii) In 2010, to improve our occupational health and safety management system, Mr. Chua and Mrs. Chua collectively decided to apply for OHSAS 18001:2007 certification for the installation and maintenance of M&E services and general building construction.
- (iv) In 2010, to expand our operations, Mr. Chua and Mrs. Chua collectively decided to shift our office premises to 40 Kaki Bukit Industrial Terrace, a 4-storey industrial building with a floor area of approximately 802 square metres, including dormitory for our foreign workers.
- (v) In 2011, to further expand our operations, Mr. Chua and Mrs. Chua collectively decided to apply for an upgrade to grade L6 under the construction workhead ME15 (Integrated Building Services) under the Contractors Registration System.
- (vi) In 2012, in order to cope with our business development, Mr. Chua and Mrs. Chua collectively decided to relocate our office to 18 Kaki Bukit Place, a 7-storey industrial building with a floor area of approximately 1,620 square metres including dormitory for foreign workers.
- (vii) In 2015, Mr. Chua and Mrs. Chua collectively decided to establish CSH Development for the purpose of holding our Group's property located at 18 Kaki Bukit Place, a 7-storey building for use as our head office, storage, and foreign workers' dormitory.
- (viii) In 2015, having considered the growth of our Group, Mr. Chua and Mrs. Chua collectively decided to (a) hire an assistant general manager to assist in the overall management of both the integrated building services business and the building and construction business of our Group; and (b) hire a financial controller to oversee the financial, accounting, taxation and banking matters of our Group.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

- (ix) In late 2015, having considered (a) the scale of the operation of our Group; (b) the future growth of our integrated building services business; and (c) the benefit of listing on the Stock Exchange, Mr. Chua and Mrs. Chua collectively decided to apply for the Listing.

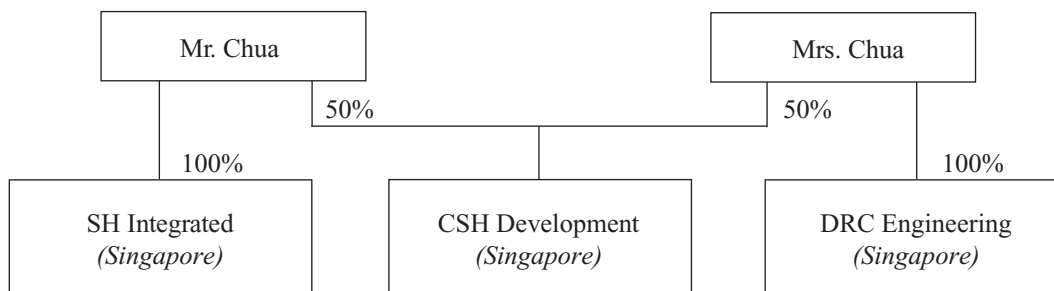
Based on the above, each of SH Integrated, DRC Engineering and CSH Development is currently, and was throughout the Track Record Period (or, for CSH Development, since its incorporation), ultimately controlled by Mr. Chua and Mrs. Chua collectively.

In addition, Mr. Chua and Mrs. Chua, as husband and wife, are, in any event, deemed to be acting in concert in controlling each of SH Integrated and DRC Engineering pursuant to the definition of the expression “acting in concert” as set out in the Definitions section of the Takeovers Code and the related note 8 to such definition.

On 17 August 2016, Mr. Chua and Mrs. Chua executed the Concert Party Deed, pursuant to which Mr. Chua and Mrs. Chua confirmed the existence of the aforementioned mutual understanding and arrangement in the past, and agreed to act in concert for all operational, management and financial matters in relation to each of SH Integrated, DRC Engineering and CSH Development for so long as they remain interested (either directly or indirectly) in the share capital of any of these companies and/or remain as the key management members of any of these companies.

CORPORATE STRUCTURE PRIOR TO THE REORGANISATION

The following chart shows the shareholding and corporate structure of our Group immediately before the Reorganisation, the Share Offer and the Capitalisation Issue.



REORGANISATION

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

(i) Incorporation of our Company

On 18 May 2016, our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

which one Share was allotted and issued in nil paid form to the initial subscriber, an Independent Third Party and the said Share was transferred to Mr. Chua on the same date at nil consideration.

(ii) Incorporation of (1) JinFeng Ventures; (2) Innovative Plus; and (3) Pine Vantage

On 18 March 2016, JinFeng Ventures was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each. On 25 May 2016, one share in JinFeng Ventures was allotted and issued to our Company, credited as fully paid.

On 25 April 2016, Innovative Plus was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each. On 25 May 2016, one share in Innovative Plus was allotted and issued to our Company, credited as fully paid.

On 5 May 2016, Pine Vantage was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each. On 14 June 2016, one share in Pine Vantage was allotted and issued to our Company, credited as fully paid.

(iii) Acquisition of (1) SH Integrated by JinFeng Ventures; (2) DRC Engineering by Innovative Plus; (3) CSH Development by Pine Vantage

On 29 December 2016, Mr. Chua transferred the one nil paid Share to Ruiheng Global at nil consideration.

On 29 December 2016, Mr. Chua transferred the entire issued share capital of SH Integrated to JinFeng Ventures, at the consideration of S\$2, which was settled by our Company allotting and issuing 898 new Shares to Ruiheng Global at the direction of Mr. Chua, all credited as fully paid. After completion of the above share transfer, SH Integrated became an indirect wholly-owned subsidiary of our Company.

On 29 December 2016, Mrs. Chua transferred the entire issued share capital of DRC Engineering to Innovative Plus, at the consideration of S\$1, which was settled by our Company allotting and issuing 99 new Shares to Ruiheng Global at the direction of Mrs. Chua, all credited as fully paid. After completion of the above share transfer, DRC Engineering became an indirect wholly-owned subsidiary of our Company.

On 29 December 2016, Mr. Chua and Mrs. Chua transferred the entire issued share capital of CSH Development to Pine Vantage, at the consideration of S\$1, which was settled by our Company allotting and issuing 2 new Shares to Ruiheng Global at the directions of Mr. Chua and Mrs. Chua, all credited as fully paid. After completion of the above share transfer, CSH Development became an indirect wholly-owned subsidiary of our Company.

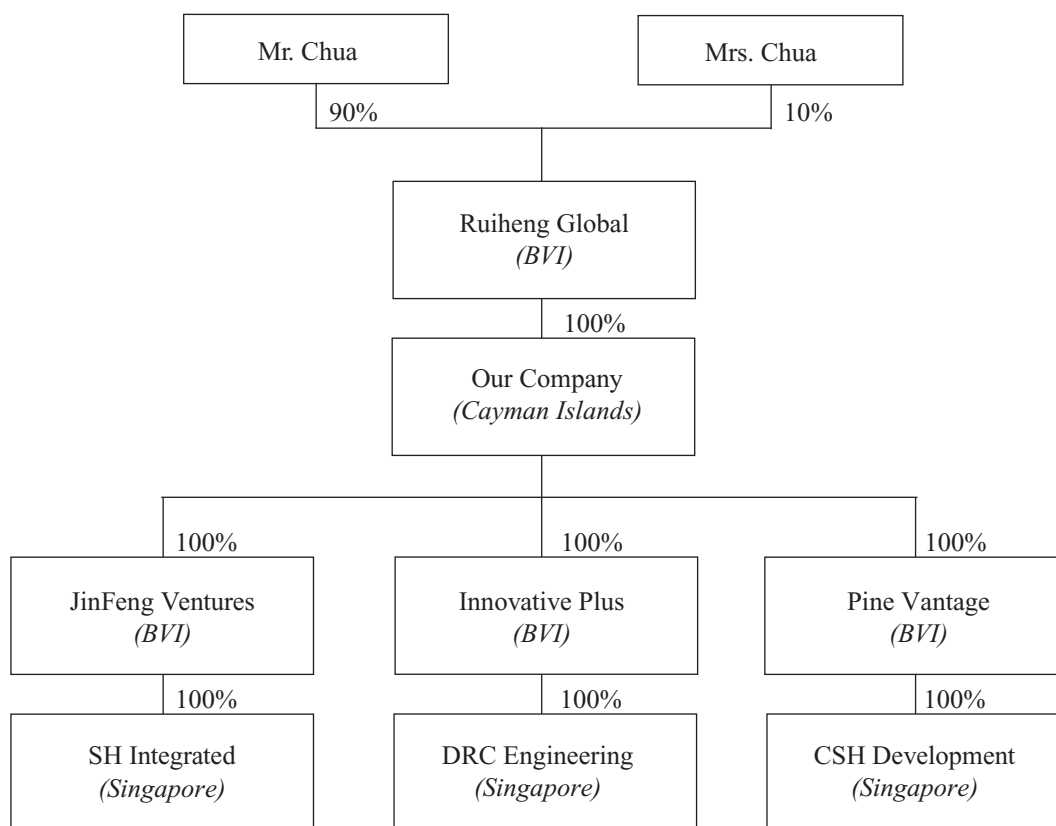
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The acquisition of SH Integrated, DRC Engineering and CSH Development by our Company were properly and legally completed and settled.

Our Directors confirm that the change of shareholdings in SH Integrated, DRC Engineering and CSH Development under the Reorganisation would not require any approval or permit from any relevant government authorities in the Cayman Islands or Singapore.

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION BUT BEFORE COMPLETION OF THE SHARE OFFER AND THE CAPITALISATION ISSUE

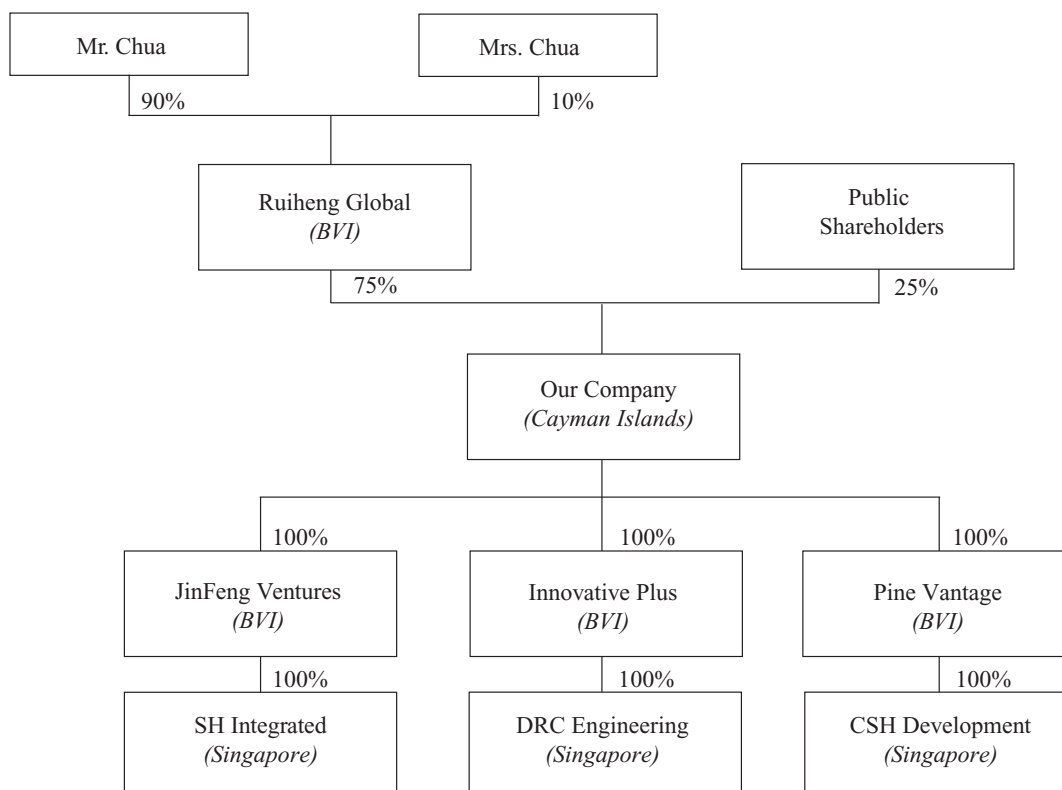
The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation but before completion of the Share Offer and the Capitalisation Issue.



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE REORGANISATION, THE SHARE OFFER AND THE CAPITALISATION ISSUE

The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation, the Share Offer and the Capitalisation Issue, without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme and assuming the Over-allotment Option is not exercised.



REASONS FOR LISTING

Our Executive Directors believe that the Listing on the Stock Exchange will benefit our Group as it will (i) allow our Group to gain access to capital market funding and (ii) increase the profile of our Group and enable our Group to be considered more favourably by our customers when tendering for contracts, given that a listed company is subject to ongoing regulatory compliance for announcements, financial disclosure and corporate governance. In addition, we intend to implement our business strategies and future plans as detailed in the sections headed “Business – Business strategies” and “Future plans and use of proceeds” in this prospectus, which require funding and are intended to be financed by the proceeds from the Share Offer.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Our Executive Directors had considered and evaluated different listing venues including Hong Kong and Singapore and have concluded that Hong Kong is the suitable venue to pursue a listing after taking into account the following principal factors:

- **Higher liquidity in Hong Kong.** Our Executive Directors consider that the level of trading activities on a stock exchange is one of the key factors indicating the ease of conducting secondary fund raising exercises after a listing. For instance, a secondary fund raising exercise such as a secondary placement of shares would generally be easier and more attractive to investors if there is a more liquid market, because a more liquid market generally means that there are more ready and willing buyers (who may invest in the shares under the fund raising exercise) and sellers (who may realise their investment subsequently) in the market. According to the data compiled by the World Bank, in 2015, the turnover ratio of stocks traded in the Hong Kong stock market was 65.0% while the turnover ratio of stocks traded in the Singapore stock market was 30.9%. Based on the information from the Stock Exchange, the average daily turnover of stocks in Hong Kong was approximately HK\$105.6 billion (S\$18.4 billion) and HK\$66.9 billion (S\$11.6 billion) for each of the two years ended 31 December 2016 respectively. By comparison, according to the Stock Exchange of Singapore, the average daily turnover of stocks in Singapore was approximately HK\$6.3 billion (S\$1.1 billion) and HK\$6.3 billion (S\$1.1 billion) for each of the two years ended 31 December 2016 respectively. According to the data retrieved from Bloomberg, the total turnover of stocks for all companies, which fall within the construction category, listed on the Stock Exchange in Hong Kong and those listed on the Singapore stock market for the year ended 31 December 2016 was approximately HK\$339.9 billion (S\$59.1 billion) and HK\$13.8 billion (S\$2.4 billion) respectively. In addition, our Executive Directors note that for companies which have similar market capitalisation to our Group (i.e. companies with market capitalisation between HK\$500 million and HK\$700 million as at the Latest Practicable Date), the total turnover of stocks for such companies listed on the Stock Exchange in Hong Kong and those listed on the Singapore stock market for the year ended 31 December 2016 was approximately HK\$60.2 billion (S\$11.0 billion) and HK\$11.5 billion (S\$2.1 billion) respectively, according to the data retrieved from Bloomberg. Our Executive Directors are of the view that it would be easier to conduct secondary fund raising in the Hong Kong stock market, if necessary, for our further expansion in the future, than in the Singapore stock market as the Hong Kong stock market has higher liquidity.
- **Higher valuation in Hong Kong.** According to the data retrieved from Bloomberg, the average price-earnings ratio of all companies listed on the Stock Exchange in Hong Kong and those listed on the Singapore stock market as at the Latest Practicable Date was approximately 32.8 times and 25.0 times respectively. In addition, the average price-earnings ratio of all companies, which fall within the construction category, listed on the Stock Exchange in Hong Kong and those listed on the Singapore stock market as at the Latest Practicable Date was approximately 88.2 times and 14.5 times respectively. Therefore, our Executive Directors consider that the valuation of companies listed in Hong Kong is generally higher than those listed in Singapore, and thus there is a higher probability for our Company to achieve a higher valuation if the Share Offer is conducted through the Hong Kong stock market rather than the Singapore stock market.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The valuation of our Group

Assuming the Offer Price is HK\$0.60 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.50 to HK\$0.70, the price-earnings ratio is approximately 19.4 times (*note 1*) and the price-to-book ratio is approximately 6.3 times (*note 2*). When determining the Offer Price range, our Executive Directors have mainly taken into account our business performance during the Track Record Period and the future prospects of our Group and the integrated building services industry. Our Executive Directors consider that the price-earnings ratio of our Group of approximately 18.6 times as implied by the mid-point of the Offer Price range is justifiable having considered the following factors:

(a) The business growth of our Group

Our revenue was approximately S\$34.8 million, S\$35.0 million and S\$40.5 million for each of the three years ended 31 March 2016 respectively. In addition, our Executive Directors estimate that the total revenue of our projects on hand (i.e. all 39 projects) to be recognised amounts to approximately S\$44.0 million for the year ending 31 March 2017 and approximately S\$66.1 million for the year ending 31 March 2018 or thereafter. Meanwhile, our profit for the year was approximately S\$2.9 million (excluding the one-off gain of disposal of property of approximately S\$2.2 million), S\$4.6 million and S\$5.6 million for each of the three years ended 31 March 2016 respectively, representing a CAGR of approximately 39.0%. Our profit for the period increased from approximately S\$2.1 million for the six months ended 30 September 2015 to approximately S\$2.3 million for the six months ended 30 September 2016. If the listing expenses of approximately S\$1.5 million were excluded, our profit for the six months ended 30 September 2016 would have become approximately S\$3.8 million, representing an increase of approximately 76.6% as compared to the corresponding period in 2015.

(b) Business opportunities during the Track Record Period and in the future

During the year ended 31 March 2016, we became aware of and evaluated 81 open tenders for integrated building services contracts. However, having regard to our available manpower and other resources, our Group submitted only 21 open tenders and decided not to tender for the remaining tender opportunities. Our Executive Directors consider that if we increase our available resources by

Note (1): The price-earnings ratio of our Company is calculated based on the total market capitalisation of approximately HK\$600.0 million (calculated based on HK\$0.60 per Share, being the mid-point of the proposed Offer Price range of HK\$0.50 to HK\$0.70) divided by the profit for the year attributable to the owners of our Company of approximately HK\$30.9 million (S\$5,618,115 multiplied by the exchange rate of S\$1:HK\$5.4954) for the year ended 31 March 2016.

Note (2): The price-to-book ratio of our company is calculated based on the total market capitalisation of approximately HK\$600.0 million (calculated based on HK\$0.60 per Share, being the mid-point of the proposed Offer Price range of HK\$0.50 to HK\$0.70) divided by the equity attributable to owners of our Company of approximately HK\$95.4 million (S\$17,363,898 multiplied by the exchange rate of S\$1:HK\$5.4954) as at 30 September 2016.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

making investments in our manpower and plant and equipment as detailed in the section headed “Future plans and use of proceeds” in this prospectus, our Group will have the capacity to submit more tenders. In addition, according to the Ipsos Report, from 2006 to 2015, general construction demand (including both integrated building services and building and construction) for the public sector in Singapore grew from approximately S\$3.7 billion to S\$13.2 billion, representing a CAGR of approximately 15.2%. Furthermore, driven by the industry drivers mentioned in the section headed “Industry overview” in this prospectus, the Ipsos Report forecasted that the general construction demand for the public sector in Singapore will continue to increase from approximately S\$13.2 billion in 2015 to approximately S\$20.0 billion in 2020, representing a CAGR of approximately 8.7%. Therefore, having considered (i) the number of available open tenders for integrated building services; (ii) our past tender success rate; (iii) the sustained and expected increase in demand in the integrated building services industry in Singapore; (iv) our competitive strengths; and (v) our proven track record, our Executive Directors believe that if we have additional capacity to submit more tenders, we will be able to obtain and undertake more projects in the future.

Having considered (i) our business performance during the Track Record Period; and (ii) potential business opportunities in the future, our Executive Directors consider that the price-earnings ratio of approximately 18.6 times as implied by the mid-point of the Offer Price range is justifiable.

Our Executive Directors consider that apart from factors specific to our Group’s performance and prospects, there are various other factors which may affect the price of our Shares after the Listing, such as the general stock market sentiment, the general economic and political environment, etc. However, having considered (i) the future prospects and the business growth of our Group mentioned above; (ii) our projects on hand (i.e. all 39 projects) as at the Latest Practicable Date, from which our Executive Directors estimate that total revenue of approximately S\$27.6 million will be recognised for the six months ending 31 March 2017 and approximately S\$66.1 million for the year ending 31 March 2018 or thereafter; and (iii) our Executive Directors consider that our gross profit margin is sustainable given our competitive strengths as discussed above as well as the current operating environment as of the Latest Practicable Date, our Executive Directors are of the view that our valuation is justifiable.

Having considered all of the above, our Executive Directors decided to apply for a listing in Hong Kong instead of Singapore.

NO LISTING APPLICATION MADE IN SINGAPORE

Our Executive Directors confirmed that we have not applied for listing in Singapore, and to the best of their knowledge and belief, there would have been no impediments to our listing application if we were to apply for listing in Singapore.

BUSINESS

OVERVIEW

We are a contractor in Singapore and we mainly (i) provide integrated building services, with a focus on maintenance and installations of mechanical and electrical (M&E) systems, and including minor repairs and improvement works; and (ii) undertake building and construction works in Singapore. We have more than ten years of experience in the provision of maintenance services for various building systems in Singapore.

The following table sets forth a breakdown of our revenue during the Track Record Period:

	For the year ended 31 March						For the six months ended 30 September			
	2014		2015		2016		2015		2016	
	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%	S\$ million	%
	(unaudited)									
Revenue derived from:										
(i) Integrated building services contracts awarded by:										
– Singapore Government agencies	20.8	59.8	23.4	66.9	24.1	59.5	8.4	47.4	13.2	70.2
– Private customers	7.0	20.1	4.0	11.4	6.0	14.8	2.6	14.7	5.2	27.7
	<u>27.8</u>	<u>79.9</u>	<u>27.4</u>	<u>78.3</u>	<u>30.1</u>	<u>74.3</u>	<u>11.0</u>	<u>62.1</u>	<u>18.4</u>	<u>97.9</u>
(ii) Building and construction works contracts awarded by:										
– Singapore Government agencies	5.5	15.8	6.4	18.3	10.4	25.7	6.7	37.9	0.1	0.5
– Private customers	1.5	4.3	1.2	3.4	Negligible	Negligible	–	–	0.3	1.6
	<u>7.0</u>	<u>20.1</u>	<u>7.6</u>	<u>21.7</u>	<u>10.4</u>	<u>25.7</u>	<u>6.7</u>	<u>37.9</u>	<u>0.4</u>	<u>2.1</u>
Total	<u>34.8</u>	<u>100.0</u>	<u>35.0</u>	<u>100.0</u>	<u>40.5</u>	<u>100.0</u>	<u>17.7</u>	<u>100.0</u>	<u>18.8</u>	<u>100.0</u>

Over the years, under the leadership of Mr. Chua, our founder and an Executive Director, and Mr. Joe Lim, an Executive Director, our Group has grown to a staff strength of over 310 employees, with capabilities to manage complex projects of maintenance and installations of building systems.

OUR SERVICES

Integrated building services

Our principal activity is the provision of integrated building services, the scope of which includes maintenance and installation of various building systems for both public and private sector projects in Singapore, and also includes minor repairs and improvement works. Maintenance services are repairs and servicing (including preventive and scheduled maintenance as well as breakdown maintenance) to ensure proper functioning of the existing building systems, including but not limited to (i) electrical systems, such as lightning protection and warning systems, light systems, power supply and cabling systems, and fire protection and alarm systems; (ii) mechanical systems, such as air-conditioning systems, mechanical ventilation systems, plumbing and sanitary systems, and automatic gates and doors systems; (iii) domestic systems, such as central antenna television systems; and (iv) specialist systems, such as lift systems, security systems and communication systems. Installation services are applicable whereby significant changes need to be made to the existing systems, or for new buildings. Minor repairs services refer to handyman services for wear and tear on fixtures and fitting. Improvement works refer to services performed complementary to installations and/or replacements of the building systems, as such installations and replacements may affect the surrounding fixtures and fittings.

A typical integrated building services contract has a specified contract period of one to four years, during which our Group may be required to perform a range of different services in respect of different building systems at a specified building or at various premises. In some contracts, the contract value and the scope of work are fixed, while in other contracts, there is no fixed or committed contract value and the actual amount and nature of works required to be performed by our Group are subject to the customer's work orders from time to time during the contract period, which are charged according to a pre-agreed schedule of rates. We are generally able to derive recurrent revenue from an integrated building services contract during the contract period as preventive and scheduled maintenance services are normally required on a regular basis.

In our integrated building services projects, we may from time to time engage subcontractors to perform or assist us in performing certain works, such as when the carrying out of such works and services require specialist licences, skills and/or machinery and equipment, or at times when we have limited available capacity of our own labour resources having regard to our workload from time to time. During the Track Record Period, in respect of our integrated building services, we engaged subcontractors mainly for plumbing and sanitary works, electrical works, air conditioning works, and minor repairs and improvement works (such as carpentry works).

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For the majority of our projects, our services may cover more than one building systems, such as:

(1) *Electrical systems*

We design, install and maintain the electricity distribution systems for buildings. This includes the supply, installation, testing, commissioning and maintenance of high-tension and low-tension electrical systems as well as internal and external power supply systems. We also install devices such as switchboard or distribution boards, low-tension power cables and control cables, earthing systems, and ancillaries such as power sockets, light fittings and indoor and outdoor lights.

We also provide repairs, replacements and servicing works to existing electrical systems in buildings. These include lightning protection systems, lightning warning systems, internal power supply and distribution systems, internal and external light fittings, emergency power supply systems and fire protection and alarm systems.

(2) *Mechanical systems*

Mechanical systems comprise air-conditioning systems, mechanical ventilation systems, plumbing and sanitary systems, extraction systems, water tanks and pumping systems, and automatic gates and doors systems.

One key mechanical system in our integrated building services is the air-conditioning system. Depending on the size and nature of the building, we supply, install and maintain a range of air-conditioning systems such as air cooled split systems, VRV/VRF systems, water cooled package systems and water/air cooled chiller systems. Typically, air cooled split systems and VRV/VRF systems are used for smaller buildings such as schools and factories, whereas water cooled package systems and water/air cooled chiller systems are used for larger buildings such as hotels and shopping malls. In addition, we also undertake piping works for the refrigerant and chilled water supply, as well as other related systems such as condenser water supply, cooling towers, chillers, pumps and air handling units or fan coil units.

(3) *Domestic systems*

We provide maintenance and installation services for domestic systems such as central antenna television systems, school chime systems, and fume cupboard exhaust systems for schools.

(4) *Specialist systems*

We provide maintenance and installation services for specialist systems, which comprise transportation systems such as lift systems, communication systems such as public address systems, intercom systems, and sound reinforcement systems, security systems such as burglar and security alarms, closed-circuit television systems, and card or password access systems, and other specialist systems such as programmable logic controller systems.

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Building and construction works

For building and construction works, the scope of works varies depending on the contract, which can be broadly classified into (i) interior works; and (ii) works affecting building systems or components such as structural steel works, additions of lifts and reinforcement works. We have undertaken building and construction works for industrial buildings, educational institutions and Singapore Government buildings. In our building and construction projects, we typically subcontract out the majority of the site works to subcontractors, and our role is mainly to focus on project management and to ensure that the works are performed by our subcontractors properly and on a timely basis in accordance with the contract specifications and customers' requirements. As our primary business focus is the provision of integrated building services, the building and construction projects that we have completed during the Track Record Period are mainly of contract value of below S\$2 million.

In a typical building and construction works contract undertaken by us, there are generally a fixed scope of works to be performed and an agreed contract sum for performing such works. However, in some building and construction contracts, there is no fixed or committed total contract value, and the works to be performed by our Group are subject to the customer's work orders during the contract period, which are charged according to a pre-agreed schedule of rates.

COMPETITIVE STRENGTHS

Our established track record and experienced management team have enabled us to build a presence in the industry over the past ten years, under the leadership of our founder, Mr. Chua, and our Executive Director Mr. Joe Lim. We believe that our competitive strengths are as follows:

We have a solid track record of providing integrated building services for Singapore Government agencies, with a focus on the installation and maintenance of M&E systems

We first acted as a main contractor for an integrated building services contract with a Singapore Government agency in February 2008. In June 2009, we obtained the first contract as a main contractor for M&E maintenance services for educational institutions in Singapore, awarded directly by a Singapore Government ministry. Since then, we were awarded more than 20 contracts as a main contractor for integrated building services directly from various Singapore Government agencies.

This track record puts us in a competitive advantage position because:

- (i) one of the key evaluation criteria by Singapore Government agencies is the track record with the agency that awards the tender or with other Singapore Government agencies in respect of projects of similar nature and complexity;

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- (ii) a proven quality and safety track record will be evaluated favourably; contractors are graded by Singapore Government agencies on their performance levels and having undertaken our projects timely and reliably added to our track record;
- (iii) our track record allows us to gain an in-depth understanding of the type of integrated building systems in different buildings and establishments under the purview of different Singapore Government agencies, which allows us to tender competitively; by nature, there is high complexity involved in the provision of integrated building services as it not only involves many different building systems but also requires an understanding of the specifications and details associated with each system, the communication protocol to adopt, the maintenance schedule required and the administrative forms and checklists to fill for different Singapore Government establishments. Being experienced with Singapore Government agency contracts means that we are able to price competitively and profitably, and present a proposal to the Singapore Government agencies that meet their objectives; and
- (iv) our track record also allows us to gain an understanding of the service level standards required by different Singapore Government agencies, which in turn allows us to perform our services to meet the customers' expectations and which further adds to our strong track record.

We have an experienced and dedicated management team led by our Executive Directors and supported by an experienced supervisory team

Our founder and Executive Director, Mr. Chua, started our business in 2005 and prior to that, he had accumulated more than nine years of experience in the integrated building services industry in Singapore managing M&E projects. Our Executive Director, Mr. Joe Lim, has been with our Group since August 2006. Our Executive Directors are supported by our assistant general manager, Mr. Chio Keng Hiang, who has over 13 years of relevant experience and who heads our term contract department. They are also supported by our project and safety director, Mr. Ng Chang Soon, who has over 12 years of relevant experience and who heads our project department. For further information regarding their background and experience, please refer to the section headed "Directors and senior management" in this prospectus. In addition, we have an experienced supervisory team comprising project managers and project engineers. Having an experienced management team is important to our business and enables us to (i) be aware of our competitive and market landscape; (ii) design our work program and mobilisation plan effectively; (iii) manage our projects efficiently; and (iv) build on the experiences we had with our customers, suppliers and subcontractors.

We have consistently delivered reliable and timely services to our customers, both attributes being important to ensure that the building systems are properly functioning with minimal downtime

As we are principally engaged in the provision of integrated building services, including maintenance, replacements and installation works, reliability and timeliness of our services are important to ensure minimal downtime. We have qualifications such as OHSAS

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18001:2007, ISO 14001:2004, ISO 9001:2008 and bizSafe Star which indicate that we have systems and procedures in place to deliver our services reliably. We are also graded by certain Singapore Government agencies for our performance level. For instance, we have received evaluation as having provided excellent quality and service by many educational institutions during the Track Record Period.

Our timely service delivery is also in part due to the strength and competencies of our workforce. We have engineering teams that are skilled in electrical works, mechanical works, and plumbing and sanitary works, which enable us to assist our customers promptly in instances of breakdown. With in-house capabilities, we are also able to monitor our subcontractors more effectively and understand the requirements and costs associated with a particular contract.

How our competitive strengths helped us to compete for contracts from Singapore Government agencies

Approximately 75.6%, 85.2%, 85.2% and 70.7% of our total revenue for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 was generated from contracts awarded by Singapore Government agencies. In particular, approximately 59.8%, 66.9%, 59.5% and 70.2% of our total revenue for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 was generated from integrated building services contracts awarded by Singapore Government agencies.

All public sector's invitations for quotation and tender are posted on GeBIZ, the Singapore Government's one-stop e-procurement portal, and contracts from Singapore Government agencies are normally awarded through open tendering processes. In the tender documents posted by the Singapore Government agencies, the respective Singapore Government agency includes its own evaluation criteria. The evaluation criteria mainly include the tender price and the track record/quality attributes of the tenderer. Different Singapore Government agency conducts its own evaluation based on the tender price and the track record/quality attributes of the tenderer. The track record/quality attributes criterion includes, among others, (i) the quality of works of past projects; (ii) prompt completion of past projects; (iii) whether past projects are of similar nature, complexity and scale; (iv) safety track record and the commitment to workplace safety; and (v) financial standing of the tenderer. In relation to the tenders that have been submitted by us during the Track Record Period, the weightage placed on the track record/quality attributes ranged from 20% to 40% according to the relevant documents provided by the Singapore Government agencies in relation to the tenders.

Based on the abovementioned mechanism in relation to the tender bidding process, our Executive Directors consider that we do not need to submit a tender with the lowest tender price in order to win a contract. Our Executive Directors consider that (i) our solid track record in providing integrated building services for Singapore Government agencies; (ii) our experienced and dedicated management team; and (iii) our timely and reliable services delivery to our customers, which are discussed in detail under the paragraph headed "Competitive strengths" above, help us to compete favourably for contracts from the Singapore Government agencies.

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How our competitive strengths helped us to achieve our gross profit margin

Our gross profit margin was approximately 26.2%, 32.3% and 34.0% for each of the three years ended 31 March 2016 respectively. As mentioned above, different Singapore Government agency conducts its own evaluation based on the tender price and the track record/quality attributes of the tenderer. For those tenders that have been submitted by us during the Track Record Period, the weightage placed on the track record/quality attributes ranged from 20% to 40%. According to the information provided by some of our customers, during the Track Record Period, we have secured projects when we were not the tenderer with the lowest tender price. For instance, for the five contracts awarded by Customer A to us in July 2015 which are the five largest projects of our projects on hand in terms of the revenue recognised and the revenue to be recognised during the contract period, there were 19 competing tenders and we were awarded the contracts despite our pricing being ranked eighth to eleventh lowest. Therefore, our Directors consider that our proven track record and competitive strengths mentioned above are essential for us to achieve our gross profit margin as we do not need to submit our tender with the lowest pricing in order to secure contracts.

Furthermore, our Executive Directors consider that our experienced and dedicated management team and supervisory team also helped us to achieve our gross profit margin as they enable us to (i) be aware of the competitive and market landscape; (ii) design efficient work program and mobilisation plan and thereby managing our project costs effectively; (iii) manage our projects efficiently and effectively; and (iv) have a better relationship with our customers, suppliers and subcontractors.

In addition, our Directors also consider that the relatively less competitive environment in the integrated building services industry in Singapore is also one of the factors for us to achieve our gross profit margin. According to the website of the Building and Construction Authority, as at the Latest Practicable Date, there were only 57 contractors in Singapore registered under the workhead ME15 (Integrated Building Services) in the Contractors Registration System with a “L6” grade and there were an aggregate of 93 contractors registered under the workhead ME15 of any grades. We mainly compete with these contractors for integrated building services contracts from Singapore Government agencies. In comparison, the total number of contractors registered under the workhead CW01 (General Building) was 1,889 as at the Latest Practicable Date according to the website of the Building and Construction Authority.

For the reasons for the increase in our gross profit margin during the Track Record Period, please refer to the section headed “Financial information – Period to period comparison of results of operations” in this prospectus.

BUSINESS STRATEGIES

We intend to focus on the development of our integrated building services business and our primary business objective is to further strengthen our market position as an established contractor for providing integrated building services in Singapore. We intend to achieve our business objective by pursuing the following key business strategies:

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1. Expanding our scale of operation and undertaking more integrated building services projects in Singapore

We intend to expand our scale of operation through actively seeking opportunities in undertaking additional integrated building services projects, from both our existing customers and potential new customers, on top of our present scale of operation and our current projects on hand. Potential new customers include Singapore Government agencies that we have not worked extensively with before as well as customers in the private sector.

Having considered (i) our business growth during the Track Record Period; (ii) our competitive strengths mentioned above; and (iii) the sustained and expected increase in demand in the integrated building services industry in Singapore as stated in the Ipsos Report, our Executive Directors believe that our Group can undertake additional integrated building services projects on top of our present scale of operation and our current projects on hand if we are to continue to increase our available resources.

As at the Latest Practicable Date, we had a total of 34 integrated building services projects on hand (see “Business – Projects on hand” below). Having taken into account our current projects on hand and our current available manpower and other resources, our Executive Directors consider that in order for us to undertake additional integrated building services projects, various investments in our manpower and plant and equipment will be necessary, as detailed in the section headed “Future plans and use of proceeds” in this prospectus. In relation to our investment in plant and equipment under our future plans, we intended to purchase 2 boom lifts and 15 motor vehicles. During the three years ended 31 March 2016, we purchased 2 boom lifts and 36 motor vehicles in aggregate. Boom lift is needed for our workers when working at height (typically when works are required for a building’s exterior and when the boom lifts offer better access to the work area at higher levels). Please refer to the paragraph headed “Machinery and equipment” for further details.

In our integrated building services projects, we may from time to time engage subcontractors to perform or assist us in performing certain works, such as when we have limited available capacity of our own labour resources having regard to our workload from time to time or when the carrying out of such works and services require specialist licences, skills and/or machinery and equipment. For each of the three years ended 31 March 2016 and the six months ended 30 September 2016, the subcontracting charges incurred by us amounted to approximately S\$12.6 million, S\$14.8 million, S\$17.2 million and S\$5.4 million respectively, representing approximately 49.0%, 62.6%, 64.3% and 46.9% of our total costs of services for the respective periods. Our Executive Directors are of the view that our internal manpower alone is not sufficient for our Group to cope with our business growth or to undertake additional projects, as evidenced by the amount and the increasing trend of subcontracting charges incurred by us.

During the year ended 31 March 2016, we became aware of and evaluated 81 open tenders for integrated building services contracts. However, having regard to our available manpower and other resources, our Group submitted only 21 open tenders and decided not to submit tenders for the remaining tender opportunities. Our Executive Directors consider that if we increase our available resources by making investments in our manpower and plant and equipment as detailed in the section headed “Future plans and use of proceeds” in

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this prospectus, our Group will have the capacity to submit more tenders. Having considered our past tender success rate, proven track record and competitive strengths, our Executive Directors believe that if we have sufficient resources to submit more tenders, we will be able to obtain and undertake more projects.

2. Expanding our in-house capabilities and reducing the use of subcontractors in relation to plumbing and sanitary works, electrical works, and air-conditioning works

Our Executive Directors consider that holding all else the same, reducing the use of subcontractors in our integrated building services business would generally enable us to reduce our costs and increase our competitiveness in the market (for example, by being able to offer more competitive pricing to our customers), as a profit markup is generally factored in the fees charged by subcontractors.

In order to reduce our costs and increase our competitiveness in the market, we intend to expand and strengthen our in-house capabilities in relation to (a) plumbing and sanitary works; (b) electrical works and (c) air-conditioning works. During the Track Record Period and up to the Latest Practicable Date, we had our existing in-house manpower and capabilities for carrying out such works, but we may require subcontractors' support at times when some of the works require specialised skills and/or machinery and equipment, or when we have limited available capacity of our own labour resources having regard to our workload from time to time.

The subcontracting charges incurred by us in relation to the subcontracting of plumbing and sanitary works, electrical works, and air-conditioning works amounted to approximately S\$3.9 million, S\$5.5 million, S\$5.7 million and S\$3.0 million for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 respectively.

Our Executive Directors consider that it is presently the right timing for us to expand and strengthen our in-house capabilities and reduce the use of subcontractors in relation to the aforesaid works, because our integrated building services business has, in the opinion of our Executive Directors, grown to a scale that justifies the implementation of such business strategy. This is because our Executive Directors consider that when a contractor's scale of operation in respect of a type of work is not sufficiently large, engaging subcontractors to undertake some or all of that type of work may be more cost-effective than retaining the required workers under its direct employment. Retaining workers under a contractor's direct employment will lead to fixed costs (including salaries and other benefits) that will be incurred on a recurring basis regardless of the contractor's business volume and number of projects on hand from time to time, while engaging subcontractors will lead to fees that are charged only on a project-by-project basis. On the contrary, our Executive Directors consider that when a contractor's scale of operation and business volume in respect of a type of work is sufficiently large, retaining the required workers under its direct employment will be more cost-effective than engaging subcontractors on a project-by-project basis, as a profit markup is generally factored in the fees charged by subcontractors. Our Executive Directors consider that our Group's present scale of operation and business volume in respect of plumbing and sanitary works, electrical works, and air-conditioning works have grown to a scale that is sufficiently large (as evidenced by the amount and the increasing trend of subcontracting

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charges incurred by us in respect of such types of works as mentioned above) that would enable us to incur less cost if we recruit the required workers under our direct employment as opposed to engaging subcontractors on a project-by-project basis.

Our Executive Directors have also taken into account the industry drivers and the forecasted growth of the integrated building services industry in Singapore discussed in the Ipsos Report. Based on the above and given the positive industry outlook as discussed in the Ipsos Report, our Executive Directors consider that by further increasing our competitiveness in the market (for example, by being able to offer more competitive pricing to our customers) through the expansion of our in-house team and the reduction in the use of subcontractors, we will be able to improve our revenue and profitability and capture the market growth going forward.

In order to expand and strengthen our in-house capabilities in relation to the aforesaid works, our Executive Directors consider that various investments in our manpower and plant and equipment will be necessary, as detailed in the section headed “Future plans and use of proceeds” in this prospectus.

Funding needs for implementing our business strategies

(i) Our current available cash resources

As at 30 September 2016, our bank balances and cash amounted to approximately S\$8.2 million (which already included cash generated from our operating activities up to 30 September 2016), as set out in the section headed “Financial information – Liquidity and capital resources – Net current assets” in this prospectus.

As at 30 September 2016, we had reserved a sum of approximately S\$1.1 million for tax payments to be settled by the end of the year ending 31 March 2017. Having considered the aforesaid and without taking into account other transactions that took place after 30 September 2016, our current available cash resources is approximately S\$7.1 million.

From a prudent financial management perspective, our Executive Directors consider that our Group should always maintain a sufficient amount of immediately available cash resources for meeting our liquidity needs in case of any unforeseen circumstances.

For instance, as at 30 September 2016, we have current liabilities (excluding our income tax payable) of approximately S\$6.1 million, including in particular trade and other payables of approximately S\$5.8 million. There can be no assurance that we will receive payments from our customers before we are required to settle our suppliers’ invoices and our other current liabilities. Therefore, our Executive Directors consider that it is financially prudent for us to maintain immediately available cash that is not materially different from, or preferably greater than, our current liabilities at any point in time.

Also, we have a mortgage loan with outstanding loan amount of approximately S\$3.5 million as at 30 September 2016. It is one of the terms and conditions under our mortgage loan that the total outstanding loan amount shall not at any time exceed 60% of the market value of the mortgaged property, otherwise we will have to top up by providing additional

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collateral acceptable to the bank or to reduce the outstanding loan amount within such period as the bank may in its absolute discretion determine. Therefore, in case there is an unexpected significant drop in the market value of our mortgaged property, we may be required by the bank to reduce our outstanding loan amount by making repayments on short notice.

Furthermore, other risks set out in the section headed “Risk factors” in this prospectus may also lead to increased liquidity needs and/or needs for the use of immediately available cash, such as customers’ defaults on payments, unsatisfactory performance of subcontractors, litigation and claims etc.

Having considered all of the above, in particular, our current financial position and scale of operation, our Executive Directors consider that if we pursue our business strategies by fully utilising our current available cash resources without raising additional funding, it could lead to a significantly higher liquidity risk in case of any unforeseen circumstances. Therefore, our Executive Directors consider that it is in the interest of our Company to retain our current available cash resources of approximately S\$7.1 million in the form of cash to meet our liquidity needs in case of any unforeseen circumstances.

(ii) Cash flows from our operating activities

For the three years ended 31 March 2016 and the six months ended 30 September 2016, our operating cash flow before movement in working capital amounted to approximately S\$4.1 million, S\$6.0 million and S\$7.6 million and S\$3.3 million respectively. Our current available financial resources discussed above have already included, among other things, cash flows generated from our operating activities in the past.

Future cash flows to be generated from our operating activities are not immediately available for the implementation of our business strategies. In addition, our Executive Directors consider that there is no guarantee that future cash flows from our operating activities, once generated, can be immediately available for our expansion plans due to factors such as the need to maintain a higher level of available cash resources to be in line with our scale of operation, payments of dividends (if any), and funding needed for further expansion upon the successful implementation of our business strategies.

Therefore, our Executive Directors consider that if we only rely on future cash flows from our operating activities for financing our business strategies, there will be uncertainties in relation to (i) the timing of the generation of sufficient cash from our operation for our expansion plans; (ii) the need to constantly adjust our expansion plans in view of the amount of cash to be generated from our operation; (iii) the timing of the implementation of our business strategies; and (iv) the timing of capturing the growth opportunities in the integrated building services industry as stated in the Ipsos Report. Our Executive Directors consider that it is not in the best interest of our Company to be exposed to the abovementioned uncertainties.

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(iii) Use of proceeds from the Share Offer

Having considered all of the above, our Executive Directors are of the view that our Group needs to raise additional funding to facilitate the successful implementation of our business strategies. Therefore, our Executive Directors consider that pursuing the Listing is in the interest of our Company.

It is the current intention of our Executive Directors to apply the net proceeds from the Share Offer to be received by our Company (estimated to be approximately HK\$84.4 million based on an Offer Price of HK\$0.60 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.50 to HK\$0.70) for the implementation of the business strategies mentioned above. For further information, please refer to the section headed “Future plans and use of proceeds” in this prospectus.

How the proposed use of proceeds from the Share Offer can help our Group obtain more projects

As mentioned above, during the year ended 31 March 2016, we became aware of and evaluated 81 open tenders for integrated building services contracts. However, having regard to our available manpower and other resources, our Group submitted only 21 open tenders and decided not to submit tenders for the remaining tender opportunities. As such, our Executive Directors consider that if we increase our available resources by making investments in our manpower and plant and equipment as detailed in the section headed “Future plans and use of proceeds” in this prospectus, our Group will have the capacity to submit more tenders in the future.

Having considered (i) the number of available open tenders for integrated building services; (ii) our past tender success rate; (iii) the sustained and expected increase in demand in the integrated building services industry in Singapore as stated in the Ipsos Report; (iv) our competitive strengths; and (v) our proven track record, our Executive Directors believe that if we have additional capacity to submit more tenders, we will be able to obtain and undertake more projects in the future.

Our Group presently intends to pursue tender opportunities published on GeBIZ for the implementation of our business strategies. Due to reasons discussed above, our Directors are confident that if additional funding from the Share Offer is available to our Group, we will, over the four years ending 31 March 2020, be able to gradually increase our scale of operation and to undertake additional integrated buildings services contracts on top of our current projects on hand with an aggregate contract sum of approximately S\$35 million to S\$40 million (assuming a contract period of approximately 2 to 4 years).

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The following is the detailed implementation plan of our Group for expanding our scale of operation and undertaking more integrated building services projects in Singapore:

Timing	Approximate amount	Nature
By the end of the financial year ending 31 March 2018	HK\$7.8 million	Staff costs for recruiting and retaining additional 2 project managers, 4 engineers and approximately 25 site workers, taking into account potential increase in wage level Additional costs for staff accommodation and training for the additional staff
	HK\$3.9 million	Addition of plant and equipment, including 1 boom lift and 4 motor vehicles
By the end of the financial year ending 31 March 2019	HK\$13.1 million	Staff costs for retaining the aforesaid additional staff, taking into account the potential increase in wage level Staff costs for recruiting and retaining additional 1 project manager, 2 engineers and approximately 25 site workers Additional costs for staff accommodation and training for the additional staff
	HK\$4.9 million	Addition of plant and equipment, including 1 boom lift and 6 motor vehicles
	HK\$19.1 million	Staff costs for retaining the aforesaid additional staff, taking into account the potential increase in wage level Staff costs for recruiting and retaining additional 1 project manager, 2 engineers and approximately 25 site workers Additional costs for staff accommodation and training for the additional staff
By the end of the financial year ending 31 March 2020	HK\$19.1 million	Staff costs for retaining the aforesaid additional staff, taking into account the potential increase in wage level Staff costs for recruiting and retaining additional 1 project manager, 2 engineers and approximately 25 site workers Additional costs for staff accommodation and training for the additional staff

MAIN LICENCES AND REGISTRATIONS

Our Group holds a number of licences and registrations which enable us to carry on our businesses. In particular, we are registered under the workhead ME15 (Integrated Building Services) in the Contractors Registration System with a “L6” grade, which allows us to tender for integrated building services projects in the public sector in Singapore of unlimited values, and we also hold a GB1 Licence granted under the Builders Licensing Scheme, which allows us to undertake general building contracts of any value in Singapore. For further details of our licences and registrations, please refer to the section headed “Regulatory overview – Licensing regime for contractors in Singapore” in this prospectus.

Our Executive Directors are of the view that our existing registrations under the Contractors Registration System and our existing GB Licences under the Builders Licensing Scheme are adequate for our business needs. Our Directors confirm that our Group has obtained all necessary licences and registrations which are required to carry on our principal business activities in Singapore as at the Latest Practicable Date.

Requirements for maintaining our licences and registrations

Our ability to maintain our registrations under the Contractors Registration System and our GB Licences under the Builders Licensing Scheme are crucial to our business operation. Please refer to the section headed “Risk factors – Failure to renew or any suspension or cancellation of any of our existing licences and registrations could materially affect our operations and financial performance” in this prospectus for further information.

There are certain financial, personnel, track record, certification and other requirements that we have to comply with in order to maintain such licences and registrations, which are set forth in detail in the section headed “Regulatory overview – Licensing regime for contractors in Singapore” in this prospectus.

Personnel requirements

One of such requirements is in relation to the employment of management and technical personnel, which are set forth in detail in the section headed “Regulatory overview – Licensing regime for contractors in Singapore” in this prospectus.

Our Executive Directors confirm that during the Track Record Period and up to the Latest Practicable Date, all such personnel requirements were fully complied with and were satisfied by our employment of the following management and technical personnel: (i) Mr. Joe Lim, an Executive Director; (ii) Mr. Chio Keng Hiang, our assistant general manager and a member of our senior management; (iii) Mr. Lee Boon Geng, one of our project engineers; (iv) Mr. Bay Suay Yang, one of our project engineers and licensed electricians; and (v) Mr. Tan Chee Thiam, one of our licensed electricians.

Having considered our employment of the aforesaid management and technical personnel which satisfies the relevant personnel requirements as well as the fact that our Group has, as at the Latest Practicable Date, a number of other additional employees who are qualified to take up the relevant roles for fulfilling the personnel requirements in case

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any replacement is required, our Executive Directors are of the view that our Group is not placing any undue reliance on any particular employee for fulfilling the relevant personnel requirements in relation to our GB Licences under the Builders Licensing Scheme and our registrations under the Contractors Registration System.

Certification requirements

Another relevant requirement is in relation to the possessing of certain certifications with respect to quality control, workplace safety and health, and environmental protection. We have obtained such required certifications throughout the Track Record Period and up to the Latest Practicable Date, as set forth in the following table:

Relevant authority/ organisation	Relevant list/category	Qualification/Licence/ Grading	Obtained by	Date of first grant/ registration	Date of expiry
An independent certification body accredited by the Singapore Accreditation Council	Quality management system for the provision of general building construction and installation and maintenance of mechanical and electrical services	ISO 9001:2008	SH Integrated	6 November 2008	5 November 2017
			DRC Engineering	13 November 2013	15 September 2018
An independent certification body accredited by the Singapore Accreditation Council	Occupational health & safety management system for the provision of general building construction and installation and maintenance of mechanical and electrical services	OHSAS 18001:2007	SH Integrated	30 March 2010	29 March 2019
			DRC Engineering	9 January 2015	8 January 2018
An independent certification body accredited by the Singapore Accreditation Council	Environmental management system for the provision of general building construction and installation and maintenance of mechanical and electrical services	ISO 14001:2004	SH Integrated	21 June 2013	14 June 2017
Workplace Safety and Health Council of Singapore	bizSAFE	bizSAFE Star	SH Integrated	27 October 2010	29 March 2019
			DRC Engineering	23 February 2015	8 January 2018
Building and Construction Authority	Environmental protection and gracious practices during construction phase of projects	Green and Gracious Builder Scheme	SH Integrated	28 January 2016	27 January 2019

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PROJECTS UNDERTAKEN DURING THE TRACK RECORD PERIOD

(i) Integrated building services projects

The following table sets forth details of the top 10 integrated building services contracts from which we derived the highest amount of revenue over the Track Record Period:

Customer	Principal scope of work	Contract value	Duration ⁽³⁾	Revenue recognised				Track Record Period	
				For the year ended 31 March			For the six months ended 30 September 2016		
				2014	2015	2016			
		<i>S\$ million</i>		<i>S\$ million</i>					
1	Customer A ⁽¹⁾ (a Singapore Government ministry)	Maintenance of M&E systems for certain schools	See note ⁽²⁾	July 2009 to June 2015	4.8	4.5	3.5	–	12.8
2	Customer A ⁽¹⁾ (a Singapore Government ministry)	Maintenance of M&E systems for certain schools	See note ⁽²⁾	July 2009 to June 2015	4.1	6.0	2.0	–	12.1
3	Customer A ⁽¹⁾ (a Singapore Government ministry)	Maintenance of M&E systems for certain schools	See note ⁽²⁾	July 2009 to June 2015	4.9	4.4	2.2	–	11.5
4	Customer A ⁽¹⁾ (a Singapore Government ministry)	Maintenance of M&E systems for certain schools	See note ⁽²⁾	July 2009 to June 2015	3.0	4.3	2.1	–	9.4
5	Customer D ⁽¹⁾ (a Singapore Government statutory board)	Maintenance and upgrading works of M&E services in certain parks, gardens and other facilities	6.4	December 2014 to December 2017	–	1.3	3.2	1.3	5.8
6	Customer C ⁽¹⁾ (a private co-operative)	Integrated building services for certain retail supermarkets and convenience stores of the customer	See note ⁽²⁾	May 2013 to April 2016	1.5	1.6	1.4	1.0	5.5
7	Customer A ⁽¹⁾ (a Singapore Government ministry)	Maintenance of M&E systems for certain schools	See note ⁽²⁾	July 2015 to June 2019	–	–	1.8	2.5	4.3
8	Customer D ⁽¹⁾ (a Singapore Government statutory board)	Maintenance and upgrading works of M&E services in certain parks, gardens and other facilities	3.8	October 2013 to December 2014	2.1	1.7	Negligible	–	3.8
9	Customer A ⁽¹⁾ (a Singapore Government ministry)	Maintenance of M&E systems for certain school	See note ⁽²⁾	July 2015 to June 2019	–	–	2.0	1.3	3.3
10	Customer I (a private general construction contractor in Singapore)	Building maintenance, general repairs and redecoration works for certain schools	3.0	September 2014 to August 2018	–	0.3	1.3	1.5	3.1

Notes:

- (1) As referred to in the section headed “Business – Customers – Top customers” below.
- (2) The contract is not subject to any fixed or committed total contract value. The actual amount and nature of services required to be performed by our Group under the contract are subject to the customer’s work orders from time to time during the contract period.
- (3) Where applicable, the duration shown in the above table includes renewals and/or extensions approved by customers.

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The following table sets out the movement of the number of integrated building services projects with revenue contribution to us and those that have been awarded to us but not yet commenced during the Track Record Period, with breakdown of new projects awarded to us during the year/period and projects completed during the year/period:

	For the year ended 31 March			For the six months ended 30 September
	2014	2015	2016	2016
Projects brought forward from prior year(s)	9	14	13	22
Number of new projects awarded to us during the year/period	6	2	15	13
Number of projects completed during the year/period	<u>1</u>	<u>3</u>	<u>6</u>	<u>1</u>
Projects carried forward to next year/period	<u><u>14</u></u>	<u><u>13</u></u>	<u><u>22</u></u>	<u><u>34</u></u>

(ii) Building and construction works projects

The following table sets forth details of the top 10 building and construction works contracts from which we derived the highest amount of revenue over the Track Record Period:

	Customer	Principal scope of work	Contract value	Duration ⁽³⁾	Revenue recognised				Track Record Period
					For the year ended 31 March		For the six months ended 30 September	2016	
					2014	2015	2016		2016
			<i>S\$ million</i>		<i>S\$ million</i>				
1	Customer G ⁽¹⁾ (a Singapore Government authority)	Painting and signage works as well as addition and alteration works at certain Singapore Government facilities	4.4	February 2015 to January 2016	-	-	4.4	-	4.4
2	Customer B ⁽¹⁾ (a Singapore Government statutory board)	Addition and alteration works at a certain facility	4.6	March 2012 to January 2016	3.1	-	0.1	-	3.2
3	Customer B ⁽¹⁾ (a Singapore Government statutory board)	Addition and alteration works at a certain facility	3.2	September 2013 to January 2016	0.7	2.2	0.2	Negligible	3.1
4	Customer F ⁽¹⁾ (a Singapore Government ministry)	Erection of a 2-storey permanent building	3.0	February 2015 to October 2015	-	-	3.0	Negligible	3.0
5	A private construction contractor	Building and construction of a regional hub facility	1.5	April 2013 to December 2014	0.3	1.1	-	-	1.4
6	Customer F ⁽¹⁾ (a Singapore Government ministry)	Addition and alteration works at a certain facility	See note ⁽²⁾	February 2014 to July 2014	Negligible	0.9	-	-	0.9
7	Customer F ⁽¹⁾ (a Singapore Government ministry)	Conversion of certain facility to office	See note ⁽²⁾	February 2014 to July 2014	0.2	0.5	-	-	0.7

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Customer	Principal scope of work	Contract value	Duration ⁽³⁾	Revenue recognised				Track Record Period	
				For the year ended 31 March			For the six months ended 30 September 2016		
				2014	2015	2016			
		<i>S\$ million</i>	<i>S\$ million</i>						
8	A Singapore Government ministry	Addition and alteration works involving the erection of a new 3-storey annexed building	1.0	October 2013 to May 2014	0.7	0.3	-	-	1.0
9	A private customer	Construction of a 2-storey building	0.8	August 2012 to April 2014	0.6	0.1	-	-	0.7
10	A Singapore Government ministry	Renovation works at a certain facility	0.7	July 2013 to December 2013	0.7	-	-	-	0.7

Notes:

- (1) As referred to in the section headed “Business – Customers – Top customers” below.
- (2) The contract is not subject to any fixed or committed total contract value. Works are subject to the customer’s work orders during the contract period, which are charged according to a pre-agreed schedule of rates. The contract value includes additional works or variation orders (where applicable) for building and construction contracts.
- (3) Where applicable, the duration shown in the above table includes extensions approved by customers, ending upon the finalisation of accounts.

The following table sets out the movement of the number of building and construction works projects with revenue contribution to us and those that have been awarded to us but not yet commenced during the Track Record Period, with breakdown of new projects awarded to us during the year/period and projects completed during the year/period:

	For the year ended 31 March			For the six months ended 30 September 2016
	2014	2015	2016	2016
Projects brought forward from prior year(s)	3	8	6	2
Number of new projects awarded to us during the year/period	8	10	9	1
Number of projects completed during the year/period	<u>3</u>	<u>12</u>	<u>13</u>	<u>-</u>
Projects carried forward to next year/period	<u>8</u>	<u>6</u>	<u>2</u>	<u>3</u>

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Customer	Principal scope of work	Contract value	Duration	Revenue recognised					Revenue expected to be recognised		
				For the year ended 31 March		For the six months ended 30 September 2016	Track Record Period	For the six months ending 31 March 2017	For the year ending 31 March 2018 or thereafter		
				2014	2015					2016	
		<i>S\$ million</i>				<i>S\$ million</i>			<i>S\$ million</i>		
9	Customer J ⁽¹⁾ (a Singapore Government statutory board)	Maintenance services of water facilities in a Singapore Government institutional building	2.2	February 2015 to May 2017	-	-	0.7	0.7	1.4	0.8	-
10	A trustee company of a Real Estate Investment Trust ("REIT") in Singapore	Electrical services at various REIT's properties	6.0	July 2015 to October 2017, with an option to extend to October 2021	-	-	0.7	0.4	1.1	0.5	4.4
11	A Singapore Government statutory board	Maintenance of M&E air conditioning, ventilation, plumbing, sanitary, fire protections and building management systems of a heritage building	0.7	April 2013 to March 2017	0.2	0.3	0.2	0.1	0.8	0.1	-
12	A legislative body of Singapore Government	Maintenance of building works and facilities of its building	0.9	June 2015 to May 2018	-	-	0.4	0.1	0.5	0.1	0.2
13	A Singapore Government statutory board	Maintenance and repair services of its establishments	See note ⁽²⁾	March 2016 to February 2018	-	-	-	0.2	0.2	0.5	1.3
14	A Singapore Government statutory board	Integrated building services for its building	1.0	March 2016 to March 2021	-	-	-	0.6	0.6	Negligible	0.4
15	Customer D ⁽¹⁾ (a Singapore Government statutory board)	Maintenance and upgrading works for park facilities in coastal parks	3.9	April 2016 to March 2019	-	-	-	0.5	0.5	1.3	2.1
16	A Singapore Government statutory board	Servicing, maintenance, repair/ replacement and enhancement works to existing M&E systems for an utility tunnel	1.2	April 2016 to April 2019	-	-	-	-	-	0.2	0.9
17	Customer B ⁽¹⁾ (a Singapore Government statutory board)	Maintenance of building, plumbing and sanitary works at a leadership institute	0.8	May 2016 to April 2018, with an option to extend to April 2019	-	-	-	0.1	0.1	0.1	0.6
18	Customer J (a Singapore Government statutory board)	Minor works and repairs to buildings and grounds at various installations of its facilities	3.0	June 2016 to May 2018	-	-	-	0.3	0.3	0.9	1.8
19	A private customer engaged in commercial real estate services	Provision of facilities management services for welfare homes	1.1	June 2016 to May 2018	-	-	-	0.2	0.2	0.3	0.6
20	Customer D ⁽¹⁾ (a Singapore Government statutory board)	M&E maintenance and upgrading works in parks and park connectors	6.0	June 2016 to June 2019	-	-	-	0.1	0.1	0.7	5.2
21	Customer B ⁽¹⁾ (a Singapore Government statutory board)	Upgrading and extension of residents' committee centres	2.0	June 2016 to June 2018	-	-	-	-	-	0.6	1.4
22	A Singapore Government statutory board	Improvement works to certain part of a multi-storey car park	See note ⁽²⁾	August 2016 to August 2018	-	-	-	-	-	0.8	3.1
23	A private customer engaged in supply chain management and logistics	Maintenance of air conditioning systems in the office building	See note ⁽²⁾	September 2016 to January 2026	-	-	-	-	-	Negligible	0.8
24	Customer D ⁽¹⁾ (a Singapore Government statutory board)	M&E maintenance and upgrading works in parks	8.8	December 2016 to December 2019	-	-	-	-	-	1.0	7.8
25	A private customer engaged in commercial real estate services	M&E services for community space	Negligible	April 2016 to March 2018	-	-	-	Negligible	Negligible	Negligible	Negligible
26	Related parties engaged in the operation of child care centers ⁽³⁾	Maintenance of M&E systems and installation services for childcare facilities	See note ⁽²⁾	July 2016 to June 2017	Negligible	0.1	Negligible	0.1	0.2	Negligible	Negligible

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Customer	Principal scope of work	Contract value	Duration	Revenue recognised			Revenue expected to be recognised			
				For the year ended 31 March		For the six months ended 30 September 2016	Track Record Period	For the six months ending 31 March 2017	For the year ending 31 March 2018 or thereafter	
				2014	2015					2016
		<i>S\$ million</i>		<i>S\$ million</i>			<i>S\$ million</i>			
27	A multinational company engaged in the distribution and retailing of international consumer brands	See note ⁽²⁾	July 2016 to June 2017	0.1	0.1	0.1	Negligible	0.3	Negligible	Negligible
28	A private charity organization	See note ⁽²⁾	February 2015 to January 2016 with an option to extend until January 2017	-	-	0.1	0.1	0.2	Negligible	-
29	A private charity organization	See note ⁽²⁾	January 2016 to December 2016	-	-	0.1	Negligible	0.1	0.1	-
30	A private customer engaged in commercial real estate services	See note ⁽²⁾	March 2015 until February 2017 with an option to extend until February 2018	-	-	0.1	0.1	0.2	0.1	0.2
31	A private customer engaged in commercial real estate services	See note ⁽²⁾	November 2015 to October 2017 with an option to extend until October 2018	-	-	Negligible	Negligible	0.1	0.2	0.2
32	A private customer engaged in the provision of facilities management	See note ⁽²⁾	April 2015 to March 2018	-	-	0.4	0.1	0.5	0.2	0.3
33	A private customer engaged in the provision of construction and engineering related services	See note ⁽²⁾	September 2015 to August 2017	-	-	0.2	0.4	0.6	0.2	Negligible
34	A private customer engaged in commercial real estate services	See note ⁽²⁾	August 2016 to August 2018	-	-	-	-	-	0.1	0.1
								Total	23.1	54.6

Notes:

- (1) As referred to in the section headed “Business – Customers – Top customers” below.
- (2) The contract is not subject to any fixed or committed total contract value. The actual amount and nature of services required to be performed by our Group under the contract are subject to the customer’s work orders from time to time during the contract period and include the extended period. As the contract is not subject to any fixed or committed contract value, our Executive Directors estimated the total amount of revenue to be derived from the contract over the contract period based on (i) the indicative work scopes stated in the contract; and (ii) the expected revenue to be recognised under the indicative work scopes by reference to similar works conducted in our past track record.
- (3) Nine companies with their respective names starting with “Just Kids” as disclosed in note 28 to the accountants’ report set out in Appendix I to this prospectus.

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(ii) Building and construction works projects

Customer	Principal scope of work	Contract value	Duration	Revenue recognised				Revenue expected to be recognised			
				For the year ended 31 March			For the six months ended 30 September 2016	Track Record Period	For the six months ending 31 March 2017	For the year ending 31 March 2018 or thereafter	
				2014	2015	2016					
		<i>S\$ million</i>		<i>S\$ million</i>				<i>S\$ million</i>			
1	A registered contractor engaged in general building works	0.6	November 2015 to December 2016 ⁽¹⁾	-	-	Negligible	0.3	0.3	0.3	-	
2	Customer B ⁽¹⁾ (a Singapore Government statutory board)	8.3	June 2016 to December 2017	-	-	-	0.1	0.1	2.9	5.3	
3	Customer F (a Singapore Government ministry)	0.5	November 2014 to November 2016	-	-	-	-	-	0.6	-	
4	Customer F (a Singapore Government ministry)	1.4	December 2016 to April 2017	-	-	-	-	-	0.5	0.9	
5	A Singapore Government statutory board	5.6	January 2017 to January 2019	-	-	-	-	-	0.2	5.3	
									Total	4.5	11.5

Note:

- (1) The completion date is not specified in the contract and is based on our management's best estimation having regard to the customer's work orders and the actual work progress up to the Latest Practicable Date.

SALES AND MARKETING

Marketing activities

During the Track Record Period, we did not engage in any material marketing activities other than liaising with our private sector customers for relationship building and management. This was because the majority of our revenue was derived from contracts awarded by Singapore Government agencies, which are normally awarded through open tendering procedures. We monitor GeBIZ, the Singapore Government's one-stop e-procurement portal where all public sector's invitations for quotations and tenders are posted, on a daily basis for tenders put up by Singapore Government agencies. Our Directors consider that in order to obtain new contracts from Singapore Government agencies through open tendering process, we should focus on maintaining our qualifications and licences and maintaining our competitiveness as disclosed in the section headed "Business – Competitive strengths" in this prospectus.

For projects with private customers, tenders are either via open tender or by invitation. We are able to obtain information relating to new business opportunities from private customers through the contacts of our Executive Directors and senior management members. Our Directors consider reputation and word-of-mouth as important factors in being invited for private tenders.

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Pricing and tender strategy

Our pricing is generally determined based on certain markups over our estimated costs. We need to estimate our costs in order to determine our fee quotation or tender price and there is no assurance that the actual amount of costs would not exceed our estimation during the performance of our projects. Nevertheless, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material inaccurate estimation or cost overruns. In order to minimise the risk of inaccurate estimation and cost overrun, the pricing of our services are overseen by our Executive Directors, namely, Mr. Chua and Mr. Joe Lim, whose background and experience are disclosed in the section headed “Directors and senior management” in this prospectus, based on our pricing strategy described in the following paragraphs. Please also refer to the section headed “Business – Risk management and internal control systems – Suppliers and risk of cost overruns” for further details.

We may respond to tender notices or invitations by submitting tenders even at times when we may not have sufficient capacity to undertake more projects. Please refer to the section headed “Business – Project management and operations – Tender success rate” below for further details.

Typically, when we noted a new tender opportunity on GeBIZ, or if we are invited to quote or tender, our business development manager will review the scope of services and the gradings required for the construction workhead(s) to ensure that we are qualified to submit the tender.

For integrated building services contracts, we will review the scope of services including the number of buildings/establishments, the type of building systems, the duration of the contract, the frequency of scheduled maintenance and the requirements on dedicated personnel for the contract. We will also review the nature of components, parts or repairs that can be charged, for instance, some contracts allow for contractors to claim for any parts or components above a certain price that have been used in the maintenance services.

After reviewing the tender terms, we will provide a proposal with a quoted contract sum or a quoted schedule of rates for a range of specified items (depending on the tender requirements), after considering various factors including but not limited to (i) the competitive environment at the time of tendering, including the estimated workload of our competitors and an estimate of their available capacity; (ii) costs likely to be incurred for the contract, including costs of supplies, replacement parts, building systems, consumables and components (if they fall under items that cannot be claimed for in the tender); (iii) costs associated with labour including our in-house personnel specified as to be designated/made available for the contract, likelihood of using subcontractors during peak periods or for specialist works and the number of staff to fulfil the contract. Our existing capacity and resources and our past experience in tendering for similar contracts will also be considered.

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Similarly, for building and construction works, we will evaluate the contract specification and assess our cost of materials, subcontracting costs and labour costs.

Our business development manager will perform the costing and submit the proposed pricing to our Executive Directors, who will make the final decision.

Seasonality

Our Executive Directors consider that seasonal fluctuations in the demands for our services are not particularly significant due to the following reasons:

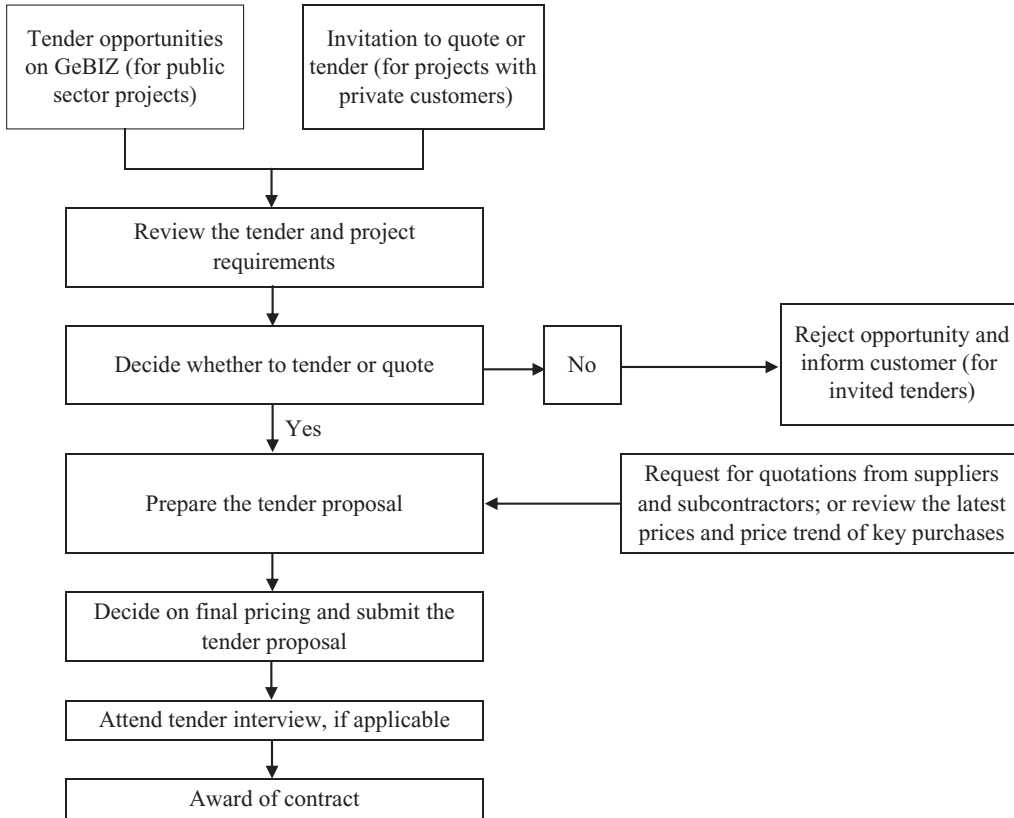
- (i) In respect of our building and construction business, our Executive Directors consider that it is generally not subject to any material seasonal fluctuations as building and construction works generally take place throughout the year in Singapore based on the experience of our Executive Directors.

- (ii) In respect of our integrated building services business, as one of our major customers is a Singapore Government ministry which awarded contracts to us for the maintenance of buildings systems in schools, we generally experience more work orders in respect of such contracts during school holiday periods such as in June and mid-November to December. Apart from this, our Executive Directors consider that demands for integrated building services are not subject to any material seasonal fluctuations as preventive and scheduled maintenance services are normally required on a regular basis, while breakdowns, repairs and installations of building systems generally take place throughout the year based on the experience of our Executive Directors.

PROJECT MANAGEMENT AND OPERATIONS

The following diagrams illustrate the general steps undertaken by us in a project:

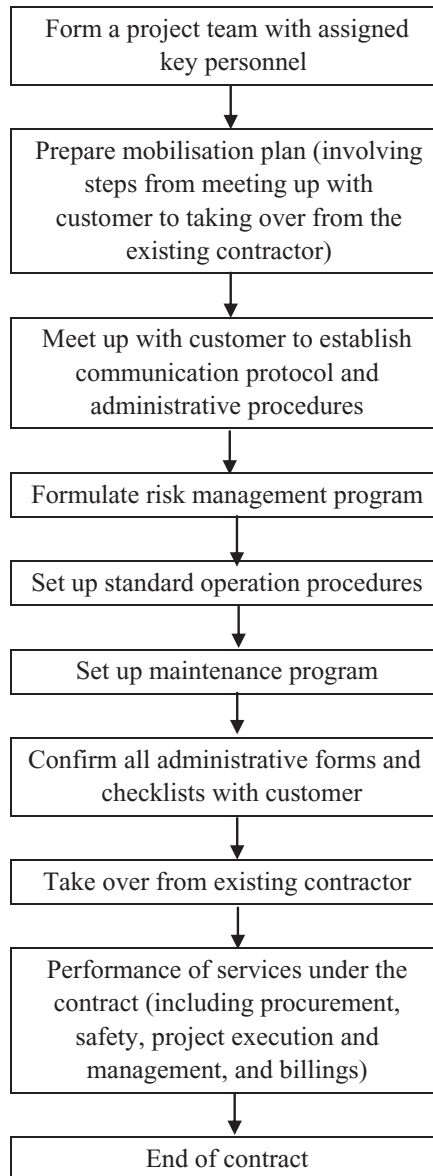
Tender/quotation phase



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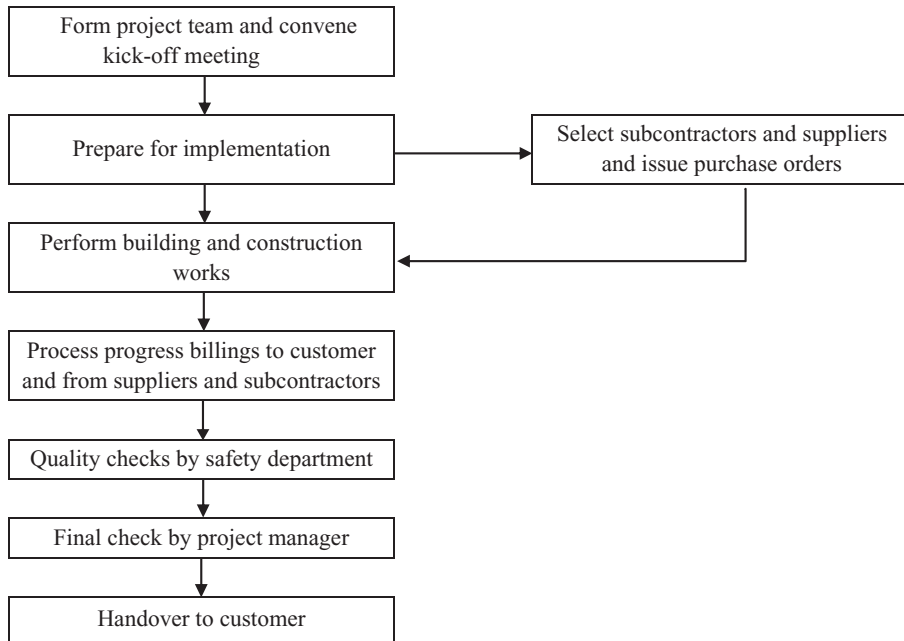
Project implementation phase

Integrated and building services



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Building and construction works



Tender/quotation phase

Our projects come mainly from two sources, namely, (i) tender opportunities published on GeBIZ; and (ii) invitations to quote or tender from customers. For more information on our marketing activities and pricing strategy, please refer to the section headed “Business – Sales and marketing” above.

We monitor GeBIZ, the Singapore Government’s one-stop e-procurement portal where all public sector’s invitations for quotations and tenders are posted, on a daily basis for tenders put up by Singapore Government agencies. Although GeBIZ is Singapore Government’s one-stop e-procurement portal, each tender notice is posted independently by the respective Singapore Government agency, stating the scope of works, closing date for the tender and other details relevant for the tender. The person to contact, briefing and tender interview (if any) is conducted by the respective Singapore Government agencies, and tender evaluation process and tender award decision is also undertaken by the respective Singapore Government agencies. In the tender documents, the respective Singapore Government agency includes its own evaluation criteria. The evaluation criteria mainly include the tender price and the track record/quality attributes of the tenderer. Different Singapore Government agency conducts its own evaluation based on the tender price and the track record/quality attributes of the tenderer. The track record/quality attributes criterion includes, among others, (i) the quality of works of past projects; (ii) prompt completion of past projects; (iii) whether past projects are of similar nature, complexity and scale; (iv) safety track record and commitment to workplace safety; and (v) financial standing of the tenderer. In relation to the tenders that have been submitted by us during the Track Record Period, the weightage placed on the tender price ranged from 60% to 80% while the weightage placed on the track record/quality attributes ranged from 20% to 40%.

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Subsequent to the submission of the tender proposals, we may be requested to attend tender interviews. If successful, we will be awarded the contract. We keep track of tenders which we have submitted in an internal report, with information such as (i) project names/description, (ii) identities of customers, (iii) tender sum, (iv) tender submission dates and (v) tender closing dates.

Tender success rate

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

	For the year ended 31 March			For the six months ended 30 September 2016
	2014	2015	2016	
(i) Integrated building services				
<i>Open tenders</i>				
– Number of tenders and quotations submitted	4	24	21	4
– Number of contracts awarded	2	11	7	3
– Success rate	50%	46%	33%	75%
<i>Invited tenders</i>				
– Number of tenders and quotations submitted	–	2	–	–
– Number of contracts awarded	–	1	–	–
– Success rate	–	50%	–	–
(ii) Building and construction works				
<i>Open tenders</i>				
– Number of tenders and quotations submitted	9	5	6	–
– Number of contracts awarded	4	2	2	–
– Success rate	44%	40%	33%	–
<i>Invited tenders</i>				
– Number of tenders and quotations submitted	3	–	1	–
– Number of contracts awarded	1	–	1	–
– Success rate	33%	–	100%	–

Note: In the above table, tender success rate for a financial year/period is calculated based on the number of contracts awarded (whether awarded in the same financial year/period or subsequently) in respect of the quotations and tenders submitted during that financial year/period.

We may respond to tender notices or invitations by submitting tenders even at times when we may not have sufficient capacity to undertake more projects. Our Directors believe that such tender strategy allows us to (i) maintain our presence in the market; and (ii) be informed of the latest market developments and pricing trends which are useful to us in tendering projects in the future. Due to such strategy and subject to our workload and our

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available resources from time to time, we may submit tenders which are less competitive for certain projects. During the Track Record Period, none of the contracts awarded to us were tendered by us at less competitive pricing. In the event that we are awarded contracts which were tendered by us at less competitive pricing due to the aforesaid tender strategy, we will subcontract out substantially all our works and only focus on the project management and supervision. We have obtained five contracts for integrated building services from Customer A (being our largest customer during the Track Record Period as referred to in the section headed “Business – Customers – Top customers”) during the year ended 31 March 2015, each having a contract duration of four years and requiring substantial resources to execute. Due to the above, there have been fluctuations in our tender success rates during the Track Record Period. Given our tender strategy and in view of our financial performance during the Track Record Period and our projects on hand as at the Latest Practicable Date (see “Business – Projects on hand” above), our Directors consider that our overall tender success rate during the Track Record Period has been satisfactory in general.

Project implementation phase

Integrated building services

Upon the award of an integrated building services contract, we will form a project team with relevant staff such as the project manager, project engineer and supervisors. The project manager will prepare the mobilisation plan, which is a plan that shows the procedures to be taken from setting up meetings with the customer to taking over from the existing contractor for the project (if applicable). If the contract is a renewal of our existing contract or a new tender that is called in respect of a contract that we are currently servicing, this step will not be applicable.

Since integrated building services involve mainly maintenance works, or installation or replacement works to existing building systems, it is important to meet up with the customer to establish clear communication protocol and administrative procedures from the onset. Customers may express desired maintenance schedule, such as requesting noisy works to be performed outside a specific time of the day.

We will also set up a risk management program that identify risks of certain building systems that may have been subject to more breakdowns. Our safety department will also participate during this phase to review the safety of various building systems and make recommendations to the relevant project managers. The project manager will assess the implications of these risks identified on the services to be performed and advise the customer on required replacements to be considered.

During this time, we will also set up the standard operation procedures, which are a set of procedures that govern fault reporting during or after office hours, emergency responses, understanding of the improvement works required for the installation or replacement services and checks by our term contract department. The standard operation procedures need to be confirmed by the customer. We will also set up a master maintenance program that covers the schedule of our maintenance services, such as by different floor levels, by systems or by a mixture of configuration that is best suited for the customer.

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It is important to establish the communication protocol and administrative procedures, in particular the form of the maintenance checklist, the work request forms, the quotation and invoice for separate service orders, and job completion forms. These are communication tools for serviced items to be checked and approved by the customer to avoid dispute or misunderstanding. The format of these checklists and forms have to be confirmed by the customer.

The last step in the mobilisation plan is to take over from the existing contractor of the customer (if applicable). This involves a detailed walk through of the site to review performance of the building systems. Defects or findings have to be submitted to the existing contractor who will have to rectify the defects as part of its contract obligations. There will be a joint inspection to ensure that all rectifications are made satisfactorily before we take over the contract.

The performance of our services under the contract will depend on the scope of the contracted services, which typically involves (i) our purchasing department to purchase the required consumables, parts, and components of systems (if applicable); (ii) our term contract department to carry out the services, involving our engineers, supervisors, technicians and/or tradesmen; (iii) our project department for assistance in carrying out improvement works such as repairing certain fixtures and fittings when replacing a major building system; (iv) engagement of subcontractors (if applicable) to perform or to assist us in performing certain works such as plumbing and sanitary works, electrical works, air-conditioning works, and minor repairs and improvement works (such as carpentry works); and (v) our project manager to conduct checks of our services performed and the proper functioning of the building systems. Once the services are completed, customers have to approve on the job completion form which will form the basis for our payment claims to the customers.

Where a subcontractor is engaged for the aforesaid works, we would typically require our subcontractors to arrange for and bear the costs of the relevant labours, materials, and machinery and equipment necessary for carrying out the subcontracted works. In some cases, we would not require our subcontractors to bear the cost of certain materials if we decide to purchase such materials on our own costs.

Our integrated building services contracts typically have a duration span of one to four years. Most of our contracts require the issuance of performance guarantees (see “Business – Key contract terms with customers – Performance guarantees” below), which we will procure at the onset of the contract and ensure that they are appropriately discharged at the end of the contract.

Building and construction works

Upon the award of a building and construction works contract, a project team will be formed and project kick-off convened. The project director or senior project manager from the project department will be assigned as the project manager for the contract. Based on the construction schedule set up by our customer and the main contractor, our project manager will have to prepare a project timetable. The project manager has the responsibility to meet both the timing and project specification required for the contract. Prior to the

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commencement of works, certain planned building and construction works have to be approved by the architect engaged by our customer. The project manager will also decide on the scope of supplies and subcontract services required for the fulfillment of the contract, and coordinate with our purchasing department.

In our building and construction projects, we typically subcontract out the majority of the works required to be performed to subcontractors, and our role is mainly to focus on project management and to ensure that the works are performed properly and on a timely basis. We typically require our subcontractors to arrange for and bear the costs of the relevant labours, materials, and machinery and equipment necessary for carrying out the subcontracted works. In some cases, we would not require our subcontractors to bear the cost of certain materials if we decide to purchase such materials on our own costs.

On-site inspections are conducted by qualified staff and engineers to ensure that there is quality control for our works. Our project team will work with our quantity surveyor to ensure that materials required for the building and construction works are sourced from reliable suppliers and arrive on time. Typically, we will request for supplier quotations during the preparation of our quotation, and should our quotation be accepted, we will follow up with the suppliers who have provided us with competitive pricing based on our supplier selection criteria as discussed in the section headed “Business – Suppliers” below.

Our building and construction works typically have a duration span of a few months to two years. During the contract period, there may be variation orders that may be added on or omitted from the building and construction works initially contracted for. Variation orders will be separately negotiated, or charged by reference to the contracted works should the nature and scope be similar. In instances where our customers require performance bonds made in favour of them for a certain percentage of or the full amount stipulated in the contract, our project department will coordinate with appropriate financial institutions and ensure that such bonds are appropriately discharged at the end of the contract.

For both integrated building services and building and construction works

Our accounts department is responsible for the recording of accounts payables and receivables and the preparation of payment claims and invoices. We invoice our customers after a payment claim is approved by our customer, either upon the acceptance of integrated building services performed or upon approval of the progress claims for the building and construction works completed. Credit terms to our customers are typically between 15 to 60 days. Credit terms extended to us by our suppliers and subcontractors are typically between 14 to 90 days. For subcontractors, they will submit their payment claims to us and we will ascertain the completion of their works. Once ascertained, we will request for their invoice and make payment within the credit term.

Post-project phase (applicable for building and construction works)

Upon substantial completion of our works, our customers’ architect will check our works and inspect, certify and approve our works for completion. The defect liability period is typically 12 months, commencing from the date of substantial completion, during which we are required to rectify any defects brought to our attention. Specific to building and

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construction works where retention monies are applicable, we will monitor the returns of retention monies. Typically, upon substantial completion, 2.5% of the contract amount shall be released to us and the balance of 2.5% upon expiry of the defect liability period. During the Track Record Period, no material deduction was made against the retention monies.

QUALITY CONTROL

Reliability and timeliness are important attributes in our operations. To achieve consistent performance levels, we have implemented quality control systems which is certified to be in compliance with the ISO 9001:2008 standard, with the key objectives of (i) prompt response to customers' orders for services; (ii) completion of jobs to customers' satisfaction (timelines and proper execution of job schedule) and (iii) compliance with legal and contractual improvements, and continual improvements to our quality management system.

Our main business activity is the provision of integrated building services, and the relevant quality aspects cover:

(i) Purchasing

As elaborated in the section headed "Business – Suppliers" below, we have an approved supplier list and our storemen will provide feedback to our purchasing department of any material defects encountered with a certain product or supplier. Our purchasing department also obtains feedback from our project department and term contract department who will report any issues encountered with the use of certain supplies or subcontracting services.

(ii) Store

Our storemen will ensure that all incoming materials have undergone visual inspection for conformity with the purchase requirements. Our team at our store will also conduct testing and inspection procedures. Items are properly kept and identified at our storage.

(iii) On-site quality checks

Quality control at the job site comprises proper understanding of the servicing required, the building systems, the risks associated with works for certain building system, ensuring the right competencies required and executing the job with care. All installed or completed services or works have to be properly preserved to prevent damage to these systems or completed works.

Quality checks are conducted at each stage of installed works, for instance:

- Visual checks, such as each insulation joint must be staggered, insulation materials are properly placed onto duct surface;
- Check test data, such as checking grille test data for certain ducts; and

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- Check by measurement, such as cutting to the required length as measured from the duct size and marking on the pipe support.

(iv) Feedback

We will, *inter alia*, obtain feedback from our customers annually to gauge our performance level, and to identify opportunities for improvements. We also conduct annual internal audit by management review team to identify areas for improvements, in particular those to ensure compliance with ISO 9001:2008 standards.

CUSTOMERS

Type of customers

Our customers include (i) Singapore Government agencies such as ministries or statutory boards governing educational institutions, national parks, social welfare, building and construction; and (ii) private organisations in Singapore such as those engaged in supermarkets operation, property development, and building and construction works. For the three years ended 31 March 2016 and the six months ended 30 September 2016, we had 68, 48, 91 and 78 customers with revenue contribution to us respectively.

Tenders put up by Singapore Government agencies are posted on GeBIZ while those from private organisations are either via open tender or by invitation.

GeBIZ is the Singapore Government's one-stop e-procurement portal where all public sector's invitations for quotations and tenders are posted, on a daily basis for tenders put up by Singapore Government agencies. Although GeBIZ is Singapore Government's one-stop e-procurement portal, each tender notice is posted independently by the respective Singapore Government agency, stating the scope of works, closing date for the tender and other details relevant for the tender. The person to contact, briefing and tender interview (if any) is conducted by the respective Singapore Government agencies, and tender evaluation process and tender award decision is also undertaken by respective Singapore Government agencies. In addition, each of the Singapore Government agencies has its own organisation chart, for instance a Singapore Government ministry will have its own minister, senior management and respective departments. Each Singapore Government agency is in charge of purchasing its own goods and services (i.e. tender evaluation and tender award process). As such, a central portal for procurement serves as a platform for each Singapore Government agency to independently post its tender notices and let contractors to view all the work opportunities in a convenient way.

Top five customers

For the three years ended 31 March 2016 and the six months ended 30 September 2016, revenue from our five largest customers amounted to approximately S\$28.0 million, S\$29.6 million, S\$32.4 million and S\$13.5 million, representing approximately 80.4%, 84.7%, 80.1% and 71.6% of our total revenue respectively. Revenue from our largest

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customer for the same periods accounted for approximately S\$16.9 million, S\$19.1 million, S\$17.0 million and S\$8.1 million, representing approximately 48.4%, 54.8%, 42.0% and 43.2% of our total revenue respectively.

Our top five customers during the Track Record Period included different Singapore Government agencies, such as various ministries and statutory boards. Our Executive Directors consider that it is appropriate to treat different Singapore Government agencies as separate customers instead of grouping them together as a single customer, having considered that (i) different ministries and statutory boards are in charge of different areas, such as social welfare and development, education and national parks; (ii) tender notices are posted on GeBIZ separately by different Singapore Government agencies; (iii) the tender approval processes are conducted independently by different Singapore Government agencies; and (iv) each of the Singapore Government agencies has its own team of officers to evaluate suppliers' bid and to approve the award of contracts; (v) each of the Singapore Government agency has its own organisation chart, for instance a Singapore Government ministry will have its own minister, senior management and respective departments; and (vi) each Singapore Government agency is in charge of purchasing its own goods and services (i.e. tender evaluation and tender award process).

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The following tables sets forth our five largest customers for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 respectively:

For the year ended 31 March 2014

Customer	Approximate years of relationship with our Group	Scope of services provided by our Group	Payment and credit terms	Aggregate amount <i>S\$ million</i>	Revenue contribution % of revenue of our Group
Customer A (a Singapore Government ministry) <i>(Note 1)</i>	7	Integrated building services	Payable by bank transfer; 30 days' credit terms	16.9	48.4
Customer B (a Singapore Government statutory board) <i>(Note 1)</i>	8	Building and construction works	Payable by bank transfer; 15-30 days' credit terms	3.9	11.1
Customer C (a private co-operative that operates supermarkets in Singapore)	5	Integrated building services	Payable by bank transfer; 30-45 days' credit terms	3.0	8.6
Customer D (a Singapore Government statutory board) <i>(Note 1)</i>	5	Integrated building services	Payable by bank transfer; 30 days' credit terms	2.7	7.8
Customer E (a private general construction contractor in Singapore)	5	Integrated building services	Payable by cheque; 30 days' credit terms	1.5	4.5
Total				<u>28.0</u>	<u>80.4</u>

Note:

- (1) The Singapore Government agencies are not specifically named to protect the confidential information relating to the contract. The Singapore Government agencies included in the five largest customers for the year ended 31 March 2014 included ministries and statutory boards in charge of social welfare and development, education and national parks.

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For the year ended 31 March 2015

Customer	Approximate years of relationship with our Group	Scope of services provided by our Group	Payment and credit terms	Aggregate amount <i>S\$ million</i>	Revenue contribution % of revenue of our Group
Customer A (a Singapore Government ministry) (<i>Note 1</i>)	7	Integrated building services	Payable by bank transfer; 30 days' credit terms	19.1	54.8
Customer F (a Singapore Government ministry) (<i>Note 1</i>)	3	Building and construction works	Payable by bank transfer; 30 days' credit terms	3.9	11.1
Customer D (a Singapore Government statutory Board) (<i>Note 1</i>)	5	Integrated building services	Payable by bank transfer; 30 days' credit terms	3.0	8.5
Customer B (a Singapore Government statutory Board) (<i>Note 1</i>)	8	Building and construction works	Payable by bank transfer; 15-30 days' credit terms	2.2	6.2
Customer C (a private co-operative that operates supermarkets in Singapore)	5	Integrated building services	Payable by cheque or bank transfer; 30-45 days' credit terms	1.4	4.1
Total				<u>29.6</u>	<u>84.7</u>

Note:

- (1) The Singapore Government agencies are not specifically named to protect the confidential information relating to the contract. The government agencies included in the five largest customers for the year ended 31 March 2015 included ministries and statutory boards in charge of social and family development, social welfare and development, education and national parks.

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For the year ended 31 March 2016

Customer	Approximate years of relationship with our Group	Scope of services provided by our Group	Payment and credit terms	Aggregate amount <i>S\$ million</i>	Revenue contribution % of revenue of our Group
Customer A (a Singapore Government ministry) <i>(Note 1)</i>	7	Integrated building services	Payable by bank transfer; 30 days' credit terms	17.0	42.0
Customer F (a Singapore Government ministry) <i>(Note 1)</i>	3	Building and construction works	Payable by bank transfer; 30 days' credit terms	5.7	14.1
Customer G (a Singapore Government agency) <i>(Note 1)</i>	1	Building and construction works	Payable by bank transfer; 30 days' credit terms	4.4	10.9
Customer D (a Singapore Government statutory board)	5	Integrated building services	Payable by bank transfer; 30 days' credit terms	3.3	8.1
Customer H (a Singapore Government ministry) <i>(Note 1)</i>	5	Integrated building services	Payable by bank transfer; 30 days' credit terms	2.0	5.0
Total				<u>32.4</u>	<u>80.1</u>

Note:

- (1) The Singapore Government agencies are not specifically named to protect the confidential information relating to the contract. The government agencies included in the five largest customers for the year ended 31 March 2016 included ministries and statutory boards in charge of national parks, construction, social and family development, education, and communications and information.

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For the six months ended 30 September 2016

Customer	Approximate years of relationship with our Group	Scope of services provided by our Group	Payment and credit terms	Revenue contribution	
				Aggregate amount <i>S\$ million</i>	% of revenue of our Group
Customer A (a Singapore Government ministry) (<i>Note 1</i>)	7	Integrated building services	Payable by bank transfer; 30 days' credit terms	8.1	43.2
Customer D (a Singapore Government statutory board) (<i>Note 1</i>)	5	Integrated building services	Payable by bank transfer; 30 days' credit terms	1.9	10.3
Customer I (a private general construction contractor in Singapore)	2	Integrated building services	Payable by cheque; 30 days' credit terms	1.5	7.8
Customer J (a Singapore Government statutory board) (<i>Note 1</i>)	3	Integrated building services	Payable by bank transfer; 30 days' credit terms	1.0	5.2
Customer C (a private co-operative that operates supermarkets in Singapore) (<i>Note 1</i>)	5	Integrated building services	Payable by bank transfer; 30-45 days' credit terms	1.0	5.1
Total				13.5	71.6

Note:

- (1) The Singapore Government agencies are not specifically named to protect the confidential information relating to the contract. The Singapore Government agencies included in the five largest customers for the six months ended 30 September 2016 included ministries and statutory boards in charge of education, national parks, and public utilities.

None of our five largest customers during the Track Record Period is also our supplier.

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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 Share Offer and the Capitalisation Issue, had any interest in any of our five largest customers during the Track Record Period.

Customer concentration

Approximately 75.6%, 85.2%, 85.2% and 70.7% of our total revenue for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 was generated from contracts awarded by Singapore Government agencies. Also, approximately 59.8%, 66.9%, 59.5% and 70.2% of our total revenue for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 was generated from integrated building services contracts awarded by Singapore Government agencies. Despite such concentration of revenue derived from contracts awarded by Singapore Government agencies, our Directors are of the view that our business model is sustainable because of the following:

- (i) all tenders with Singapore Government agencies are on an open tender basis via GeBIZ rather than by invitations or based on relationships, and contractors with a proven quality and safety track record will be evaluated favourably;
- (ii) we have an established track record of quality and reliable services provided to our existing customers which will place us in an advantageous position when competing for tenders;
- (iii) our track record with Singapore Government agencies will similarly place us in an advantageous position as Singapore Government agencies typically have shared access to their contractors' performance;
- (iv) our Directors consider that there is little or no risk of default from the Singapore Government; and;
- (v) our Directors are of the view that there will be continuing demand for integrated building services, being our primary business focus, as maintenance services are required on an ongoing basis.

KEY CONTRACT TERMS WITH CUSTOMERS

Generally, contracts entered into with our customers contain terms relating to contract price, scope of work, duration, payment terms, employment of foreign workers, liquidated damages and termination.

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For both integrated building services and building and construction works

Duration

For integrated building services, the contract will state the duration for which the integrated building services are to be performed, typically from one to four years.

For building and construction works, the commencement date and the completion date of our works are to be in accordance with our customer's main project schedule, which will typically be stated in our contract and is usually between a few months and two years, depending on the scale and complexity of the project.

Terms of payment

Terms of payment are subject to the BCISPA, details of which are set out in the section headed "Regulatory overview" in this prospectus. Under the BCISPA, any person who has carried out any construction work or supplied any goods or services under a contract is entitled to a progress payment. In respect of our contracts, progress claims are to be certified by the customer within 21 calendar days from the submission of our progress claims and payment should be made within 30 days of such certification.

Customers may also specify the agreed credit term in the contract, typically between 15 to 60 days. Certain of our building and construction contracts have retention sums, typically up to a maximum of 5% of the contract sum.

Insurance

Our contracts will typically include the requirement for us to procure insurance such as public liability insurance and work injury compensation insurance, or in certain projects, insurance against the works performed.

Performance guarantees

We are usually required to arrange for the issuance of performance guarantees by financial institutions such as insurance companies or banks in favour of our customers. This is to remain in effect and typically discharged upon or after the completion of the contract. Customers may claim on the performance guarantees to make good of any losses, damages, costs and expenses as a result of our failure to fulfil the contract. We did not experience any claim on any performance guarantees during the Track Record Period.

In this connection, we have obtained two lines of credit from a bank in Singapore for issuing such performance guarantees, with an aggregate credit limit of S\$6 million, which are secured by deposits placed by us with the bank. For further information regarding such lines of credit, please refer to the section headed "Financial information – Discussion on selected balance sheet items – Pledged bank deposits" in this prospectus.

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Foreign workers

We will be fully responsible to ensure our employment of foreign workers is in compliance with the employment laws in Singapore. In the event that we commit the offence of employing illegal workers on site, the customer will withhold all monies due to us and all fines that will eventually be imposed shall be recovered from us. During the Track Record Period, our Directors confirm that we did not employ any illegal workers and no action or notification was made against us or issued to us in connection with the hiring of illegal workers. Please refer to the section headed “Business – Employees” for further information regarding our employment of foreign workers.

Liquidated damages

It is generally specified in our contracts with customers that liquidated damages will be imposed on us if we fail to fulfil our services or works within the stipulated time frame. The calculation mechanism for the liquidated damages is stated in the contract. In case of delay, we will need to pay some or all of the liquidated damages to the customer, depending on whether the delay was caused solely by us or other third parties. During the Track Record Period, our Group did not incur any material liquidated damages.

Termination

Our contracts can typically be terminated by our customers, *inter alia*, if we fail to execute the agreed scope of works, or if we become bankrupt or insolvent, or due to other reasons such as failure to procure performance bonds. During the Track Record Period, none of our contracts were terminated pursuant to the termination clause.

For integrated building services

Contract value

In some integrated building services contracts, the contract value and the scope of work are fixed, while in other contracts, there is no fixed or committed contract value and the actual amount and nature of works required to be performed by our Group are subject to the customer’s work orders from time to time during the contract period, which are charged according to a pre-agreed schedule of rates.

Warranty period

For parts and components used in our integrated building services, a warranty period is applicable. Warranty period shall commence from the date of acceptance of the services performed, typically for a period of 12 months. During the warranty period, we shall re-perform the services if there is any breakdown related to the parts and components. We have obtained back-to-back warranty from our suppliers.

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For building and construction works

Defect liability period

The defect liability period in contracts for building and construction works refers to such period, typically 12 months, from the date of substantial completion of the works as certified by the customer or customer's representative. During the defect liability period, we are required to rectify any defect without delay at our own cost if the defect is due to our non-conformance of works performed, or where it is due to a fault in the design that we are responsible for, or due to our neglect or failure to comply with our contractual obligation.

Variation

We may be given variation orders whereby our customers amend the specification and scope of works from that originally contracted. A variation order may increase, reduce or vary the original scope of work and alter the original contract sum. Should the amendment in the variation order require us to conduct additional works, these will be separately negotiated.

SUPPLIERS

Types of supplies

We procured goods and services from suppliers in Singapore during the Track Record Period, which mainly included (i) our subcontractors for building and construction works as well as certain integrated building services such as plumbing and sanitary works, electrical works, air-conditioning works, and minor repairs and improvement works (such as carpentry works); (ii) suppliers of air-conditioning systems and products and other electrical products (such as those relating to lighting, electrical and fire alarm systems); and (iii) suppliers of building materials and other consumables for use in the provision of our services. The following table sets forth a breakdown of our purchases of goods and services during the Track Record Period by type of suppliers:

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	For the year ended 31 March						For the six months ended 30 September	
	2014		2015		2016		2016	
	<i>Approximate % to materials and sub- contracting S\$' million</i>	<i>Approximate % to materials and sub- contracting S\$' million</i>	<i>Approximate % to materials and sub- contracting S\$' million</i>	<i>Approximate % to materials and sub- contracting S\$' million</i>	<i>Approximate % to materials and sub- contracting S\$' million</i>	<i>Approximate % to materials and sub- contracting S\$' million</i>	<i>Approximate % to materials and sub- contracting S\$' million</i>	<i>Approximate % to materials and sub- contracting S\$' million</i>
Subcontracting costs	12.6	54.2	14.8	69.3	17.2	72.3	5.4	55.9
Air-conditioning systems and products	7.3	31.4	3.8	17.6	3.6	15.3	2.1	21.8
Other electrical products	2.3	9.9	1.9	8.8	1.7	7.1	1.4	15.0
Building materials	0.5	1.9	0.4	1.8	0.7	3.0	0.3	2.9
Other consumables	0.6	2.6	0.5	2.5	0.6	2.3	0.4	4.3
	<u>23.3</u>	<u>100.0</u>	<u>21.4</u>	<u>100.0</u>	<u>23.8</u>	<u>100.0</u>	<u>9.6</u>	<u>100.0</u>

Please refer to the section headed “Financial information – Significant factors affecting our financial condition and results of operations – Fluctuation in costs of services” in this prospectus for a sensitivity analysis of our costs of services.

Relationship with suppliers

Our Executive Directors consider that we have over the years maintained overall good relationships with our suppliers.

None of our major suppliers as mentioned in the paragraph headed “Top five suppliers” below were also our customer during the Track Record Period.

We have not experienced any shortage of materials and services during the Track Record Period, and do not foresee any material difficulties in sourcing materials and services in the future.

Our Executive Directors consider that we are not reliant on any single supplier during the Track Record Period as we have sourced from more than one supplier for each major category of goods and services on our approved suppliers and subcontractors lists.

Reasons for subcontracting

In our building and construction projects, we typically subcontract out the majority of the site works to subcontractors, and our role is mainly to focus on project management and to ensure that the works are performed by our subcontractors properly and on a timely basis in accordance with the contract specifications and customers’ requirements. Our Executive

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Directors consider that this is in line with normal market practice in the building and construction industry in Singapore. Our Executive Directors further consider that subcontracting of building and construction works is more cost-effective for us because maintaining a large workforce of full-time building and construction workers is costly given that our primary business focus is the provision of integrated building services rather than building and construction works and that there is a shortage of construction workers in Singapore as discussed in the section headed “Industry overview” in this prospectus and in the Ipsos Report.

In our integrated building services projects, we may from time to time engage subcontractors to perform or assist us in performing certain works, such as when the carrying out of such works and services require specialist licences, skills and/or machinery and equipment, or at times when we have limited available capacity of our own labour resources having regard to our workload from time to time. During the Track Record Period, in respect of our integrated building services, we engaged subcontractors mainly for plumbing and sanitary works, electrical works, air-conditioning works, and minor repairs and improvement works (such as carpentry works).

One of our business strategies is to further strengthen and develop our in-house capabilities and capacity in relation to the aforesaid integrated building services works that we had subcontracted during the Track Record Period, such that we could reduce the use of subcontractors in this connection in the future. Our Executive Directors consider that holding all else the same, reducing the use of subcontractors in our integrated building services business would generally enable us to reduce our costs and increase our competitiveness in the market (for example, by being able to offer more competitive pricing to our customers), because a profit markup is generally factored in the fees charged by subcontractors. For further details, please refer to the sections headed “Business – Business strategies” and “Future plans and use of proceeds” in this prospectus.

Selection of subcontractors and other suppliers

For both our integrated building services and building and construction works, we will typically obtain two to three quotations from different suppliers to ensure that our supplies of goods and services are sourced competitively.

Selection of materials suppliers

In selecting our suppliers of building systems and related products, materials and other consumables, we take into account a number of criteria which generally include (i) pricing; (ii) availability of resources; (iii) quality of material or equipment used; (iv) level of support and co-operation rendered; (v) timeliness; (vi) quality; and (vii) ability to comply with our instructions. We will only engage suppliers who can satisfy all our criteria. Please refer to the section headed “Business – Quality control” for further information on quality checks on our incoming purchases.

As at the Latest Practicable Date, there were over 190 suppliers of building systems and related products, materials and other consumables on our approved suppliers list.

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Selection of subcontractors

In general, we are liable to our customers for the performance of our subcontractors, including defects, delay in the delivery schedule, and violation of rules or regulations. We select subcontractors mainly based on (as the case may be) their (i) track record in respect of their timely supply of subcontract works and ability to work with us on an urgent delivery basis, (ii) quality of subcontract works and (iii) pricing. The subcontracting fees is determined mainly based on the scope, the completion time and the complexity of the works.

In order to monitor our subcontractors, we typically communicate from time to time among our project department, term contract department and our subcontractors to ensure they understand our requirements and concerns; and inspect our subcontractors' works. As at the Latest Practicable Date, there were over 349 subcontractors on our approved subcontractors list.

Principal terms of engagement of subcontractors and materials suppliers

We have not entered into any long-term agreement or committed to any minimum purchase amount with our subcontractors or materials suppliers. The principal terms of engagement of subcontractors and other suppliers are set out as follows.

Subcontractors

Our subcontractors have the general responsibility to ensure that all works performed must satisfy the requirements of the contract. The duration of subcontracts vary depending on the nature of subcontract works. Our subcontractors may either (i) submit monthly payment claims to be approved by us; or (ii) for shorter subcontract works, submit a payment claim for the complete delivery of the subcontract works. Credit terms provided by our subcontractors are typically from 14 to 90 days. We typically require our subcontractors (in both integrated building services and building and construction projects) to arrange for and bear the cost of the relevant labours, materials, and machinery and equipment necessary for carrying out the subcontracted works. In some cases, we would not require our subcontractors to bear the cost of certain materials if we decide to purchase such materials at our own costs.

Materials suppliers

In respect of our purchases from materials suppliers, we generally place an order with our supplier for each purchase and the credit terms offered to us generally range from 30 to 60 days or payable upon delivery.

Top five suppliers

For each of the three years ended 31 March 2016 and the six months ended 30 September 2016, purchases of goods and services from our five largest suppliers amounted to approximately S\$8.9 million, S\$5.6 million, S\$6.0 million and S\$2.3 million and accounted for approximately 38.4%, 26.1%, 25.2% and 24.4% of our total purchases

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respectively. Purchases of goods and services from our largest supplier for the same periods amounted to approximately S\$4.4 million, S\$1.4 million, S\$1.4 million and S\$0.6 million, and accounted for approximately 18.8%, 6.4%, 6.0% and 6.1% of our total purchases respectively.

The following tables set forth our five largest suppliers for each of the three years ended 31 March 2016 and the six months ended 30 September 2016, respectively:

For the year ended 31 March 2014

Ranking	Name of supplier	Approximate years of relationship with us	Main types of goods and services supplied to us	Payment and credit terms	Approximate amount of purchase <i>S\$ million</i>	Approximate percentage to our total materials and subcontracting costs %
1	Supplier A	10	Air-conditioning systems and related products	Payable by cheque, 30 days	4.4	18.8
2	Supplier B	10	Air-conditioning systems and related products	Payable by cheque, 60 days	1.6	7.1
3	Supplier C	3	Subcontracting services for building and construction works	Payable by cheque, 30 days	1.3	5.5
4	Supplier D	9	Subcontracting services of plumbing and sanitary works	Payable by cheque, 90 days	0.8	3.6
5	Supplier E	7	Air-conditioning systems and related products	Payable by cheque, 30 days	0.8	3.4
Total					<u>8.9</u>	<u>38.4</u>

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For the year ended 31 March 2015

Ranking	Name of supplier	Approximate years of relationship with us	Main types of goods and services supplied to us	Payment and credit terms	Approximate amount of purchase <i>S\$ million</i>	Approximate percentage to our total materials and subcontracting costs %
1	Supplier F	4	Subcontracting services for electrical works	Payable by cheque, 30 days	1.4	6.4
2	Supplier G	10	Subcontracting services for electrical works	Payable by cheque, 14 days	1.2	5.8
3	Supplier H	7	Air-conditioning systems and related products	Payable by cheque, 60 days	1.2	5.5
4	Supplier A	10	Air-conditioning systems and related products	Payable by cheque, 30 days	0.9	4.4
5	Supplier B	10	Air-conditioning systems and related products	Payable by cheque, 60 days	0.9	4.0
Total					<u>5.6</u>	<u>26.1</u>

BUSINESS

For the year ended 31 March 2016

Ranking	Name of supplier	Approximate years of relationship with us	Main types of goods and services supplied to us	Payment and credit terms	Approximate amount of purchase <i>S\$ million</i>	Approximate percentage to our total materials and subcontracting costs %
1	Supplier I	3	Subcontracting services for air-conditioning and mechanical ventilation works	Payable by cheque, 30 days	1.4	6.0
2	Supplier F	4	Subcontracting services for electrical works	Payable by cheque, 30 days	1.4	5.7
3	SLT Services	3	Subcontracting services for air-conditioning and mechanical ventilation works	Payable by cheque, 30 days	1.1	4.7
4	Supplier H	7	Air-conditioning systems and related products	Payable by cheque, 60 days	1.1	4.6
5	Supplier J	1	Subcontracting services for carpentry works	Payable by cash on delivery	1.0	4.2
Total					<u>6.0</u>	<u>25.2</u>

BUSINESS

For the six months ended 30 September 2016

Ranking	Name of supplier	Approximate years of relationship with us	Main types of goods and services supplied to us	Payment and credit terms	Approximate amount of purchase <i>S\$ million</i>	Approximate percentage to our total materials and subcontracting costs %
1	Supplier B	10	Air-conditioning systems and related products	Payable by cheque, 60 days	0.6	6.1
2	Supplier F	4	Subcontracting services for electrical works	Payable by cheque, 30 days	0.5	5.5
3	Supplier H	7	Air-conditioning systems and related products	Payable by cheque, 60 days	0.5	4.9
4	Supplier E	7	Air-conditioning systems and related products	Payable by cheque, 30 days	0.4	4.4
5	Supplier A	10	Air-conditioning systems and related products	Payable by cheque, 30 days	0.3	3.5
Total					<u>2.3</u>	<u>24.4</u>

SLT Services (one of our top five suppliers for the year ended 31 March 2016) is a company incorporated in Singapore with limited liability, of which Mrs. Chua was a director from 26 April 2013 to 21 March 2016. Mrs. Chua also owned 50% of the issued and paid-up capital of SLT Services until she disposed of all of her shareholding interests in SLT Services to an Independent Third Party on 1 April 2016. Please see section headed “Financial information – Related party transactions” in this prospectus for details of our transactions with SLT Services.

Save as disclosed above, 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 completion of the Share Offer and the Capitalisation Issue, had any interest in any of our five largest suppliers during the Track Record Period.

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INVENTORY CONTROL

We typically make our purchases based on the services and works to be performed, and major components of building systems are used upon delivery on-site. Our inventories comprise low value consumables, such as small lighting supplies, cutting and taping tools and accessories, small metal parts and small electrical parts. These inventories are kept in the store at our premises, at a level based on our current needs and typically do not exceed an aggregate value of more than S\$250,000. These parts are sourced in Singapore and are readily available. We monitor our inventory level on an on-going basis, including conducting inventory aging analysis and inventory stock count. No provision has been made nor required to be made for our inventory. There were no inventories as at 31 March 2014 and 2015 due mainly to our low value consumables which were immaterial as we purchased mainly on an as-needed basis at that time. For the year ended 31 March 2016 and the six months ended 30 September 2016, we purchased a larger quantity per order to enjoy delivery services from suppliers, and thus had inventories with carrying value of S\$160,447 and S\$210,655 as at 31 March 2016 and as at 30 September 2016 respectively.

MACHINERY AND EQUIPMENT

The operation in respect of both our integrated building services business and our building and construction business are generally not capital intensive in nature. During the Track Record Period, for certain integrated building services and building and construction works which required the use of specialised or substantial machinery and equipment, we typically engaged subcontractors and required them to arrange for the necessary machinery and equipment for carrying out the relevant works.

As at 30 September 2016, the carrying value of our plant and machinery was approximately S\$0.3 million or approximately 3.0% of that of our total property, plant and equipment. Our plant and machinery as at 30 September 2016 consisted of two boom lifts and one spider lift, which are needed for our workers when working at height (typically when works are required for a building's exterior and when the boom lifts offer better access to the work area at higher levels). The servicing of the boom lifts is conducted by external vendor, on an as-need basis.

In addition, our property, plant and equipment comprised 28 motor vehicles as at 31 March 2014 and increased to 45 motor vehicles as at 30 September 2016. As at 30 September 2016, such motor vehicles had an aggregate carrying value of approximately S\$1.8 million or approximately 19.8% of the total carrying value our property, plant and equipment. Such motor vehicles are mainly used for the transportation of our employees as well as necessary materials to and from work sites. For each of the three years ended 31 March 2016 and the six months ended 30 September 2016, we incurred approximately S\$0.3 million, S\$0.2 million, S\$0.3 million and S\$0.1 million for the upkeep of our motor vehicles.

WORKPLACE SAFETY AND HEALTH

Workplace safety and health policy

We are committed to a safe working environment and believe that maintaining a safe working environment requires everyone to play a part. We have an occupational health and safety management system in place, which had been last audited in March 2016 by an Independent Third Party. No non-conformity was noted in the audit. Subsequent to this audit, we were recommended for renewal of our OHSAS 18001:2007 certification, which we obtained in March 2016.

Our occupational and health safety policy has the following objectives:

- (i) Commitment to hazard anticipation and elimination in order to prevent personal injury or equipment damage;
- (ii) Compliance with applicable regulatory requirements and adoption of best practices;
- (iii) Education and training for employees and contractors to prevent accidents and injuries; and
- (iv) Implementation of reasonable measures for proper maintenance of our equipment and facility.

We have established the following key steps in our occupational health and safety management system:

I. Hazard identification, risk assessment and controls' determination

This involves maintaining a list of relevant occupational and health safety hazards, based on analysis of our services and works performed, inspection reports and incident reports. Upon identification of the potential hazards, a risk assessment will be carried out to designate certain potential hazards as significant. Particular attention will be paid to these significant hazards during our formulation and implementation of controls. The list of potential hazards is reviewed and changes are updated on an annual basis.

II. Legal and regulatory compliance

We also maintain a list of applicable occupational health and safety regulations and ensure that this is up-to-date. Changes to these rules and regulations will be communicated to our relevant departments and evaluation of our occupational healthy and safety compliance will be carried out.

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III. Objectives, targets and key performance indicators

We have a key target of zero incident relating to occupational health and safety. The performance indicators are clearly defined, measured in terms of number of incidents.

IV. Delegation of responsibilities and monitoring

Responsibilities are delegated for action items to achieve our targets. Action items include the carrying out of inspection in accordance with the inspection checklist that we set up, and the monitoring and reporting of incidents from a daily to monthly basis. As incidents are most likely to occur at or around the carrying on of our services and works, the following staff designations involved at our on-site services and works have the following responsibilities:

- Management representative with overall responsibility for our policy and the authority to stop unsafe work activities;
- Project manager/project engineer – Responsibility for identification, control and reporting of hazards and incidents. Being part of our experienced supervisory team, they also have the responsibilities for (i) identification of training needs and ensuring that relevant staff received the relevant training; (ii) communication with workers on the procedures, including emergency responses; (iii) monitoring and investigation of incidents; (iv) maintenance of required records and (v) stopping unsafe work activities for the contract that they oversee;
- Project supervisor – Responsibilities focus on the carrying on of works, including but not limited to:
 - (i) Reporting promptly on any incident;
 - (ii) Conducting the investigation on the incident;
 - (iii) Ensuring that each worker is aware of the need to keep tools in good working condition, to use protective gear properly and to practice good housekeeping;
 - (iv) Holding meetings to discuss occupational and safety concerns;
 - (v) Conducting pre-job hazards assessment;
 - (vi) Initiating and following up on corrective actions; and
 - (vii) Accountability for all occupational health and safety compliance for activities under his supervision;

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- Worker – We make known to all workers that they are responsible for performing their work in accordance with the work instructions and procedures, including but not limited to (i) wearing protective equipment; (ii) attending the required training; (iii) reporting unsafe act and incident immediately; (iv) stopping and preventing the continuance of unsafe act and incident; (v) participating in safety activities; (vi) cooperating in investigation and (vii) contributing to the continual improvements in the safety management system.

V. Training and awareness

Training needs are identified and recommended to our staff, with training records maintained. Many of these training courses are conducted by either the MOM or MOM accredited training centres, such as safety officers training, operation of mobile, overhead and gantry crane, first aid training and welder's course.

VI. Communication, participation and consultation

We have established communication channels through safety meetings, training programs, regular toolbox meetings and notice boards. Occupational and health safety meetings are conducted monthly and employees are encouraged to submit suggestions for improvements. Should subcontractors be involved, we will communicate to, and ensure participation of, our subcontractors as per our procedures in place for occupational health and safety.

VII. Documentation and control of documents

Manuals, procedures, and work instructions are to be properly documented. Both hard and soft copies are maintained. Obsolete documents are clearly identified to prevent miscommunication.

When selecting our subcontractors, we will take their safety standards into consideration. This includes evaluating our subcontractors on their safety management system, their machinery and equipment, their safety track record and safety training records. Subcontractors are also required to be involved in our monthly safety committee meetings and tool box meetings where applicable.

The above occupational health and safety policy enables us to obtain our OHSAS 18001:2007 certification, which is a requirement for bizSAFE Star and our registrations under the Contractors Registration System. In addition, based on our Executive Directors' experience, some of our customers require OHSAS 18001:2007 certification and/or bizSAFE Star when inviting contractors to tender, hence such certifications also enable us to tap into a broader range of business opportunities.

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Workplace accidents during the Track Record Period

We maintain an internal record of workplace accidents. During the Track Record Period and up to the Latest Practicable Date, we recorded an aggregate of three workplace accidents resulting in injuries of our workers:

	For the year ended 31 March			For the six months ended 30 September 2016	From 1 October 2016 to the Latest Practicable Date
	2014	2015	2016	2016	
Number of workplace accidents	1	0	2	0	0
Accident frequency rate (Note 1)	1.6	0.0	2.4	0.0	0.0
Number of lost time injuries (Note 2)	1	0	2	0	0
Lost time injuries frequency rates (Note 2)	1.6	0.0	2.4	0.0	0.0

Note:

- (1) Accident frequency rate represents the number of workplace accidents per one million man-hours worked. It is calculated as the number of workplace accidents during the financial year divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man hours for a financial year is estimated based on the number of our relevant workers directly involved in the provision of our services as at the end of the financial year, multiplied by 3,650 hours per year per worker.

For comparison purpose, the accident frequency rate for the construction sector in Singapore was 2.1 in 2014, 1.7 in 2015 and 1.7 in 2016, as stated in the “Workplace Safety and Health Report 2015 National Statistics” and “Workplace Safety and Health Report 2016 National Statistics” published by the Workplace Safety and Health Institute, Singapore.

- (2) Lost time injuries frequency rate represents the number of lost time injuries (i.e. an occurrence that resulted in a fatality, permanent disability or time lost from work of one day or more) per one million man-hours worked. It is calculated as the number of lost time injuries during the financial year divided by the number of man-hours worked, then multiplied by 1,000,000. Number of man hours for a financial year is estimated based on the number of our relevant workers directly involved in the provision of our services as at the end of the financial year, multiplied by 3,650 hours per year per worker.

The workplace accidents shown in the above table included:

- during the year ended 31 March 2014, a cut injury on the right hand suffered by a worker whilst transporting an air-conditioner condenser unit from the trolley to the ground; and

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- during the year ended 31 March 2016, (i) a cut injury on a finger suffered by a worker whilst placing a pipe into an air-conditioner; and (ii) an injury on the left leg suffered by a worker which was caused by a motor accident as he suddenly lost control of a motor vehicle while he was driving it as a result of a punctured tyre, leading to a collision with the road divider.

All of the aforementioned workplace accidents were reported to the MOM and are covered by insurance.

Work safety non-compliance incidents

During the Track Record Period and up to the Latest Practicable Date, we were involved in the following safety-related non-compliances:

Nature of non-compliances	Following two routine inspections conducted by the MOM in May and June 2013 respectively, the MOM stated that SH Integrated had, among other things, failed to implement certain safety measures at construction sites, including the alleged failure to ensure that scaffolds erected complied with certain prescribed standards or specifications, to ensure that the designated entry and access at the ground floor has adequate overhead protective cover, to provide safe means of access and egress for all work areas and for every level of structure or building, to provide for guardrails, barriers, etc. to prevent or arrest falls, to ensure that there were no debris or objects causing obstruction to passageways at the work site or which may cause tripping, etc., which constituted offences under Workplace Safety and Health (Construction) Regulations 2007, Workplace Safety and Health (Scaffolds) Regulations 2011, Workplace Safety and Health (Work at Heights) Regulations 2013 and Workplace Safety and Health (General Provisions) Regulation.
Consequences	<ul style="list-style-type: none">(i) Composition fines in the aggregate amount of S\$8,000 were imposed by the MOM, which had all been duly paid by SH Integrated in 2013.(ii) A total of 12 demerits points were issued to SH Integrated.(iii) A stop work order was imposed by the MOM on 27 June 2013 and was lifted on 5 July 2013.

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Rectifications	<p>SH Integrated had fully rectified the relevant non-compliances and had informed the relevant MOM officer(s) of such rectifications.</p>
Current status	<p>As advised by the Singapore Legal Adviser, pursuant to section 56 of the Workplace Safety and Health Act (Chapter 354A of Singapore), the Commissioner for Workplace Safety and Health may, in his discretion, compound certain offences under the Act. To the extent that the Commissioner offers a composition fine in respect of an offence, and once the composition fine is duly paid, no further proceedings may be taken against the offender in respect of the offence. Accordingly, SH Integrated would no longer have any liability in respect of the contravention for which composition fines had been previously offered and duly paid.</p> <p>As for the other contraventions, since there was no follow-up inspection or subsequent penalty imposed by the MOM subsequent to SH Integrated informing the relevant officer(s) of the rectification of the relevant contraventions and the projects have since been completed, the Singapore Legal Adviser is of the opinion that it is reasonable to surmise that no further action is likely to be taken by the MOM in respect of such prior contraventions.</p> <p>In addition, as at the Latest Practicable Date, the 12 demerit points issued against SH Integrated had been expunged since demerit points are only valid for 18 months from the date of issue.</p> <p>As at the Latest Practicable Date, we do not have any demerit points issued against us which are still valid. Furthermore, there is no stop work order issued against us which is still outstanding as at the Latest Practicable Date.</p>
Reason for the non-compliances	<p>Notwithstanding our workplace safety system then in place, certain safety procedures were not strictly adhered to by our on-site workers.</p>

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Additional safety measures implemented subsequently	To prevent recurrence of the non-compliances, we have: <ul style="list-style-type: none">(i) sent relevant staff in our project and term contract departments to attend courses on safety (see section headed “Business – Employees – Employee training” below); and(ii) implemented additional safety briefing to all operational on-site staff on a monthly basis.
Repeated non-compliance of similar nature	None.

Safety Adviser’s view

We engaged the Safety Adviser (being Axcel Safety Audit Pte Ltd), an independent safety auditing agency approved by Occupational Safety Department of the MOM in the Safety Management System Audit Scheme, to perform review procedures on our workplace safety system in place to assist the Sole Sponsor in assessing the adequacy and effectiveness of our workplace safety management system.

Having reviewed (i) the records pertaining to the aforementioned workplace injuries and safety non-compliance incidents; (ii) the additional measures put in place by our Group to prevent recurrence of the non-compliance incidents; and (iii) the current workplace safety management system of our Group, and having carried out on-site inspections at selected work sites in which we are carrying out works, the Safety Adviser is of the opinion that:

- (a) the aforementioned workplace injuries and safety non-compliances were not caused by any material deficiencies in the design of our safety management system;
- (b) the additional measures put in place by our Group to prevent recurrence of the non-compliances were adequate and effective; and
- (c) the current workplace safety management system of our Group is adequate and effective.

Directors’ and the Sole Sponsor’s views

Our Directors and the Sole Sponsor are of the view that the additional measures put in place by our Group to prevent recurrence of the safety non-compliance were adequate and effective having considered (i) the results of the Safety Adviser’s review and its opinion; and (ii) the fact that there had not been recurrence of similar non-compliances for more than 3 years since the MOM’s inspections in 2013.

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In addition, our Directors and the Sole Sponsor are of the view that the aforesaid non-compliances have no material negative impact on the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules nor on our Company's suitability for listing under Rule 8.04 of the Listing Rules, having considered:

- (i) that the non-compliances were related to our building and construction business, which is not our primary business of provision of integrated building services;
- (ii) that certain non-compliances were compounded (forborne from prosecution) by the payment of composite fines under the Workplace Safety and Health Act;
- (iii) that the stop work order was lifted less than 10 days after it was issued;
- (iv) that the non-compliances were fully rectified and we had implemented additional measures to prevent recurrence of the non-compliances;
- (v) the results of the Safety Adviser's review and its opinion as mentioned above;
- (vi) that there had not been recurrence of similar non-compliances for more than 3 years since the MOM's inspections in 2013; and
- (vii) that after the non-compliances, we have successfully renewed our licences and registrations, including our gradings for the relevant workheads under the Contractors Registration System.

ENVIRONMENTAL MATTERS

We have an environmental management system in place, which had been last audited in May 2016 by an Independent Third Party. Subsequent to this audit, we were recommended for renewal of our ISO 14001:2004 certification, which we obtained in June 2016. We believe that our environmental management system allows us to be in compliance with all relevant environmental regulations.

In accordance with our environmental management system, environmental hazards are assessed and reviewed, and changes in environmental regulations will be monitored. Preventive and corrective actions will be taken to ensure that we can meet our target of zero environmental non-compliance, and meetings will be held to communicate on environmental compliance matters. Appropriate training on environmental compliance are recommended and communications on environmental compliance are made to our employees as well as external parties, such as our subcontractors.

The operational procedures that we have put in place for environmental management include but not limited to the following:

- (i) noise level control, which includes identification of noise hazards, taking practicable measures to reduce excessive noise, sending workers for annual audiometric examination and reviewing their results, and providing hearing protection devices; and

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- (ii) air pollution control, which includes proper maintenance of air compressors, electric generators, use of canvas if there is excessive dust, and proper disposal of damaged air conditioners and refrigerators.

During the Track Record Period and up to the Latest Practicable Date, we did not record any material non-compliance with applicable environmental requirements. Our annual cost of compliance with applicable environmental requirements during the Track Record period was not material. Please refer to the section headed “Regulatory overview – Environmental laws and regulations” in this prospectus for further details of the relevant laws and regulations.

INSURANCE

Our insurance policies as at the Latest Practicable Date include:

- Work injury compensation policies for all our manual workers and non-manual workers earning less than S\$1,600 per month, as stipulated by the MOM, in the form of specific work injury compensation policies obtained in respect of the various contracts or projects which our manual workers are being deployed to, as well as a general work injury compensation policy, renewed annually, for our other workers who are not covered under the aforesaid specific policies;
- Foreign worker medical and personal accident insurance, as stipulated by the MOM, renewed annually;
- Group insurance policy to cover hospitalisation expenses for all Singaporean and permanent resident employees and foreign workers who are office staff;
- Public liability insurance to cover personal injury, damage to property, plant and machinery in Singapore, in connection with our operations; and
- Fire insurance to cover loss or damage to inventories, property, plant and machineries due to fire.

Our Directors consider that our insurance coverage is adequate for the operation of our business, and is in line with the industry norm.

Certain risks disclosed in the section headed “Risk factors” in this prospectus, such as risks in relation to our ability to maintain and renew our licences and registrations, our ability to obtain new contracts, our ability to retain and attract personnel, customer concentration, performance of subcontractors, project and cost management, credit risk and liquidity risk, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Please refer to the section headed “Business – Risk management and internal control systems” in this prospectus for further details regarding how our Group manages certain uninsured risks.

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PROPERTY INTERESTS

Owned property

The following table summarises information regarding our owned property as at the Latest Practicable Date:

Address	Gross floor area	Usage	Market value
18 Kaki Bukit Place, Eunos Techpark, Singapore 416196	Approximately 1,620 square metres	A 7-storey building for use as our head office, storage, workshop, and foreign workers' dormitory (Note 1)	Approximately S\$6.7 million as at 31 December 2016, as assessed by Roma Appraisals Limited, an independent property valuer, details of which are set out in Appendix III to this prospectus (Note 2)

Notes:

1. We have obtained a grant of written permission (temporary) from the Urban Redevelopment Authority of the Singapore Government to provide ancillary workers' dormitories on two levels of the aforesaid premises (the "**URA Approval**"). The URA Approval is valid until 24 April 2019 and allows for a maximum of 74 workers to be housed at the premises.
2. Please refer to the section headed "Financial information – Property interests and property valuation" in this prospectus for a reconciliation of the amount of the property as reflected in our combined financial information as at 30 September 2016 as set out in Appendix I to this prospectus with the valuation of the property as at 31 December 2016 as set out in Appendix III to this prospectus.

Such owned property was pledged for mortgage loans as at 31 March 2014, 2015 and 2016, and as at 30 September 2016. For further information, please refer to the section headed "Financial information – Indebtedness – Borrowings" in this prospectus.

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Leased properties

As at the Latest Practicable Date, we rented licensed dormitories and a flat unit from Independent Third Parties for use as our foreign workers' dormitory and staff accommodation, details of which are as follows:

Address	Leased area	Monthly rent	Tenure
Block 23, Unit No(s): #10-01, #10-02, #10-03, #10-04, 25 Kaki Bukit Road 3, Singapore 415815	Approximately 200 square metres	S\$15,297	2 years, from 1 June 2016 to 31 May 2018
Block 25A, Unit No(s): #14-29, #14-30, 25 Kaki Bukit Road 3, Singapore 415809	Approximately 100 square metres	S\$7,402	2 years, from 1 July 2015 to 30 June 2017
Block 25A, Unit No(s): #05-27, #05-28, #05-31 25 Kaki Bukit Road 3, Singapore 415809	Approximately 150 square metres	S\$11,472	2 years, from 1 May 2016 to 30 April 2018
Block 25, Unit No(s): #07-25, 25 Kaki Bukit Road 3, Singapore 415815	Approximately 50 square metres	S\$3,824	2 years, from 1 June 2016 to 31 May 2018
Block 101, Bedok Reservoir Road #12-466 Singapore 470101	Approximately 121 square metres	S\$2,400	18 months, from 6 February 2016 to 5 August 2017
Block 25, Unit No.: #05-23, 25 Kaki Bukit Road 3, Singapore 415815	Approximately 50 square metres	S\$3,824	2 years from 1 October 2016 to 30 September 2018
17, Jalan Besut Singapore 619570	<i>Note (1)</i>	S\$8,400	5.5 months, from 15 October 2016 to 31 March 2017
21, Kian Teck Road Singapore 628773	<i>Note(2)</i>	S\$2,800	2 months, from 1 March 2017 to 30 April 2017

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Address	Leased area	Monthly rent	Tenure
Block 25A, Unit No(s): #09-28, 25 Kaki Bukit Road 3, Singapore 415809	Approximately 66 square metres	S\$3,824	2 years, from 1 April 2017 to 31 March 2019
Block 25A, Unit No(s): #09-29, 25 Kaki Bukit Road 3, Singapore 415809	Approximately 66 square metres	S\$3,824	2 years, from 1 April 2017 to 31 March 2019

Note:

- (1) Tenancy agreements stated by number of occupants, which in aggregate was for 35 occupants.
- (2) Tenancy agreement stated by number of occupants, which in aggregate was for 10 occupants.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, we have registered one domain name, www.shilimited.com, and we had registered our trademark on 29 April 2016 in Hong Kong.

Details of our intellectual property rights are set out in the paragraph headed “B. Further information about the business of our Group – 2. Intellectual property rights” in Appendix V to this prospectus. As at the Latest Practicable Date, we were not aware of any material infringements (i) by us of any intellectual property rights owned by third parties; or (ii) by any third parties of any intellectual property rights owned by us and we were also not aware of any pending or threatened claims against us or any of our subsidiaries in relation to the material infringement of any intellectual property rights of third parties.

EMPLOYEES

As at the Latest Practicable Date, our Group had a total of 313 full-time staff (including our Executive Directors), of which 44 were local employees and 269 were foreign employees (including site foreign workers and other employees). All our employees are stationed in Singapore.

The following sets forth the number of our staff in the respective functions of our Group (including our Executive Directors but not our Independent Non-Executive Directors) as at 31 March 2014, 31 March 2015, 31 March 2016 and the Latest Practicable Date:

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	As at 31 March			As at the Latest Practicable Date
	2014	2015	2016	
General management	3	3	3	3
Finance and human resource department	3	4	10	8
Term contract department	40	37	35	38
Project department	7	10	11	13
Administrative department	6	5	9	15
Purchasing department	2	2	4	4
Site foreign workers	<u>126</u>	<u>129</u>	<u>183</u>	<u>232</u>
Total	<u><u>187</u></u>	<u><u>190</u></u>	<u><u>255</u></u>	<u><u>313</u></u>

Out of the 313 staff, 14 have qualifications in engineering degree, 12 have qualifications in non-engineering degree, 10 have engineering diplomas and 9 have non-engineering diplomas.

Recruitment policies and foreign workers

Our human resources department assesses our available human resources on a continual basis and, together with our Executive Directors, determines whether additional employees are required to cope with our business expansion. Our human resources department also reviews the policies and procedures on hiring of staff, training and staff exit interviews.

Our foreign workers are sourced and recruited through an Independent Third Party agency. The supply of foreign workers in Singapore is subject to various regulations and policies.

In particular, the availability of foreign workers to the construction industry is regulated by the MOM through certain policy instruments, including but not limited to (i) the dependency ceilings based on the ratio of local to foreign workers; and (ii) the quotas based on the man year entitlements (“MYE”) in respect of workers from non-traditional sources (“NTS”) and the PRC.

(i) *Dependency ceilings*

The dependency ceiling refers to the maximum permitted number of foreign workers to the total workforce that a company in a stipulated sector is allowed to hire.

The dependency ceilings for the construction industry in Singapore is currently set at a ratio of one full-time local worker to seven foreign workers. However, the quota may not apply to higher skilled foreign employees. As at the Latest Practicable Date, our Group had a total of 313 full-time staff (including our Executive Directors), of which 44 were local workers and 269 were foreign workers. Based on the ratio of one full-time local worker to

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seven foreign workers, the maximum number of foreign workers our Group can hire is 308, which means that we can hire 39 additional foreign workers based on the dependency ceilings.

(ii) *MYE*

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 owners. A main contractor's MYE will expire on the completion date of the relevant project.

As advised by the Singapore Legal Adviser, the maximum number of foreign workers our Group can hire is subject to the ratio of one full-time local worker to seven foreign workers set under the dependency ceilings, no matter how many MYE our Group has obtained. Companies without MYE may still employ NTS or PRC construction work permit holders upon a waiver granted by MOM, subject to the compliance with, inter alia, the dependency ceiling and paying a higher foreign worker levy rate.

Please see the section headed "Regulatory overview – Employment matters – Employment of foreign workers in Singapore" in this prospectus for the entirety of the advice provided by the Singapore Legal Adviser in relation to the above. .

Our foreign workforce comprises 269 employees holding various types of permits and passes, mainly including (i) work permits for our site foreign workers and semi-skilled foreign staff in other departments; and (ii) S Passes for some of our foreign employees in various departments who met certain criteria such as acceptable qualifications and a fixed monthly salary of at least S\$2,200.

We provide housing for our foreign employees in dormitories at our head office building at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196, as well as at dormitories and staff accommodation rented from third party dormitory operator and landlord. As at the Latest Practicable Date, SH Integrated has 66 foreign employees housed at our head office building, while all the remaining foreign employees of SH Integrated and DRC Engineering are housed at third party dormitories as aforesaid.

Security bonds for our foreign workers are required by the MOM for new applications of their work permits (see "Regulatory overview – Employment matters – Employment of foreign workers in Singapore – Security bonds and foreign worker levy" in this prospectus). All employers of foreign non-Malaysian work permit holders are required to furnish a S\$5,000 security bond with the MOM in the form of banker's guarantee or insurance guarantee. As at the Latest Practicable Date, we had 232 foreign workers who were non-Malaysian work permit holders. During the Track Record Period, we have arranged for the issuance of security bonds by insurance companies for our relevant foreign workers. Such security bonds were secured by, among other things, personal guarantees given by Mr. Chua and Mrs. Chua. Such personal guarantees will be released upon Listing and replaced by our corporate guarantee.

BUSINESS

We believe that any material difficulties in employing foreign labour may materially affect our operation and financial performance. In order to mitigate the impact of foreign labour shortages arising from changes in relevant laws and regulations in Singapore and/or other countries where the foreign labour originated, our management has adopted a policy to employ foreign labour from more than one countries including India, Bangladesh, Malaysia, Philippines and Myanmar. To mitigate the increasing expenses (including foreign worker levies) incurred with employing foreign workers, our Group will either hire skilled foreign workers (where the applicable foreign worker levies are lower), or conduct regular in-house training and provides external training for unskilled foreign workers. After sufficient training, our Group would be able to apply to the BCA Academy to qualify them as skilled foreign workers so as to benefit from lower applicable foreign worker levies. In our recruitment exercise, our Group also makes it a point to hire more skilled foreign workers as they are normally more productive and incur lower foreign worker levies.

Employees' remuneration and benefits

Our employees are remunerated according to their job scope, responsibilities, and performance. Our local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of our Group. Our foreign workers are typically employed on two-year basis depending on the period of their work permits, and subject to renewal based on their performance, and are remunerated according to their work skills. Our Group provides medical insurance coverage for our foreign workers as required by the MOM.

Central Provident Fund

Our Group participates in the mandatory provident fund for our employees in accordance with the Central Provident Fund Act, Chapter 36 of Singapore, and has paid the relevant contributions accordingly.

Employee training

We recognise that having qualified and competent employees are crucial to our continued competitiveness and success. We organise internal training programmes and also send employees for external training courses to assist our employees in achieving better work quality and higher safety standards.

Our in-house training programmes include orientation programmes for new employees to familiarise them with the general working environment and work culture, and also on-the-job training for all employees to equip them with the skills and knowledge relevant to their respective job scope and to enhance their awareness of the relevant statutory requirements and building regulations and the latest industry developments.

We also sponsor employees to attend external courses conducted by organisations such as the Building and Construction Authority. Such courses include construction and workplace safety courses, quality assurance courses and risk management courses. The following is a non-exhaustive list of courses that our management and staff from our various departments have attended:

BUSINESS

Name of courses/training/certificates	Staff from our department(s) that received the training
Basic Concept in Construction Productivity Enhancement	Management
Certificate in Construction Productivity Management	Management, term contract department
Specialist Diploma in Construction Productivity	Management, term contract department
P-Max @ASME; place and train programme organised and administered by Association of Small & Medium Enterprises	Human resource department
Internal Environment Auditor	Management, term contract department
Flexi Work Arrangement	Human resource department
The Risk Management Course	Project department
Work-at-height for Supervisor	Project department
Building Construction Supervisors Safety Course	Management, safety department, term contract department
Assess Confined Space for Safe Entry	Safety department, term contract department
First Aid Course	Project department
Diploma in Electrical Engineering	Project department
Bachelor of Building and Project Management	Project department
Business Management and Marketing Skills	Project department
Boom Lift Operator Course	Project department
Building Electrical Services Design (Advanced Diploma in Building Automation Services)	Project department
Engineering Mathematics and Controls (Advanced Diploma in Building Automation Services)	Project department
Hydraulic Excavator Operation	Project department
Servicing and Maintenance of Fire Extinguishers	Project department

BUSINESS

Name of courses/training/certificates	Staff from our department(s) that received the training
Specialist Diploma in Building Cost Management	Project department
Specialist Diploma in M&E Co-ordinator	Project department
Diploma in Building Services Engineering	Term contract department
Operation and Maintenance of Steam Boilers	Term contract department
Supervision of Metal Scaffolding Erection Course	Term contract department
Awareness and Servicing Training	Term contract department
Construction Safety Orientation Course for Workers	Project department, term contract department
Coretrade (Electrical Wiring Installation)	Project department, term contract department
Metal Scaffolding Erection Course	Project department, term contract department
Multi-Skill Registration	Project department, term contract department
Respond to Fire Incident in Workplace	Project department, term contract department
Troubleshooting of VRV System	Term contract department

Employee relations

Our Directors believe that we have a good relationship with our employees. During the Track Record Period and up to the Latest Practicable Date, we did not have any material dispute with our employees. Our employees are not members of any labour union. During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant problems with employees or other labour disturbances to our operations and we did not experience any material difficulties in the recruitment and retention of experienced staff.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Key risks relating to our business are set out in the section headed “Risk factors” in this prospectus. The following sets out the key measures adopted by our Group under our risk management and internal control systems for managing the more particular operational and financial risks relating to our business operation:

BUSINESS

Continuity of order book

We recognise that our order book is critical for our financial performance and business sustainability. In this regard, we maintain good working relationship with our customers. Since the Singapore Government agencies evaluate their contractors based on several criteria, including the track record, performance and service levels, we strive to continue to deliver reliable and timely services.

We monitor GeBIZ on a daily basis to explore new opportunities. We are also actively looking out for opportunities with non-government agency customers. Furthermore, with the proceeds from the Share Offer, we intend to take on more customers and projects and broaden our in-house capabilities, as discussed in the section headed “Business – Business strategies” above.

Project risk management

We have established procedures for assessing and monitoring project risk. For details, please refer to the section headed “Business – Project management and operations – Project implementation phase” above.

Risk of cost overruns

We need to estimate the cost of the supplies needed for the carrying out of our services at the time of submitting tender proposals. However, the prices that we pay to our suppliers are normally agreed at the time when we actually place our purchase orders. We manage the risk of cost overruns by (i) buffering for inflation and possible cost increases during the contract period when submitting tender proposal; and (ii) obtaining quotations from different suitable suppliers when placing purchase orders.

Risk of loss of key personnel

Our Executive Directors will ensure that suitable and sufficient numbers of staff are properly appointed and assigned to manage each project. This will ensure that sufficient experience and technical knowledge are available within the project team and any loss of any team member will have limited impact on the continuity of project implementation.

Quality control system

Please refer to the section headed “Business – Quality control” above in this prospectus.

Workplace safety and health system

Please refer to the section headed “Business – Workplace safety and health” above in this prospectus.

BUSINESS

Environmental management system

Please refer to the section headed “Business – Environmental matters” above in this prospectus.

Credit management

Approximately 75.6%, 85.2%, 85.2% and 70.7% of our revenue for the three years ended 31 March 2016 and the six months ended 30 September 2016 was generated from Singapore Government agencies which carries little or no risk of default in the opinion of our Executive Directors. Our Executive Directors consider that the credit risk faced by us is mainly in relation to the collectability of trade receivables and retention receivables from private customers. Our credit terms offered to customers are typically between 15 to 60 days. The collection of trade receivables mainly include monitoring the invoice due date by our accounts department, and our Executive Directors and our financial controller reviewing the monthly accounts receivables aging. For receivables aged more than 60 days, the relevant project or service team members will follow-up closely with our customers. A monthly statement of accounts is also generated and sent to our customers. Legal actions will be taken if necessary.

In addition, we review the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate impairment losses are provided for irrecoverable amounts. We determine the provision for impairment of trade receivables on a case-by-case basis having regard to a number of factors, including the ageing of the receivable balance, results of follow-up procedures, customers’ credit history, customers’ financial position, and the current market condition. At the end of each reporting period, we assess whether there is objective evidence that each individual trade receivable is impaired.

During the Track Record Period, we commenced legal actions against certain private customers for payments, which were concluded in our favour either by court order or out-of-court settlement, involving settlement amounts ranging from approximately S\$0.2 million to S\$0.4 million for each case. In addition, there was an amount of approximately S\$0.4 million that was written off directly against our trade receivables during the year ended 31 March 2014 as the relevant debtor went into liquidation.

As at 31 March 2014, 2015, 2016 and 30 September 2016, out of our trade receivables of approximately S\$4.6 million, S\$6.9 million, S\$5.7 million and S\$7.1 million, approximately S\$1.5 million, S\$1.1 million, S\$1.4 million and S\$3.0 million were past due but not impaired. For further information, please refer to the section headed “Financial information – Discussion on selected balance sheet items – Trade receivables” in this prospectus.

To safeguard our exposure to credit risks to non-government agency customers, we will consider several factors before deciding to submit a tender including the customer’s market reputation, size of operations, key payment terms and payment history.

BUSINESS

The credit terms typically offered to us by our suppliers and subcontractors vary from 14 to 90 days, and payments to them are typically made by cheque. For our subcontractors, we will verify that the subcontracting works have been satisfactorily completed before payment.

Liquidity risk management

Under a typical contract undertaken by us, we do not receive any upfront payments or deposits from our customers prior to the commencement of work. However, there are costs which are typically incurred at an early stage of a contract before we receive payments from customers and which are therefore required to be paid from our available financial resources, such as the costs of labours, supplies and/or subcontracting services. In addition, throughout the execution of a contract, we receive payments after the performance of our services and works, for which we would have incurred costs (including costs of labours, supplies and/or subcontracting services) that are also required to be paid from our available financial resources. In addition, contracts undertaken by us may have performance bonds and retention money requirements, which also affect our liquidity position.

For the purchases of integrated building systems or parts thereof, we will manage our cash outflow by ensuring that we do not purchase excessive quantity or purchase too early before the anticipated maintenance date.

We will also monitor our working capital to ensure that our financial obligations can be met when due, by, *inter alia* (i) ensuring a healthy bank balances and cash for payment of our short-term working capital needs; (ii) monitoring our trade receivables and its aging monthly, and following up closely to ensure prompt receipt of amounts due from our customers; (iii) monitoring our trade payables and its aging monthly, to ensure that payments to our suppliers are made on a timely basis; and (iv) monitoring our bank and finance lease payments.

Regulatory risk management

Our Group keeps abreast of any changes in government policies, regulations, licensing requirement and safety requirements and we are aware that any non-compliance of the above may have an adverse impact on our operation and business. We will ensure that all changes in government policies, regulations, licensing requirement and safety requirements are closely monitored and communicated to our management and supervisory team members for proper implementation and compliance.

Risk of labour shortage

Please refer to the section headed “Business – Employees – Recruitment policies and foreign workers” above in this prospectus.

BUSINESS

Corporate governance measures

Our Company will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. We have established three board committees, namely, the audit committee, the nomination committee and the remuneration committee, with respective terms of reference in compliance with the Corporate Governance Code. For details, please refer to the section headed “Directors and senior management – Board committees” in this prospectus. In particular, one of the primary duties of our audit committee is to review the effectiveness of our Company’s internal audit activities, internal controls and risk management systems. Our audit committee consists of all three of our Independent Non-Executive Directors, whose backgrounds and profiles are set out in the section headed “Directors and senior management” in this prospectus.

In addition, to avoid potential conflicts of interest, we will implement corporate governance measures as set out in the section headed “Relationship with our Controlling Shareholders – Corporate governance measures” in this prospectus.

Our Directors will review our corporate governance measures and our compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance reports to be included in our annual reports after Listing.

LITIGATION AND CLAIMS

Our Executive Directors confirm that as at the Latest Practicable Date, save as disclosed under this sub-section headed “Litigation and claims”, no member of our Group was engaged in any litigation or claim of material importance, and no litigation or claim of material importance was known to our Directors to be pending or threatened against any member of our Group.

(i) Ongoing claims

During the Track Record Period, there were two motor accidents (which were not workplace accidents shown in the section headed “Business – Workplace safety and health – Workplace accidents during the Track Record Period” above) which involved the alleged negligence of our workers whilst driving our motor vehicles, leading to the accidents causing injury to and/or damage to property of Independent Third Parties. The aforesaid motor accidents led to five negligence claims filed by the affected parties against us. Out of the aforesaid five negligence claims, two negligence claims were concluded and three negligence claims had not yet been fully concluded as of the Latest Practicable Date.

Our Executive Directors do not regard the abovementioned motor accidents as workplace accidents because the matter in question was the general driving skill and manner of the relevant workers rather than the workplace safety and health management in relation to the provision of our services.

BUSINESS

The conduct of the aforesaid three negligence claims are being handled by our insurer, who informed us that the claims had already been settled for an aggregate sum of S\$13,500 for damages and costs as of the Latest Practicable Date and that the claims will be officially concluded after the filing of the relevant discontinuance court documents.

(ii) Potential claims

As disclosed in the section headed “Business – Workplace safety and health – Workplace accidents during the Track Record Period” above, we recorded two workplace accidents during the year ended 31 March 2016. As advised by the Singapore Legal Adviser, the relevant injured workers have up to one year from the date of the accident or diagnosis of illness to decide whether to file a claim under the Work Injury Compensation Act (see “Regulatory overview – Workplace safety and health – Workmen’s compensation” in this prospectus), or to file a common law claim against us. Any amounts payable under such potential claims (if any) shall be covered by the relevant insurance policies.

(iii) Concluded legal cases

During the Track Record Period and up to the Latest Practicable Date, we were involved in a number of concluded legal cases, including:

- (a) three cases commenced by us against our private customers for payments, which were concluded in our favour either by court order or out-of-court settlement, involving settlement amounts ranging from approximately S\$0.2 million to S\$0.4 million for each case;
- (b) one case commenced by a subcontractor against us as a result of dispute over payments for works performed by the subcontractor, which was concluded after the subcontractor withdrew and discontinued the case following the settlement between the parties, involving a settlement amount of approximately S\$0.05 million;
- (c) one common law claim filed by an injured worker against us in relation to a workplace accident that took place prior to the Track Record Period, which was covered and settled by our insurer; and
- (d) two cases commenced by Independent Third Parties in relation to two motor accidents, involving settlement amounts of S\$2,350 and S\$17,313 respectively.

No provision for litigation and claims

No provision was made in the financial statements of our Group in respect of the aforementioned ongoing claims as it is covered by our insurer.

No provision was made in the financial statements of our Group in respect of the aforementioned potential claims arising from workplace accidents due to the uncertainties as to whether such claims will be commenced and the total amount that will be involved, if any, and the fact that any such claims are expected to be covered by insurance.

BUSINESS

NON-COMPLIANCE

Non-compliance incidents

Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, save as disclosed in the section headed “Business – Workplace safety and health policy – Work safety non-compliance incidents” above, we had no material or systemic non-compliance incidents that would have a material adverse effect on our business, financial condition and results of operations taken as a whole.

Indemnity from our Controlling Shareholders

Our Controlling Shareholders have executed the Deed of Indemnity in favour of our Group whereby they will jointly and severally indemnify each member of our Group against, among others, all expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (among others, but not limited to, legal and other professional costs), charges, liabilities, fines, penalties and tax which any member of our Group may incur, suffer or accrue, as a result of directly or indirectly or in connection with, or in consequence of any non-compliance with or breach of any applicable laws, rules or regulations in any jurisdiction by any member of our Group on or before the Listing. Please refer to the section headed “E. Other information – 1. Tax and other indemnities” in Appendix V to this prospectus for further details of the Deed of Indemnity.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option), 75% of the issued share capital of our Company will be owned by Ruiheng Global, which is owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua. In view of the above, Ruiheng Global, Mr. Chua and Mrs. Chua are our Controlling Shareholders under the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Our Directors are satisfied that our Group is capable of operating independently of our Controlling Shareholders and their respective associates after the Listing on the basis of the following information.

Management independence

The day-to-day management and operation of the business of our Group will be the responsibility of all of our Executive Directors and senior management personnel of our Company. Our Board has five Directors comprising two Executive Directors and three Independent Non-Executive Directors. Mr. Chua, our Executive Director, is also one of the ultimate Controlling Shareholders. Save for Mr. Chua and Mrs. Chua, none of the other Directors nor other members of our senior management is a Controlling Shareholder.

We consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, 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 interest;
- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum of the relevant meetings of the Board; and
- (c) all our Independent Non-Executive Directors, namely Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong, are sufficiently experienced and capable of monitoring the operations of our Group independently of our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Operational independence

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities for daily operations of our Group. Our Group has not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their associates. Our Group has also established a set of internal controls to facilitate the effective operation of our business.

As at the Latest Practicable Date, our top five suppliers and customers are all independent from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their associates. We have our independent access to our suppliers and our customers for the provision of services and materials, and we have an independent management team to handle our day-to-day operations.

Financial independence

Our Group has its own financial management system, internal control and accounting systems, accounting and finance department, independent treasury function for cash receipts and payments, and the ability to operate independently from our Controlling Shareholders from a financial perspective.

During the year ended 31 March 2016, Mr. Chua provided cash advance in the amount of S\$3.8 million to CSH Development for facilitating CSH Development's acquisition of our head office building from SH Integrated (please refer to the section headed "History, Reorganisation and corporate structure – History and development – CSH Development" in this prospectus). Such amount has been fully repaid by us to Mr. Chua from our internal resources in June 2016. Details of such amount are disclosed in the section headed "Financial information – Indebtedness – Amount due to a director" in this prospectus.

During the Track Record Period, we have arranged for the issuance of performance guarantees in relation to our projects (please refer to the section headed "Business – Key contract terms with customers – Performance guarantees") and security bonds in relation to our foreign workers (please refer to the section headed "Business – Employees – Recruitment policies and foreign workers"), which were secured by, among other things, personal guarantees given by Mr. Chua and Mrs. Chua, and of which S\$1,442,954, S\$2,575,998, S\$4,000,287 and S\$3,537,063 remained outstanding as at 31 March 2014, 2015, 2016 and 30 September 2016 respectively. All such personal guarantees will be released upon Listing and replaced by our corporate guarantee.

In view of our Group's internal resources and the estimated net proceeds from the Share Offer, our Directors believe that our Group will have sufficient capital for its financial needs without dependence on our Controlling Shareholders. Our Directors also believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OTHER BUSINESSES OF OUR CONTROLLING SHAREHOLDERS

Apart from our Group, as at the Latest Practicable Date, none of our Controlling Shareholders and their respective close associates are currently conducting any businesses or holding controlling interest directly or indirectly in companies which are engaged in businesses in competition with the businesses of our Group. As at the Latest Practicable Date, our Controlling Shareholders and their respective close associates have businesses which carry out child day care services.

As we mainly (i) provide integrated building services, with a focus on the maintenance and installations of M&E systems, and including minor repairs and improvement works; and (ii) undertake building and construction works in Singapore, none of the business owned by our Controlling Shareholders and their respective close associates outside our Group is involved in the above, our Directors are of the view that there are clear delineations between the principal businesses of our Group and those other companies owned by our Controlling Shareholders and their respective close associates.

Save as disclosed above, none of our Directors, our Controlling Shareholders and their respective close associates has any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules. To minimise the potential competition in the future, our Controlling Shareholders will enter into the Deed of Non-competition with us to the effect that each of them will not, and will procure each of their respective close associates not to, directly or indirectly participate in, or hold any right or interest or otherwise be involved in, any business which may be in competition with our businesses.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders (each a “**Covenantor**” and collectively, the “**Covenantors**”) entered into the Deed of Non-competition in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) prior to the Listing, under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, warranted and undertaken to our Company (for ourselves and as trustee for and on behalf of our subsidiaries) that:

- (a) each of the Covenantors shall not, and shall procure each of his/her/its close associates and/or companies controlled by him/her/it, whether on his/her/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly, carry on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by our Group (including but not limited to (i) provide integrated building services, with a focus on the maintenance and installations of M&E systems, and including minor repairs and improvement works; and (ii) undertake building and construction works in Singapore, and businesses ancillary to any of

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

the foregoing), in Hong Kong, Singapore and any other country or jurisdiction to which our Group provides such services and/or in which any member of our Group carries on business mentioned above from time to time (the “**Restricted Business**”). Each of the Covenantors has represented and warranted to our Group that neither he/she/it nor any of his/her/its close associates is currently interested, involved or engaging, directly or indirectly, in (whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) the Restricted Business otherwise than through our Group;

- (b) if any of the Covenantors and/or any of his/her/its close associates is offered or becomes aware of any project or new business opportunity (“**New Business Opportunity**”) that relates to the Restricted Business, whether directly or indirectly, he/she/it shall: (i) promptly, in any event not later than seven days, notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such opportunity; and (ii) use his/her/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such opportunity is offered to him/her/it and/or his/her/its close associates; and
- (c) if our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within 30 Business Days (the “**30-day Offering Period**”) of receipt of notice from the Covenantor(s), the Covenantor(s) and/or his/her/its close associates shall be permitted to invest in or participate in the New Business Opportunity on his/her/its own accord. The Covenantors also agree to extend the 30 Business Days to a maximum of 60 Business Days if our Company requires so by giving a written notice to the Covenantors within the 30-day Offering Period.

In addition, upon the Listing, each of the Covenantors has also undertaken:

- (i) in favour of our Company to provide our Company and our Directors from time to time (including our Independent Non-Executive Directors) with all information necessary, including but not limited to monthly turnover records and any other relevant documents considered necessary by our Independent Non-Executive Directors, for the annual review by our Independent Non-Executive Directors with regard to compliance of the terms of the Deed of Non-competition and the enforcement of the non-competition undertakings in the Deed of Non-competition;
- (ii) to provide to our Company, (if necessary) after the end of each financial year of our Company, a declaration made by each of the Covenantors which shall state whether or not the Covenantors have during that financial year complied with the terms of the Deed of Non-competition, and if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the annual report of our Company for the relevant financial year, such annual declaration shall be consistent with the principles of making voluntary disclosures in the corporate governance report; and

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (iii) to our Group to allow our Directors (including our Independent Non-Executive Directors), their respective representatives and the auditors to have sufficient access to the records of the Covenantors and his/her/its close associates to ensure their compliance with the terms and conditions under the Deed of Non-competition.

Further, each of the Covenantors has undertaken that during the period in which he/she/it and/or his/her/its close associates, individually or taken as a whole, remains as a Controlling Shareholder:

- (i) he/she/it will not invest or participate in any project or business opportunity that competes or may compete, directly or indirectly, with the business activities engaged by our Group from time to time unless pursuant to the provisions stipulated in the Deed of Non-competition;
- (ii) he/she/it will not solicit any existing or then existing employee of our Group for employment by him/her/it or his/her/its associates (excluding our Group);
- (iii) he/she/it will not without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to his/her/its knowledge in his/her/its capacity as our Controlling Shareholder for any purposes; and
- (iv) he/she/it will procure his/her/its close associates (excluding our Group) not to invest or participate in any project or business opportunity mentioned above unless pursuant to the provisions stipulated in the Deed of Non-competition.

The above undertakings (i) and (iv) are subject to the exception that any of the Covenantors and their respect associates (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Business or any project or business opportunity, regardless of value, which has been offered or made available to our Group, provided also that information about the principal terms thereof has been disclosed to our Company and our Directors, and our Company shall have, after review and approval by our Directors (including our Independent Non-Executive Directors without the attendance by any Director with beneficial interest in such project or business opportunity, in which resolutions have been duly passed by the majority of our Independent Non-Executive Directors), confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Business and provided also that the principal terms on which that the Covenantors and/or his/her/its respective close associates invests, participates or engages in the Restricted Business are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if the Covenantors and/or his/her/its respective close associates decides to be involved, engaged, or participated in the relevant Restricted Business, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as practicable.

The non-competition undertaking will take effect from the Listing Date and will cease to have any effect upon the earliest of the date on which (i) such Covenantors and his/her/its close associates, individually or taken as a whole, cease to own, in aggregate, 30% or more

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

of the then issued share capital in our Company directly or indirectly or cease to be deemed as our Controlling Shareholder and do not have power to control our Board or there is at least one other independent Shareholder other than the Covenantors and/or his/her/its respective close associates holding more shares than the Covenantors and his/her/its respective close associates taken together; or (ii) the Shares cease to be listed and traded on the Stock Exchange or other recognised stock exchange.

CORPORATE GOVERNANCE MEASURES

In order to strengthen the corporate governance and to effectively monitor the observance under the Deed of Non-competition in respect of the potential conflict of interests between our Group and the Covenantors, upon the Listing:

- (1) our Independent Non-Executive Directors will review, on an annual basis, compliance with the Deed of Non-competition given by our Controlling Shareholders;
- (2) our Company will disclose the compliance of such non-competition undertaking by each of our Controlling Shareholders and the details and basis of the decisions on the matters reviewed by our Independent Non-Executive Directors in relation to the compliance and enforcement of arrangement of the Deed of Non-competition (including the New Business Opportunity) in the annual reports or by way of announcements;
- (3) our Controlling Shareholders have undertaken to us that they will provide (i) an annual written confirmation in respect of their compliance with the terms of the Deed of Non-competition, (ii) consent (from each of our Controlling Shareholders) to refer to the said confirmation in our annual reports, and (iii) all information as may reasonably be requested by us and/or our Independent Non-Executive Directors for our review and enforcement of the Deed of Non-competition;
- (4) our Independent Non-Executive Directors will be responsible for deciding, in the absence of any Executive Director (except as invited by our Independent Non-Executive Directors to assist them or provide any relevant information, but in no circumstances shall our Executive Director(s), who participate in such meeting, be counted towards the quorum or allowed to vote in such meeting), whether or not to take up, or whether or not to allow any Covenantor(s) or his/her/its close associate(s) to participate in, a New Business Opportunity referred to us under the terms of the Deed of Non-competition from time to time and if so, any conditions to be imposed;
- (5) our Board will ensure reporting any event relating to potential conflict of interests to our Independent Non-Executive Directors as soon as practicable when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (6) following the reporting of any event relating to potential conflict of interests, our Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the Listing Rules in order to monitor any irregular business activities and alert our Board, including our Independent Non-Executive Directors, to take any precautionary actions; and
- (7) in the event that there is any potential conflict of interest relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the Listing Rules, be required to declare his/her/its interests and, where required, abstain from voting in the relevant board meeting and/or general meeting on the transaction and not count as quorum where required;
- (8) our Independent Non-Executive Directors may appoint independent financial advisers and other professional advisers as they consider appropriate to advise them on any matter relating to the non-competition undertaking or connected transaction(s) at the cost of our Company; and
- (9) our Company have appointed Dakin Capital as the compliance adviser which shall provide our Company with professional advice and guidance in respect of compliance with the Listing Rules and applicable laws.

Further, any transaction that is proposed between our Group and our Controlling Shareholders and their respective close associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of the Shareholders will be protected.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board of Directors consists of two Executive Directors and three Independent Non-Executive Directors. The following table sets forth information concerning our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities	Relationship with other Directors and senior management
Executive Directors						
Mr. Chua Seng Hai (蔡成海)	56	Chairman and Executive Director	8 March 2005	18 May 2016, and re-designated as an Executive Director on 5 July 2016	Overall strategic planning and business development	Spouse of Mrs. Chua
Mr. Lim Kai Hwee	39	Executive Director and general manager	1 August 2006	5 July 2016	Overall management of both our integrated building services business and building and construction business	Nil
Independent Non-Executive Directors						
Ms. Ng Peck Hoon	47	Independent Non-Executive Director	5 January 2017	5 January 2017	Chairlady of the audit committee, providing independent judgement on issues of strategy, policy, performance, accountability, resources and standard of conduct	Nil
Mr. Toh Soo Bock, Bob (卓思穆)	57	Independent Non-Executive Director	5 January 2017	5 January 2017	Chairman of the remuneration committee, providing independent judgement on issues of strategy, policy, performance, accountability, resources and standard of conduct	Nil
Mr. Sim Choon Hong (Shen Junfeng) (沈俊峰)	45	Independent Non-Executive Director	5 January 2017	5 January 2017	Chairman of the nomination committee, providing independent judgement on issues of strategy, policy, performance, accountability, resources and standard of conduct	Nil

DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Chua Seng Hai (蔡成海), aged 56, founder of our Group, was appointed as our Director on 18 May 2016 and re-designated as our Executive Director and appointed as the chairman of our Board on 5 July 2016. He is a member of our nomination committee. He is also a director of SH Integrated, CSH Development, JinFeng Ventures, Innovative Plus and Pine Vantage. Mr. Chua is responsible for the overall strategic planning and business development of our Group. He obtained the National Trade Certificate Grade 3 in Electrical Fitting & Installation (Industrial) (Practical and Theory Parts) and in Electrical Fitting & Installation (Domestic) (Practical and Theory Parts) from the Vocational and Industrial Training Board (currently known as The Institute of Technical Education) of Singapore in August 1979. He is registered with the Building and Construction Authority as a building construction safety supervisor. He is also a licensed electrician registered with the Energy Market Authority in Singapore.

Mr. Chua has over 20 years of experience in the provision of integrated building services and in the building and construction industry in Singapore. Prior to founding our Group, Mr. Chua worked at JVL Engineering Pte Ltd as a manager from January 1999 to November 2005 and he was also a director of HAM Engineering Pte Ltd from March 1997 to November 2005.

Mr. Chua was previously a director of the companies shown in the table below which were struck off and dissolved pursuant to section 344 of the Companies Act due to cessation of business:

Company	Place of incorporation	Date of incorporation	Date of dissolution
Simply Kids Learning Centre Pte Ltd	Singapore	3 May 2004	14 October 2005
107 Seafood Kitchen Pte Ltd	Singapore	8 October 2007	13 April 2010
Yummi Group Pte Ltd	Singapore	22 December 2010	5 September 2016

The above companies were solvent at the date of dissolution.

Mr. Chua does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date. Mr. Chua is the spouse of Mrs. Chua, a Controlling Shareholder and a member of our senior management.

Mr. Lim Kai Hwee, aged 39, was appointed as our Executive Director on 5 July 2016. He is a member of the remuneration committee. Mr. Joe Lim obtained a degree of Bachelor of Applied Science in construction management and economics from Curtin University of Technology in February 2004. He has joined our Group as a general manager since August 2006. Mr. Joe Lim is responsible for the overall management of both our integrated building services business and building and construction business and is responsible under the

DIRECTORS AND SENIOR MANAGEMENT

immediate authority of the Board for the conduct of the business of our Group and is therefore our chief executive for the purpose of the Listing Rules. Mr. Joe Lim has around ten years of experience in the provision of integrated building services and in the building and construction industry in Singapore. Prior to joining our Group, Mr. Joe Lim was employed by United Premas Limited as a facilities manager from November 2001 to August 2005.

Mr. Joe Lim was previously a director of CA International Pte Ltd, which was incorporated on 30 August 2006 in Singapore, prior to its dissolution. Due to cessation of business, CA International Pte Ltd was struck off and dissolved pursuant to section 344 of the Companies Act on 15 August 2013. The aforesaid company was solvent at the date of dissolution.

Mr. Joe Lim does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Independent Non-Executive Directors

Ms. Ng Peck Hoon, aged 47, was appointed as our Independent Non-Executive Director on 5 January 2017. She is currently the chairlady of our audit committee and a member of our remuneration committee and nomination committee. Ms. Ng obtained a degree of Bachelor of Accountancy from the National University of Singapore in July 1991. Ms. Ng was admitted as a fellow member of the Institute of Certified Public Accountants of Singapore in July 2004 and an associate member of the Institute of Chartered Accountants in Australia in July 1994.

Ms. Ng has more than 20 years of experience in the field of auditing and accounting. Ms. Ng was admitted as partner to Deloitte & Touche in August 2001 and subsequently was admitted as partner to Deloitte & Touche LLP in June 2008 and resigned in October 2014. She set up De Arta LLP in September 2014, an accounting firm in Singapore, and became a partner of De Arta LLP since then up to the present.

Ms. Ng does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Toh Soo Bock, Bob (卓思穆), aged 57, was appointed as our Independent Non-Executive on 5 January 2017. He is currently the chairman of our remuneration committee and a member of our audit committee and nomination committee. Mr. Toh graduated from the University of Wisconsin-Madison with a degree of Bachelor of Business Administration in May 1986.

Mr. Toh has over 15 years of experience in the finance industry in Singapore, primarily in investee and portfolio management. Mr. Toh was employed by AIA Singapore Private Limited as a financial services consultant from November 1989 to October 2005. He worked at Evia Capital Partners Pte Ltd since 2007, at which he is currently director of investment.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Toh was previously a director of Lyso Pharmaceuticals Pte Ltd, which was incorporated on 27 December 2006 in Singapore, prior to its dissolution. Due to cessation of business, Lyso Pharmaceuticals Pte Ltd was struck off and dissolved pursuant to section 344 of the Companies Act on 5 September 2008. The aforesaid company was solvent at the date of dissolution.

Mr. Toh does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Sim Choon Hong (also known as Shen Junfeng) (沈俊峰), aged 45, was appointed as our Independent Non-Executive Director on 5 January 2017. He is currently the chairman of our nomination committee and a member of our audit committee and remuneration committee. Mr. Sim graduated from RMIT University with a degree of Bachelor of Business in business administration in August 2000 (through distance-learning).

Mr. Sim has around 8 years of experience in general management. Mr. Sim is currently the regional sales manager at JDV Control Valves S.E.A. Pte Ltd. From October 2008 to July 2013, Mr. Sim worked in a number of organisations including as a deputy general manager at NSL Chemicals Ltd and as a business manager at Econ Careskill Training Centre Pte Ltd.

Mr. Sim does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Disclosure required under Rule 13.51(2) of the Listing Rules

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management, Controlling Shareholders or substantial Shareholders of our Company as at the Latest Practicable Date. As at the Latest Practicable Date, save as disclosed in the section headed “Substantial Shareholders” and the section headed “C. Further information about Directors, management, staff and experts – 1. Interests and short positions of Directors and the chief executives of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations” in Appendix V to this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules as at the Latest Practicable Date.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets forth information concerning our senior management members:

Name	Age	Position	Date of joining our Group	Roles and responsibilities	Relationship with other Directors and senior management
Ms. Bek Poi Kiang (麥佩卿)	56	Director of DRC Engineering	20 October 2010	Responsible for general oversight of DRC Engineering's activities	Spouse of Mr. Chua
Mr. Kong Chen Yung (江政勇)	34	Financial controller	21 October 2015	Responsible for overseeing the financial, accounting, taxation and banking matters	Nil
Mr. Chio Keng Hiang (蔣敬賢)	43	Assistant general manager	1 May 2008/ 1 August 2015	Assist in the overall management of both our integrated building services business and building and construction business	Nil
Mr. Ng Chang Soon (黃章順)	36	Project and safety director	1 October 2009	Responsible for the project management and supervision and overseeing the quality assurance, environmental health and workplace safety	Nil

Ms. Bek Poi Kiang (麥佩卿), aged 56, is the director of DRC Engineering since October 2010. She is responsible for the general oversight of DRC Engineering's activities, including supervising the business operation and monitoring the financial position of DRC Engineering. Since becoming DRC Engineering's director in October 2010, Mrs. Chua has accumulated more than five years of experience in our business and operations. From April

DIRECTORS AND SENIOR MANAGEMENT

2010 to June 2016, Mrs. Chua was a director of CA Lighting (S) Pte. Ltd. Mrs. Chua was also a director of SLT Services from April 2013 to March 2016. We had certain transactions with CA Lighting (S) Pte. Ltd. and SLT Services during the Track Record Period during our ordinary course of business. For further details, please refer to the section headed “Financial information – Related party transactions” in this prospectus.

Mrs. Chua was previously a director of CA International Pte Ltd, which was incorporated on 30 August 2006 in Singapore, prior to its dissolution. Due to cessation of business, CA International Pte Limited was struck off and dissolved pursuant to section 344 of the Companies Act on 15 August 2013. The aforesaid company was solvent at the date of dissolution.

Mrs. Chua does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date. Mrs. Chua is the spouse of Mr. Chua, a Controlling Shareholder, an Executive Director and the chairman of our Board.

Mr. Kong Chen Yung (江政勇), aged 34, joined our Group as a financial controller in October 2015 and is responsible for overseeing the financial, accounting, taxation and banking matters of our Group. Mr. Kong obtained a degree of Bachelor of Commerce in accounting and finance from Monash University in December 2006. He was admitted as a member of CPA Australia in July 2008 and as a certified practicing accountant of the CPA Australia in May 2013.

Mr. Kong has over nine years of relevant experience in the field of auditing, accounting and financial management. From April 2007 to January 2011, Mr. Kong worked at Ernst & Young at which his last position was senior associate. From February 2011 to October 2015, Mr. Kong worked at KPMG at which his last position was manager.

Mr. Kong does not have any current or past directorships in any listed companies in the last three years prior to the Latest Practicable Date.

Mr. Chio Keng Hiang (蔣敬賢), aged 43, worked at our Group as a project manager from May 2008 to May 2011 and has rejoined our Group as an assistant general manager in August 2015 and is currently responsible for assisting in the overall management of both our integrated building services business and building and construction business. Mr. Chio obtained a degree of Bachelor of Science in facilities management from Heriot-Watt University in December 2007 through distance-learning.

Mr. Chio has over 13 years of experience in the provision of integrated building services and in the building and construction industry in Singapore. From June 2003 to May 2005, Mr. Chio was employed by Robert Bosch (SEA) Pte Ltd. From November 2006 to prior to joining our Group in May 2008, he worked at Premier G&U Districenters Pte Ltd as a maintenance manager. He was a project manager in our Group from May 2008 until May 2011. During the period from June 2011 until shortly prior to re-joining our Group in August 2015, Mr. Chio was a building services manager at REC Site Services Pte Ltd and then a facilities/building services manager at Parker Hannifin Singapore Pte Ltd. Since August 2015, Mr. Chio is an assistant general manager of our Group.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chio does not have any current or past directorships in any listed companies in the last three years.

Mr. Ng Chang Soon (黃章順), aged 36, joined our Group in October 2009 and is currently our project and safety director and is responsible for the project management and supervision and overseeing the quality assurance, environmental health and workplace safety of our Group. Mr. Ng obtained a degree of Bachelor of Building and Project Management from SIM University in August 2015. He is registered with the Building and Construction Authority as a building construction safety supervisor. He is also a registered workplace safety and health officer registered with the MOM.

Mr. Ng has over 12 years of experience in the provision of integrated building services. From May 2004 until prior to joining our Group in October 2009, Mr. Ng worked at Firstcom Engineering Pte Limited, where his last position was site manager.

Mr. Ng does not have any current or past directorships in any listed companies in the last three years.

COMPANY SECRETARY

Ms. Chan So Fun (陳素芬), aged 48, was appointed as the company secretary of our Company on 11 July 2016. Ms. Chan is currently a partner at the law firm of Michael Li & Co, specialising in corporate finance work including initial public offerings, mergers and acquisitions and restructuring. Ms. Chan is a practising solicitor and was admitted as a solicitor in Hong Kong in November 2007. She received a degree of Bachelor of Laws from the University of London in August 2004. She obtained a Master of Business Administration from The University of Hong Kong in December 1998 and she also obtained a degree of Bachelor of Social Science from The Chinese University of Hong Kong in December 1992. Prior to embarking her legal career, Ms. Chan has over five years of experience in marketing and corporate communications.

Ms. Chan does not have any current or past directorships in any listed companies in the last three years.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company will comply with the Corporate Governance Code in Appendix 14 to the Listing Rules.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual reports upon the Listing.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the Articles and the Listing Rules, we have formed three board committees, namely the audit committee, the remuneration committee, and the nomination committee.

Audit committee

Our Group established an audit committee on 5 January 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The audit committee consists of all of the Independent Non-Executive Directors, namely, Ms. Ng Peck Hoon, Mr. Toh Soo Bock, Bob and Mr. Sim Choon Hong. Ms. Ng Peek Hoon is the chairlady of the audit committee.

The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

Remuneration committee

Our Group established a remuneration committee on 5 January 2017 with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The remuneration committee consists of all of the Independent Non-Executive Directors, namely Mr. Toh Soo Bock, Bob, Ms. Ng Peek Hoon and Mr. Sim Choon Hong, and Mr. Lim Kai Hwee. Mr. Toh Soo Bock, Bob is the chairman of the remuneration committee.

The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to our Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

Nomination committee

Our Group also established a nomination committee on 5 January 2017 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules. The nomination committee consists of all of the Independent Non-Executive Directors, namely Mr. Sim Choon Hong, Ms. Ng Peck Hoon and Mr. Toh Soo Bock, Bob and Mr. Chua Seng Hai. Mr. Sim Choon Hong is the chairman of the nomination committee.

DIRECTORS AND SENIOR MANAGEMENT

The primary duties of our nomination committee are (i) to review the structure, size, composition and diversity of our Board on a regular basis; (ii) to identify individuals suitably qualified to become Board members; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to our Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors; and (v) to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

COMPLIANCE ADVISER

In compliance with Rule 3A.19 of the Listing Rules, we have appointed Dakin Capital as our compliance adviser to provide advisory services to our Company. It is expected that the compliance adviser will, amongst other things, advise our Company with due care and skill on the following matters:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including shares issues and share repurchases;
- where we propose to use the proceeds from the Share Offer 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
- where the Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the three years ended 31 March 2016 and the six months ended 30 September 2016, the aggregate amount of compensation paid (including salary, allowances, benefits in kind and defined contribution) by our Company to our five highest paid individuals were approximately S\$1.6 million, S\$1.8 million, S\$1.7 million and S\$0.5 million, respectively.

During the three years ended 31 March 2016 and the six months ended 30 September 2016, the aggregate amount of compensation paid (including fees, salaries, allowances, benefits in kind and defined contribution) by our Company to our Directors were approximately S\$0.9 million, S\$1.1 million, S\$1.3 million and S\$0.3 million, respectively.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Chua's total compensation

Set out below is the total compensation paid to Mr. Chua during each of the three years ended 31 March 2016:

S\$	For the year ended 31 March		
	2014	2015	2016
Fees and bonus	515,750	721,000	639,500
Salary	126,000	126,000	234,000
Contributions to retirement benefit scheme	<u>10,606</u>	<u>12,060</u>	<u>14,880</u>
Total	<u>652,356</u>	<u>859,060</u>	<u>888,380</u>

The year-on-year increase in Mr. Chua's total compensation was approximately 31.7% and 3.4% for each of the years ended 31 March 2015 and 2016. During the Track Record Period, the total compensation of Mr. Chua was mainly determined with reference to the performance of our Group. The year-on-year increase in Mr. Chua's total compensation was in the same trend as, but with lower quantum than, the year-on-year increase in our profit for the year for each of the three years ended 31 March 2016. Our profit for the year was approximately S\$2.9 million (excluding the one-off gain of disposal of property of approximately S\$2.2 million), S\$4.6 million and S\$5.6 million for each of the three years ended 31 March 2016 respectively, representing a year-on-year increase of approximately 60.9% and 21.6%. The compensation of Mr. Chua represented approximately 23%, 19% and 16% of our profit for the year for each of the three years ended 31 March 2016 respectively.

Under the arrangement currently proposed, conditional upon the Listing, the basic annual emolument (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to Mr. Chua will be S\$360,000. After the Listing, the remuneration package of Mr. Chua (including any changes to his basic annual emolument and any discretionary benefits and/or bonus and/or other fringe benefits) will be determined by the remuneration committee of the Board which consists of all of our Independent Non-Executive Directors, who will make reference to, among other things, market level of remuneration and compensation paid by comparable companies, the responsibility of Mr. Chua and the performance of our Group. Mr. Chua is not a member of the remuneration committee of the Board.

Our Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of our Group. Details of the terms of the service agreements are set out in the paragraph headed "C. Further information about Directors, management, staff and experts – 3. Particulars of service contracts" in Appendix V to this prospectus.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Group. No compensation was paid by our Group to, or receivable by, our Directors, past Directors or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any

DIRECTORS AND SENIOR MANAGEMENT

member of our Group. Our Directors estimate that under the current proposed arrangement, the aggregate basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors will be approximately S\$0.6 million for the year ending 31 March 2017.

None of our Directors waived any emoluments during the Track Record Period. Save as disclosed in this paragraph headed “Remuneration of Directors and senior management”, no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors and the five highest paid individuals during the Track Record Period.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries and other allowances and benefits in kind with reference to those paid by comparable companies, experience, responsibilities and performance of our Group. Our Group also reimburses our Directors and senior management for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. We regularly review and determine the remuneration and compensation packages of our Directors and senior management, by reference to, among other things, market level of remuneration and compensation paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

After Listing, the remuneration committee of our Company will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, experience and the performance of our Group. Our Directors may also receive options to be granted under the Share Option Scheme.

SHARE CAPITAL

SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option):

	<i>HK\$</i>
<i>Authorised share capital:</i>	
5,000,000,000 Shares of HK\$0.01 each	50,000,000
<i>Shares in issue or to be issued, fully paid or credited as fully paid:</i>	
1,000 Shares in issue as at the date of this prospectus	10
824,999,000 Shares to be issued pursuant to the Capitalisation Issue (including the Sale Shares)	8,249,990
<u>175,000,000</u> new Shares to be issued pursuant to the Share Offer	<u>1,750,000</u>
<u><u>1,000,000,000</u></u> Total	<u><u>10,000,000</u></u>

Note: If the Over-allotment Option is exercised in full, then 37,500,000 additional new Shares will be issued, resulting in a total enlarged issued share capital of HK\$10,375,000 divided into 1,037,500,000 Shares.

ASSUMPTIONS

The table as shown above assumes the Share Offer becoming unconditional and the allotment and issue of Shares pursuant thereto and under the Capitalisation Issue is made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option and any Shares which may be allotted and issued or bought back by our Company pursuant to the general mandate given to our Directors to allot and issue or buy back Shares referred to in the paragraphs headed “General mandate to issue Shares” or “General mandate to buy back Shares” in this section, as the case may be.

RANKING

The Offer Shares will rank *pari passu* in all respects with all the Shares in issue or to be issued as mentioned in this prospectus and will qualify for all dividends and other distributions declared, paid or made on the shares in respect of a record date which falls after the Listing Date (except for the entitlement under the Capitalisation Issue).

SHARE CAPITAL

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the minimum prescribed percentage of 25% of the total issued share capital in our Company in the hands of the public (as defined in the Listing Rules).

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the section headed “D. Share Option Scheme” in Appendix V to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure and conditions of the Share Offer – Conditions of the Share Offer” in this prospectus being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by our Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option); and
- (b) the aggregate nominal value of the share capital of our Company bought back pursuant to the authority granted to our Directors as referred to in the paragraph headed “General mandate to buy back Shares” in this section.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option. This general mandate to issue Shares will remain in effect until:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or
- (c) it is varied or revoked by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

SHARE CAPITAL

For further details of this general mandate, please refer to the section headed “A. Further information about our Group – 3. Written resolutions of our sole Shareholder dated 5 January 2017 and 15 March 2017” in Appendix V to this prospectus.

GENERAL MANDATE TO BUY BACK SHARES

Subject to the conditions set forth in the section headed “Structure and conditions of the Share Offer” in this prospectus being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to purchase 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 aggregate nominal value of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option).

For further details of this general mandate, please refer to the section headed “A. Further information about our Group – 6. Buy-back by our Company of its own securities” in Appendix V to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its share capital, (ii) consolidate and divide its capital into shares of larger amount, (iii) divide its Shares into several classes, (iv) subdivide its Shares into shares of smaller amount, and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Companies Law, reduce the share capital or capital redemption reserve by our Shareholders passing a special resolution. For further details, please refer to the section headed “2. Articles of Association – (a) Shares – (iii) Alteration of capital” in Appendix IV to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum and Articles of Association, all or any of the special rights attached to the Shares or any class of shares may 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. For further details, please refer to the section headed “2. Articles of Association – (a) Shares – (ii) Variation of rights of existing shares or classes of shares” in Appendix IV to this prospectus.

SUBSTANTIAL SHAREHOLDERS

So far as is known to our Directors, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option), the following persons will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Long position in our Shares

Name	Capacity/Nature of interest	Immediately prior to the Share Offer and the Capitalisation Issue		Immediately after completion of the Share Offer and the Capitalisation Issue	
		Number of Shares held	Percentage of shareholding	Number of Shares held	Percentage of shareholding
Ruiheng Global	Beneficial owner ^(Note 1)	1,000	100%	750,000,000	75%
Mr. Chua	Interest in controlled corporation ^(Note 1)	1,000	100%	750,000,000	75%
Mrs. Chua	Interest of spouse ^(Note 2)	1,000	100%	750,000,000	75%

Notes:

- 1 The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua. Mr. Chua is deemed to be interested in the Shares in which Ruiheng Global is interested in under Part XV of the SFO.
- 2 Mrs. Chua is the spouse of Mr. Chua. Mrs. Chua is deemed to be interested in the Shares in which Mr. Chua is interested in under Part XV of the SFO.

Save as disclosed above, our Directors and chief executives are not aware of any other person who will, immediately following the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option), have a beneficial interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member 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.

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You should read the following discussion and analysis of our results of operations and financial condition in conjunction with our combined financial information as of and for the Track Record Period, including the notes thereto, included in Appendix I to this prospectus. Our combined financial information has been prepared in accordance with IFRSs. The following discussion contains forward-looking statements concerning events that involve risks and uncertainties. Our actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those set forth under “Risk factors” and elsewhere in this prospectus.

OVERVIEW

We are a contractor in Singapore and we mainly (i) provide integrated building services in Singapore, with a focus on maintenance and installations of mechanical and electrical (M&E) systems, and including minor repairs and improvement works; and (ii) undertake building and construction works in Singapore. For each of the three years ended 31 March 2014, 2015, 2016 and the six months ended 30 September 2016, provision of integrated building services accounted for approximately 80.0%, 78.4%, 74.4% and 98.0% of our revenue while building and construction works accounted for approximately 20.0%, 21.6%, 25.6% and 2.0% of our revenue.

BASIS OF PRESENTATION

The financial information of our Group has been prepared as if our Company had been the holding company of JinFeng Ventures, Innovative Plus, Pine Vantage, SH Integrated, DRC Engineering and CSH Development throughout the Track Record Period. Although the equity interests in SH Integrated and DRC Engineering are not currently, and were not throughout the Track Record Period, jointly-owned by Mr. Chua and Mrs. Chua, such two companies are ultimately controlled by the same group of individuals, being Mr. Chua and Mrs. Chua, both before and after the Reorganisation. Therefore, our Group’s financial information has been prepared under the principles of common control combination.

1. Common control

Paragraph B1 of Appendix B to IFRS 3 *Business Combinations* states that:

...A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

Paragraph B2 of Appendix B to IFRS 3 *Business Combinations* states that:

A group of individuals shall be regarded as controlling an entity when, as a result of contractual arrangements, they collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities....

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Despite the respective legal ownerships in SH Integrated, DRC Engineering and CSH Development, Mr. Chua and Mrs. Chua, being husband and wife who are close family members and have influence on each other, have had a mutual understanding and arrangement all along to act in concert with each other in exercising their respective powers, whether as directors and/or shareholders of such companies, to collectively control these three companies and in obtaining benefits from the activities of these three companies. Such mutual understanding and arrangement between Mr. Chua and Mrs. Chua is not transitory and has existed since they became interested in these companies and is still existing, and such family's control is considered not affected by any transfer of shares within the family during the same period of time.

Furthermore, as evidenced by our Group's internal meeting minutes, matters relating to the major development of our Group's business are discussed between Mr. Chua and Mrs. Chua from time to time and decisions for carrying out our Group's important business strategies were mutually agreed by Mr. Chua and Mrs. Chua. Please refer to the section headed "History, Reorganisation and corporate structure – Collective control of Mr. Chua and Mrs. Chua" on pages 107 and 109 for further details.

Based on the above, each of SH Integrated, DRC Engineering and CSH Development is currently, and was throughout the Track Record Period (or, for CSH Development, since its incorporation), ultimately controlled by the same group of individuals (i.e. Mr. Chua and Mrs. Chua) collectively.

Having considered the above, the Sponsor is of the view that Mr. Chua and Mrs. Chua had exercised their power to jointly govern the financial and operating activities of SH Integrated, DRC Engineering and CSH Development during the Track Record Period.

2. *Accounting policy for common control combinations*

Paragraph 2 of IFRS 3 *Business Combinations* states that:

This IFRS applies to a transaction or other event that meets the definition of a business combination. This IFRS does not apply to a combination of entities or businesses under common control (paragraphs B1-B4 provide related application guidance).

Paragraphs B1 and B2 of Appendix B to IFRS 3 *Business Combinations* state that:

This IFRS does not apply to a business combination of entities or businesses under common control...

...a business combination is outside the scope of this IFRS when the same group of individuals has, as a result of contractual arrangements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory.

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Given that the same group of individuals (being Mr. Chua and Mrs. Chua) has, as a result of their aforesaid mutual understanding and arrangement, ultimate collective power to control each of SH Integrated, DRC Engineering and CSH Development so as to obtain benefits from the activities of these three companies, and that ultimate collective power is not transitory, IFRS 3 does not apply to the business combination of SH Integrated, DRC Engineering and CSH Development.

In view of the absence of readily available accounting standard that specifically applies to the business combination of entities under common control under IFRS and by reference to paragraphs 10 to 12 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the management of our Company applies Accounting Guideline 5 *Merger Accounting for Common Control Combinations*, issued by the Hong Kong Institute of Certified Public Accountants, for our Group's accounting policy for the common control combinations.

Paragraph 6 of Accounting Guideline 5 *Merger Accounting for Common Control Combinations* states that:

The concept underlying the use of merger accounting to account for a common control combination is that no acquisition has occurred and there has been a continuation of the risks and benefits to the controlling party (or parties) that existed prior to the combination. Use of merger accounting recognises this by accounting for the combining entities or businesses as though the separate entities or businesses were continuing as before.

As mentioned above, Mr. Chua and Mrs. Chua have all along been acting in concert with each other in exercising their control collectively over SH Integrated, DRC Engineering and CSH Development and in obtaining benefits from the activities of these three companies. Therefore, there has been a continuation of the risks and benefits to Mr. Chua and Mrs. Chua (the controlling parties) that existed prior to the combination. Based on the aforesaid, the management of our Company considers that merger accounting is an appropriate accounting policy for common control combinations.

Accordingly, the Group's financial information has been prepared under the principles of common control combination as if the Company had been the holding company of SH Integrated, DRC Engineering and CSH Development throughout the Track Record Period and as at each reporting date taking into account the respective date of incorporation of the group entities. Details of which are set forth in note 2 to the accountants' report set out in Appendix I to this prospectus.

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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 out below:

Our success rate on project tendering

Our projects come mainly from two sources, namely, (i) tender opportunities published on GeBIZ (the Singapore Government's one-stop e-procurement portal where all public sector's invitations for quotations and tenders are posted); and (ii) invitations to quote or tender from customers. Our projects are typically awarded through a competitive tendering process. Our tender success rates for integrated building services contracts were approximately 50%, 46%, 33% and 75% (for open tenders) for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 respectively. Our tender success rate depends on various factors, such as our pricing and tender strategy, customers' tender evaluation standards, our competitors' pricing and tender strategy, and the level of competition. Our tender success rate and our order book will affect our financial position and performance.

Pricing of our projects

Our pricing is generally determined based on certain markups over our estimated costs. We need to estimate our costs in order to determine our fee quotation or tender price and there is no assurance that the actual amount of costs would not exceed our estimation during the performance of our projects. There are a range of factors that we typically consider when determining our pricing, including but not limited to the scope of services, the costs expected to be incurred and the competitive environment at the time of tendering, etc. For further details, please refer to the section headed "Business – Sales and marketing – Pricing and tender strategy" in this prospectus. Our pricing directly affects our revenue and cash flows.

Amount of work orders

A typical integrated building services contract has a specified contract period of one to four years, during which our Group may be required to perform a range of different services in respect of different building systems at a specified building or at various premises. In some contracts, the contract value and the scope of work are fixed, while in other contracts, there is no fixed or committed contract value and the actual amount and nature of works required to be performed by our Group are subject to the customer's work orders from time to time during the contract period, which are charged according to a pre-agreed schedule of rates. For those contracts which do not have a fixed contract value, the amount of revenue that we are able to derive depends on the amount of customers' work orders during the contract periods, which may fluctuate from time to time.

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Staff cost

Staff cost is the third largest component of our cost of services and is also the largest component of our administrative expenses during the Track Record Period. Staff costs directly related to our projects are factored into our tender price. Staff cost comprises salaries, contributions to the Central Provident Fund stipulated by regulations, and also costs related to the employment of foreign workers. As our operations are fairly labour intensive, staff cost is a significant factor of our financial performance.

Fluctuation in costs of services

Our cost of services mainly comprise (i) subcontracting costs, (ii) materials costs and (iii) staff costs. We engage suppliers in Singapore and our main purchases include subcontracting services as well as air-conditioning systems and products. Please refer to the section headed “Business – Suppliers” in this prospectus for further details on our suppliers and subcontractors.

As part of our project risk management policy, we manage cost fluctuations by (i) buffering for inflation and possible cost increases during the contract period when submitting our tender proposal; and (ii) obtaining quotations from different suitable suppliers when placing purchase orders. Notwithstanding our management of costs, any material fluctuation in our cost of services may adversely impact our financial performance.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of subcontracting costs and materials costs (being the major components of our cost of services) on our profit before and after taxation during the Track Record Period. The hypothetical fluctuation rates for subcontracting costs are set at 3.1% and 5.2%, which correspond to the approximate minimum and maximum percentage changes in annual wages in the construction industry in Singapore from 2013 to 2015 as stated in the Ipsos Report (see “Industry overview – Potential challenges – Labour shortage” in this prospectus) and are therefore considered reasonable for the purpose of this sensitivity analysis. The hypothetical fluctuation rates for materials costs are set at 4.3% and 17.0%, which correspond to the approximate minimum and maximum annual percentage changes in the cost of mechanical and electrical systems in office buildings (including schools and government buildings in Singapore) from 2013 to 2015 as stated in the Ipsos Report (see “Industry overview – Potential challenges – Fluctuating cost of materials” in this prospectus) and are therefore considered reasonable for the purpose of this sensitivity analysis.

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Hypothetical fluctuations in our subcontracting costs	-3.1%	-5.2%	+3.1%	+5.2%
	S\$	S\$	S\$	S\$
Increase/(decrease) in profit before taxation (Note 1)				
Year ended 31 March 2014	390,472	654,986	(390,472)	(654,986)
Year ended 31 March 2015	459,745	771,185	(459,745)	(771,185)
Year ended 31 March 2016	533,523	894,942	(533,523)	(894,942)
Six months ended 30 September 2016	167,066	280,239	(167,066)	(280,239)
Increase/(decrease) in profit after taxation (Note 2)				
Year ended 31 March 2014	324,092	543,638	(324,092)	(543,638)
Year ended 31 March 2015	381,588	640,084	(381,588)	(640,084)
Year ended 31 March 2016	442,824	742,802	(442,824)	(742,802)
Six months ended 30 September 2016	138,665	232,599	(138,665)	(232,599)
Hypothetical fluctuations in our materials costs	-4.3%	-17.0%	+4.3%	+17.0%
	S\$	S\$	S\$	S\$
Increase/(decrease) in profit before taxation (Note 1)				
Year ended 31 March 2014	458,487	1,812,622	(458,487)	(1,812,622)
Year ended 31 March 2015	282,759	1,117,883	(282,759)	(1,117,883)
Year ended 31 March 2016	283,463	1,120,667	(283,463)	(1,120,667)
Six months ended 30 September 2016	182,584	721,846	(182,584)	(721,846)
Increase/(decrease) in profit after taxation (Note 2)				
Year ended 31 March 2014	380,544	1,504,476	(380,544)	(1,504,476)
Year ended 31 March 2015	234,690	927,843	(234,690)	(927,843)
Year ended 31 March 2016	235,274	930,153	(235,274)	(930,153)
Six months ended 30 September 2016	151,545	599,132	(151,545)	(599,132)

Notes:

1. Our profit before taxation was approximately S\$5.6 million, S\$5.5 million, S\$6.9 million and S\$2.9 million for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 respectively.
2. Our profit after taxation was approximately S\$5.1 million, S\$4.6 million, S\$5.6 million and S\$2.3 million for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 respectively.

Changes in laws and regulations in Singapore governing our industry

Our business is governed by the various laws and regulations in Singapore, as summarised in the section headed “Regulatory overview” in this prospectus. Changes in laws and regulations governing our business may affect our profitability and financial

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performance. For instance, any changes in licensing requirements may affect our ability to continue to tender for Singapore Government contracts, and any changes in foreign worker levy rates will affect our costs.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group has been prepared in accordance with accounting policies which conform with IFRSs. The significant accounting policies adopted by our Group are set forth in detail in note 4 to the accountants' 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 judgements made in applying our accounting policies are set forth in note 5 to the accountants' report set out in Appendix I to this prospectus.

FINANCIAL YEAR END DATE

All the companies now comprising our Group adopted 31 March as their financial year end date. In 2016, DRC Engineering has changed its financial year end date from 31 May to 31 March. The change is to make DRC Engineering's financial year coterminous with that of our Company so as to facilitate the preparation of the combined financial statements of our Company for the purpose of the proposed Listing. There is no material financial impact on the combined financial statements of our Group as a result of the change of financial year end date of DRC Engineering.

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RESULTS OF OPERATIONS

The following is a summary of the combined statements of comprehensive income of our Group during the Track Record Period, respectively, derived from the accountants' report set out in Appendix I to this prospectus.

S\$	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Revenue	34,825,609	34,963,602	40,504,968	17,704,156	18,822,449
Costs of services	(25,698,933)	(23,673,126)	(26,753,387)	(12,484,294)	(11,497,306)
Gross profit	9,126,676	11,290,476	13,751,581	5,219,862	7,325,143
Other income	85,846	116,032	161,673	26,025	174,800
Gain (loss) arising on disposal of property, plant and equipment	2,219,167	13,095	(13,606)	1,148	5,710
Other losses	(361,383)	(22,620)	(9,920)	–	(4,566)
Other expenses	–	–	(48,900)	–	(1,492,484)
Selling expenses	(106,376)	(82,288)	(98,867)	(39,287)	(72,806)
Administrative expenses	(5,259,227)	(5,672,600)	(6,739,724)	(2,551,770)	(2,993,410)
Finance costs	(81,749)	(102,346)	(114,454)	(54,682)	(36,873)
Profit before taxation	5,622,954	5,539,749	6,887,783	2,601,296	2,905,514
Income tax expense	(531,032)	(918,347)	(1,269,668)	(472,749)	(639,424)
Profit and other comprehensive income for the year/period	<u>5,091,922</u>	<u>4,621,402</u>	<u>5,618,115</u>	<u>2,128,547</u>	<u>2,266,090</u>

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PRINCIPAL COMPONENTS OF COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our revenue was principally derived from the provision of integrated building services and undertaking building and construction works in Singapore. The following table sets forth a breakdown of our revenue during the Track Record Period:

	For the year ended 31 March						For the six months ended 30 September			
	2014		2015		2016		2015 (unaudited)		2016	
	<i>S\$ million</i>	%	<i>S\$ million</i>	%	<i>S\$ million</i>	%	<i>S\$ million</i>	%	<i>S\$ million</i>	%
Revenue derived from:										
(i) Integrated building services contracts awarded by:										
– Singapore Government agencies	20.8	59.8	23.4	66.9	24.1	59.5	8.4	47.4	13.2	70.2
– Private customers	7.0	20.1	4.0	11.4	6.0	14.8	2.6	14.7	5.2	27.7
	<u>27.8</u>	<u>79.9</u>	<u>27.4</u>	<u>78.3</u>	<u>30.1</u>	<u>74.3</u>	<u>11.0</u>	<u>62.1</u>	<u>18.4</u>	<u>97.9</u>
(ii) Building and construction works contracts awarded by:										
– Singapore Government agencies	5.5	15.8	6.4	18.3	10.4	25.7	6.7	37.9	0.1	0.5
– Private customers	1.5	4.3	1.2	3.4	Negligible	Negligible	–	–	0.3	1.6
	<u>7.0</u>	<u>20.1</u>	<u>7.6</u>	<u>21.7</u>	<u>10.4</u>	<u>25.7</u>	<u>6.7</u>	<u>37.9</u>	<u>0.4</u>	<u>2.1</u>
Total	<u><u>34.8</u></u>	<u><u>100.0</u></u>	<u><u>35.0</u></u>	<u><u>100.0</u></u>	<u><u>40.5</u></u>	<u><u>100.0</u></u>	<u><u>17.7</u></u>	<u><u>100.0</u></u>	<u><u>18.8</u></u>	<u><u>100.0</u></u>

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Costs of services

Costs of services refer to costs that are directly related to our projects such as subcontracting costs, materials costs, staff costs and depreciation, which amounted to approximately S\$25.7 million, S\$23.7 million, S\$26.8 million and S\$11.5 million respectively for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 respectively. The table below sets forth a breakdown of our cost of services by nature and percentage contribution to total cost of services for the periods indicated.

	For the year ended 31 March						For the six months ended 30 September			
	2014		2015		2016		2015 (unaudited)		2016	
	<i>% to cost of S\$ services</i>		<i>% to cost of S\$ services</i>		<i>% to cost of S\$ services</i>		<i>% to cost of S\$ services</i>		<i>% to cost of S\$ services</i>	
Subcontracting costs	12,595,885	49.0	14,830,484	62.6	17,210,416	64.3	7,979,847	63.9	5,389,216	46.9
Materials costs	10,662,483	41.5	6,575,784	27.8	6,592,156	24.7	3,314,898	26.6	4,246,151	36.9
Staff costs	2,369,603	9.2	2,134,790	9.0	2,682,043	10.0	1,076,009	8.6	1,645,035	14.3
Depreciation	70,962	0.3	132,068	0.6	268,772	1.0	113,540	0.9	216,904	1.9
Total	25,698,933	100.0	23,673,126	100.0	26,753,387	100.0	12,484,294	100.0	11,497,306	100.0

A further breakdown of materials costs is indicated in the table below:

	For the year ended 31 March						For the six months ended 30 September			
	2014		2015		2016		2015 (unaudited)		2016	
	<i>% to materials costs</i>		<i>% to materials costs</i>		<i>% to materials costs</i>		<i>% to materials costs</i>		<i>% to materials costs</i>	
Air-conditioning systems and products	7,313,477	68.6	3,776,779	57.4	3,642,137	55.2	1,694,185	51.1	2,103,271	49.5
Other electrical products	2,295,035	21.5	1,893,294	28.8	1,692,999	25.7	850,602	25.7	1,446,082	34.1
Building materials	446,006	4.2	381,420	5.8	718,435	10.9	495,144	14.9	283,191	6.7
Other consumables	607,965	5.7	524,291	8.0	538,585	8.2	274,967	8.3	413,607	9.7
Total	10,662,483	100.0	6,575,784	100.0	6,592,156	100.0	3,314,898	100.0	4,246,151	100.0

Our costs of services during the Track Record Period comprised (i) subcontracting costs for the subcontracting of building and construction works as well as certain integrated building services such as plumbing and sanitary works, electrical works, air-conditioning works, and minor repairs and improvement works (such as carpentry works); (ii) costs of materials as shown in the above breakdown; (iii) staff costs for staff directly involved in our projects, such as supervisors and site workers; and (iv) depreciation for our machinery and motor vehicles used in our projects.

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Gross profit

Our gross profit was approximately S\$9.1 million, S\$11.3 million, S\$13.7 million and S\$7.3 million for the three years ended 31 March 2016 and the six months ended 30 September 2016 respectively. The following tables set forth our gross profit and gross profit margin during the Track Record Period respectively:

	For the year ended 31 March								
	2014			2015			2016		
	Revenue recognised	Gross profit	Gross profit margin	Revenue recognised	Gross profit	Gross profit margin	Revenue recognised	Gross profit	Gross profit margin
S\$	S\$	Approximate %	S\$	S\$	Approximate %	S\$	S\$	Approximate %	
Integrated building services	27,850,159	8,235,744	29.6	27,388,324	10,280,091	37.5	30,132,209	12,235,256	40.6
Building and construction works	<u>6,975,450</u>	<u>890,932</u>	<u>12.8</u>	<u>7,575,278</u>	<u>1,010,385</u>	<u>13.3</u>	<u>10,372,759</u>	<u>1,516,325</u>	<u>14.6</u>
Total	<u>34,825,609</u>	<u>9,126,676</u>	<u>26.2</u>	<u>34,963,602</u>	<u>11,290,476</u>	<u>32.3</u>	<u>40,504,968</u>	<u>13,751,581</u>	<u>34.0</u>

	For the six months ended 30 September					
	2015 (unaudited)			2016		
	Revenue recognised	Gross profit	Gross profit margin	Revenue recognised	Gross profit	Gross profit margin
S\$	S\$	Approximate %	S	S\$	Approximate %	
Integrated building services	10,969,664	4,327,166	39.5	18,432,719	7,266,411	39.4
Building and construction works	<u>6,734,492</u>	<u>892,696</u>	<u>13.3</u>	<u>389,730</u>	<u>58,732</u>	<u>15.1</u>
Total	<u>17,704,156</u>	<u>5,219,862</u>	<u>29.5</u>	<u>18,822,449</u>	<u>7,325,143</u>	<u>38.9</u>

Our integrated building services generated higher gross margins which ranged from approximately 29.6% to 40.6%, as compared to building and construction works that generated margins which ranged from approximately 12.8% to 15.1%, for the three years ended 31 March 2016 and the six months ended 30 September 2016. Our Executive Directors consider that the higher margins for our integrated building services segment were mainly due to our lesser use of subcontractors in carrying out integrated building services works as compared to that in our building and construction works. In our building and construction projects, we typically subcontract out the majority of the site works to subcontractors, and our role is mainly to focus on project management and to ensure that the works are performed by our subcontractors properly and on a timely basis in accordance with the contract specifications and customers' requirements, while in our integrated building services projects, our works are performed by a combination of our own direct

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labours and our subcontractors. Our Executive Directors consider that a profit markup is generally factored in the fees charged by subcontractors, and, as a result, the more substantial use of subcontractors in performing our building and construction works led to relatively lower gross profit margins. In addition, our Executive Directors consider that other factors also contributed to the differences in the gross profit margins, including our competitive advantage in the integrated building services industry in Singapore as well as the relatively less competitive environment in the integrated building services industry as evidenced by the total number of contractors registered under the workhead ME15 (Integrated Building Services) (being 93 as at the Latest Practicable Date according to the website of the Building and Construction Authority) as opposed to the total number of contractors registered under the workhead CW01 (General Building) (being 1,889 as at the Latest Practicable Date according to the website of the Building and Construction Authority).

Please also refer to the section headed “Financial information – Period to period comparison of results of operations” below for the reasons for the increase in our gross profit margin during the Track Record Period.

Other income

The table below sets forth a breakdown of our other income for the periods indicated.

S\$	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Government grants	71,161	81,364	140,344	14,770	150,896
Interest income	5,287	7,642	9,132	4,848	5,592
Others	9,398	27,026	12,197	6,407	18,312
Total other income	<u>85,846</u>	<u>116,032</u>	<u>161,673</u>	<u>26,025</u>	<u>174,800</u>

During the Track Record Period, our other income comprised: (a) government grants, which mainly included wage credits granted under the Wage Credit Scheme (see “Regulatory overview – Employment matters – Wage Credit Scheme” in this prospectus) and payments under the Productivity and Innovation Credit Scheme (see “Regulatory overview – Singapore Taxation – Productivity and Innovation Credit Scheme” in this prospectus); (b) interest income, which represented interests earned on bank deposits; and (c) others, which included rebates from an independent supplier in relation to our purchase volume and other sundry income.

Gain (loss) arising on disposal of property, plant and equipment

For the year ended 31 March 2014, a substantial gain on disposal of property, plant and equipment was recognised, which was in relation to the disposal of our previously owned property located at 40 Kaki Bukit Industrial Terrace Singapore 416120. We entered into an

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agreement for the sale of the property on 18 December 2012 and the disposal was completed on 14 May 2013. The property had a carrying value as at the date of its disposal of S\$1.8 million and we sold it for a consideration of approximately S\$4.0 million. Therefore, we recorded a gain of approximately S\$2.2 million for the year ended 31 March 2014 from the disposal. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, we recognised certain gains and losses on disposal of property, plant and equipment, which were mainly related to our disposal of motor vehicles.

Other losses

The table below sets forth a breakdown of our other losses for the periods indicated.

S\$	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Written off bad debts	(361,383)	-	-	-	-
Written off property, plant and equipment	-	(22,620)	(9,920)	-	(4,566)
Total other losses	(361,383)	(22,620)	(9,920)	-	(4,566)

Bad debts written off was for an amount owed by a debtor that went into liquidation during the year ended 31 March 2014.

Write-offs of property, plant and equipment recognised for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016 mainly represented write-offs of motor vehicles, computers and office equipment that were no longer in use.

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Selling expenses

The following table sets forth a breakdown of our selling expenses for the periods indicated:

S\$	<u>For the year ended 31 March</u>			<u>For the six months ended 30 September</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
				(unaudited)	
Travelling expenses	66,159	52,473	60,759	19,755	29,772
Telecommunication expenses	18,883	16,920	23,749	9,913	13,214
Entertainment expenses	13,147	6,373	3,739	3,725	–
Others	<u>8,187</u>	<u>6,522</u>	<u>10,620</u>	<u>5,894</u>	<u>29,820</u>
Total selling expenses	<u>106,376</u>	<u>82,288</u>	<u>98,867</u>	<u>39,287</u>	<u>72,806</u>

Selling expenses comprised mainly travelling expenses (mainly including costs in relation to the use of our motor vehicles), telecommunication expenses, and entertainment expenses. For each of the three years ended 31 March 2016 and the six months ended 30 September 2016, our selling expenses amounted to approximately S\$0.1 million, or approximately 0.3%, 0.2%, 0.2% and 0.4% of our total revenue, respectively.

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Administrative expenses

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

S\$	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Staff costs	3,003,485	3,446,477	3,802,933	1,324,173	1,451,462
Foreign worker levy	795,017	839,924	1,039,968	491,936	639,431
Depreciation	232,372	236,415	309,964	139,672	184,107
Upkeep of motor vehicles	273,965	249,903	282,198	142,225	140,025
Rental expenses	127,140	188,400	180,257	93,377	124,608
Utilities	210,856	198,305	207,530	104,600	114,245
Insurance	136,185	147,254	132,895	95,462	75,183
Professional fees	90,800	94,579	99,696	28,426	13,000
Other miscellaneous expenses	389,407	271,343	684,283	131,899	251,349
Total administrative expenses	<u>5,259,227</u>	<u>5,672,600</u>	<u>6,739,724</u>	<u>2,551,770</u>	<u>2,993,410</u>

Our administrative expenses amounted to approximately 15.1%, 16.2%, 16.6% and 15.9% of our total revenue for the three years ended 31 March 2016 and the six months ended 30 September 2016 respectively.

Staff costs included directors' remuneration and fees, salaries and bonus for staff (other than those directly involved in the provision of our services), Central Provident Fund contributions and other staff benefits. Foreign worker levy represented payments made to the MOM for the hiring of foreign workers in Singapore (see "Regulatory overview – Employment matters – Employment of foreign workers in Singapore" in this prospectus). Depreciation represented depreciation of property, plant and equipment not directly used in our projects. Upkeep of motor vehicles represented expenses in relation to the repair and maintenance of our motor vehicles. Rental expenses represented expenses in relation to the rental of properties for use as our foreign workers' dormitory and staff accommodation (see "Business – Property interests – Leased properties" in this prospectus). Utilities included water and electricity expenses. Insurance represented costs of maintaining insurance policies (see "Business – Insurance" in this prospectus). Professional fees represented expenses incurred for audit services and legal and other professional advisory services. Other miscellaneous expenses included staff training fees, staff welfare expenses, printing and stationery expenses, as well as a commission paid to a real estate agent for the sale of our previous owned property located at 40 Kaki Bukit Industrial Terrace, Singapore 416120 during the year ended 31 March 2014.

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Other expenses

Other expenses comprised listing expenses of S\$48,900 and approximately S\$1.5 million recognised in the year ended 31 March 2016 and the six months ended 30 September 2016 respectively.

Finance costs

Finance costs comprised mainly interest expenses on bank borrowings and finance leases of our motor vehicles.

Income tax expense

Since our operation is based in Singapore, our Group is subject to corporate income tax in accordance with the tax regulations of Singapore (see “Regulatory overview – Singapore taxation” in this prospectus). Income tax expenses of our Group amounted to approximately S\$0.5 million, S\$0.9 million, S\$1.3 million and S\$0.6 million for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 respectively.

The statutory corporate tax rate in Singapore was 17% throughout the Track Record Period. The taxation for the Track Record Period can be reconciled to the profit before taxation as follows:

S\$	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Profit before taxation	5,622,954	5,539,749	6,887,783	2,601,296	2,905,514
Tax at applicable tax rate of 17%	955,902	941,757	1,170,923	442,220	493,937
Tax effect of expenses not deductible for tax purpose	104,669	51,849	233,873	76,454	274,719
Tax effect of income not taxable for tax purpose	(377,258)	–	(1,036)	–	–
Effect of tax concessions and partial tax exemption	(149,257)	(130,594)	(134,092)	(45,925)	(121,482)
(Over) under provision of tax in prior years	(3,024)	55,232	–	–	–
Others	–	103	–	–	(7,750)
	–	103	–	–	(7,750)
Taxation for the year/period	531,032	918,347	1,269,668	472,749	639,424

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During the Track Record Period, our effective tax rates (calculated as income tax expenses for the year divided by profit before taxation) were as follows:

	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Effective tax rate	9.4%	16.6%	18.4%	18.2	22.0

Our effective tax rate was lower than the statutory tax rate for the year ended 31 March 2014 due mainly to non-taxable income arising from the gain on disposal of our previously owned property located at 40 Kaki Bukit Industrial Terrace, Singapore 416120. Our effective tax rates for the two years ended 31 March 2016 and the six months ended 30 September 2015 were broadly comparable to the statutory tax rate. Our effective tax rate for the six months ended 30 September 2016 was approximately 22.0%, which was higher than the statutory tax rate. It was mainly due to the tax effect of the non-deductible listing expenses of approximately S\$1.5 million incurred in the six months ended 30 September 2016 in relation to the Listing.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 March 2014 compared to year ended 31 March 2015

Revenue

Our revenue increased slightly by approximately 0.4% from approximately S\$34.8 million for the year ended 31 March 2014 to approximately S\$35.0 million for the year ended 31 March 2015, which was mainly due to the combined effect of the following:

- (i) *Decrease in revenue from integrated building services of approximately S\$0.4 million*

Revenue generated from integrated building services amounted to approximately S\$27.8 million and S\$27.4 million for each of the two years ended 31 March 2015 respectively, representing a slight decrease of approximately S\$0.4 million. Nevertheless, there was an increase in revenue of approximately S\$2.6 million contributed by integrated building services customers who are Singapore Government agencies, mainly due to an increase in integrated building services provided to schools for the year ended 31 March 2015. There was a decrease in revenue of approximately S\$3.0 million contributed by private integrated building services customers, mainly due to two projects undertaken by us respectively for a private co-operative which operates supermarkets and for a construction company that recorded a decrease in revenue of approximately S\$1.6 million and S\$0.4 million respectively due to lesser services required to be performed for the year ended 31 March 2015.

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- (ii) *Increase in revenue from building and construction works of approximately S\$0.6 million*

The increase in revenue from building and construction works was mainly because during the year ended 31 March 2015, we secured nine new projects from a Singapore Government agency, namely, Customer F (as referred to in the section headed “Business – Customer – Top customers” in this prospectus). We recognised revenue of approximately S\$2.4 million in relation to the aforesaid nine new projects during the year ended 31 March 2015 (2014: nil). Nevertheless, such increase was partially offset by a lower amount of revenue derived from certain projects that were ongoing in both years ended 31 March 2014 and 2015, which was because such projects were close to completion during the year ended 31 March 2014, resulting in the smaller amount of actual work done (and thus revenue recognised) in 2015.

Costs of services

Our costs of services decreased by approximately S\$2.0 million or 7.9%, from approximately S\$25.7 million for the year ended 31 March 2014 to approximately S\$23.7 million for the year ended 31 March 2015 despite an increase in the revenue.

Our costs of services mainly include subcontracting costs, materials costs and staff costs. The proportion of each of these costs in each project may fluctuate substantially from project to project, and some of these costs are, to a certain extent, inter-related to each other. This is because if we engage subcontractors for certain works, we may require our subcontractors to arrange for and bear the costs of the relevant labours, materials, and machinery and equipment necessary for carrying out the subcontracted works. As such, the relevant materials costs and staff costs (which we would otherwise incur directly if we do not engage subcontractors) would normally be factored in the fees charged by subcontractors and thus reflected in our subcontracting costs.

The following is a discussion of the changes in the key components of our costs of services for the year ended 31 March 2015 compared to the year ended 31 March 2014:

- (i) Our materials costs decreased from approximately S\$10.7 million for the year ended 31 March 2014 to approximately S\$6.6 million for the year ended 31 March 2015. This was mainly due to (a) the decrease in the market prices of air-conditioning systems in 2015 as compared to 2014, which is consistent with the findings of the Ipsos Report (see “Industry overview – Potential challenges – Fluctuating cost of materials” in this prospectus); (b) we were offered lower unit prices for air-conditioning systems from certain suppliers during the year ended 31 March 2015 than in 2014; and (c) an increase in our use of subcontractors in relation to air-conditioning works and electrical works during the year ended 31 March 2015 as compared to 2014, resulting in a decrease in our direct materials costs of air-conditioning systems and products and other electrical products.
- (ii) Our subcontracting costs increased from approximately S\$12.6 million for the year ended 31 March 2014 to approximately S\$14.8 million for the year ended 31 March 2015. This was mainly due to (a) an increase in our subcontracting costs

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for building and construction works along with the increase in our revenue derived from building and construction works during the year ended 31 March 2015 as compared to 2014 as explained above; and (b) an increase in our use of subcontractors for air-conditioning works and electrical works during the year ended 31 March 2015 as compared to 2014.

- (iii) Our staff costs decreased from approximately S\$2.4 million for the year ended 31 March 2014 to approximately S\$2.1 million for the year ended 31 March 2015. Such decrease was mainly due to an increase in our use of subcontractors for air-conditioning works and electrical works during the year ended 31 March 2015.

As explained above, the proportion of the key components of our costs of services varied from project to project. Taking into account the combined effect of the above factors, our Directors consider that the decrease in our costs of services despite the increase in our revenue was primarily due to (i) the decrease in the market prices of air-conditioning systems in 2015 as compared to 2014, which led to a decrease in our direct materials costs as well as a lower subcontracting costs (for the subcontracting of air-conditioning works) than we would have otherwise incurred in the absence of such decrease in the market prices of air-conditioning systems; and (ii) we were offered lower unit prices for air-conditioning systems from certain suppliers during the year ended 31 March 2015 than in 2014.

Gross profit and gross profit margin

Our gross profit increased by approximately S\$2.2 million or 23.7%, from approximately S\$9.1 million for the year ended 31 March 2014 to approximately S\$11.3 million for the year ended 31 March 2015. Our gross profit margin increased from approximately 26.2% to 32.3% mainly due to the decrease in our costs of services despite the increase in our revenue for the year ended 31 March 2015. Our Directors consider that the decrease in our cost of services (thereby resulting in an increase in our gross profit margin) for the year ended 31 March 2015 as compared to 2014 was mainly due to the decrease in our materials costs, in particular, the purchase costs of air-conditioning systems and products. Our purchase costs of air-conditioning systems and products decreased from approximately S\$7.3 million for the year ended 31 March 2014 to approximately S\$3.8 million for the year ended 31 March 2015. Such decrease in the purchase cost of air-conditioning systems was mainly due to (i) the decrease in the market prices of air-conditioning systems in 2015 as compared to 2014, which is consistent with the findings of the Ipsos Report; and (ii) we were offered lower unit prices for air-conditioning systems from certain suppliers during the year ended 31 March 2015 than in 2014.

Other income

Our other income increased by approximately S\$30,000 or 35.2%, from approximately S\$86,000 for the year ended 31 March 2014 to approximately S\$116,000 for the year ended 31 March 2015. This was mainly due to an increase in government grants in relation to wage credits granted under the Wage Credit Scheme, as well as rebates from a supplier in relation to our purchase volume.

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Other losses

Other losses decreased from approximately S\$361,000 for the year ended 31 March 2014 to approximately S\$23,000 for the year ended 31 March 2015. Such decrease was mainly due to a one-off bad debts written off for an amount owed by a debtor that went into liquidation during the year ended 31 March 2014.

Gain (loss) arising on disposal of property, plant and equipment

The gain for the year ended 31 March 2014 was due to a one-off gain arising on disposal of property, plant and equipment of approximately S\$2.2 million for the disposal of our previously owned property located at 40 Kaki Bukit Industrial Terrace, Singapore 416120.

Selling expenses

Selling expenses decreased from approximately S\$106,000 for the year ended 31 March 2014 to approximately S\$82,000 for the year ended 31 March 2015. The decrease was mainly due to a decrease in our travelling expenses and entertainment expenses, which may fluctuate from period to period depending on our marketing activities.

Administrative expenses

Administrative expenses increased by approximately S\$0.4 million or 7.9%, from approximately S\$5.3 million for the year ended 31 March 2014 to approximately S\$5.7 million for the year ended 31 March 2015. The increase was primarily due to the combined effect of the following:

- (i) an increase in staff costs of approximately S\$0.4 million, which was mainly attributable to salary increments and bonuses paid to certain employees for their job performance for the year ended 31 March 2015, and an increase in director fees paid to Mr. Chua; and
- (ii) a decrease in other miscellaneous expenses, as there was a one-off commission of approximately S\$0.1 million paid to a real estate agent for the sale of our previously owned property at 40 Kaki Bukit Industrial Terrace, Singapore 416120 for the year ended 31 March 2014 (2015: nil).

Finance costs

Finance costs increased by approximately S\$20,000 or 25.2%, from approximately S\$82,000 for the year ended 31 March 2014 to approximately S\$102,000 for the year ended 31 March 2015. The increase was primarily due to an increase in interest rate for our bank borrowings from 1.4% per annum for the year ended 31 March 2014 to 3.0% per annum plus Singapore Interbank Offered Rate for the year ended 31 March 2015.

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Income tax expense

Despite the decrease in our profit before taxation, our income tax expense increased from approximately S\$0.5 million for the year ended 31 March 2014 to approximately S\$0.9 million for the year ended 31 March 2015. This was mainly because of the non-taxable nature of the gain on disposal of our previously owned property at 40 Kaki Bukit Industrial Terrace, Singapore 416120 during the year ended 31 March 2014 of approximately S\$2.2 million.

Profit for the year

Our profit for the year decreased by approximately S\$0.5 million or 9.2%, from approximately S\$5.1 million for the year ended 31 March 2014 to approximately S\$4.6 million for the year ended 31 March 2015. This was mainly attributable to the one-off gain on disposal of our previously owned property of approximately S\$2.2 million recognised for the year ended 31 March 2014. If the aforesaid gain of approximately S\$2.2 million was excluded, our profit would have been approximately S\$2.9 million for the year ended 31 March 2014, based on which we would have recorded an increase of approximately S\$1.7 million in our profit for the year to approximately S\$4.6 million for the year ended 31 March 2015. The increase was mainly attributed to the increase in our gross profit as explained above.

Year ended 31 March 2015 compared to year ended 31 March 2016

Revenue

Our revenue increased by approximately S\$5.5 million or 15.8% from approximately S\$35.0 million for the year ended 31 March 2015 to approximately S\$40.5 million for the year ended 31 March 2016. This was mainly attributable to:

- (i) *Increase in revenue from integrated building services of approximately S\$2.7 million*

Revenue derived from private integrated building services customers increased from approximately S\$4.0 million for the year ended 31 March 2015 to approximately S\$6.0 million for the year ended 31 March 2016. The increase was mainly due to a new integrated building services contract awarded by a trustee company of a real estate investment trust in Singapore which contributed revenue of approximately S\$0.7 million for the year ended 31 March 2016, and the increase in the amount of our integrated building services works performed for a private customer of approximately S\$1.0 million for the year ended 31 March 2016 as compared to 2015.

Integrated building services revenue derived from Singapore Government agencies increased from approximately S\$23.4 million for the year ended 31 March 2015 to approximately S\$24.1 million for the year ended 31 March 2016, which was mainly due to the increase in the amount of our integrated building services works performed for the year ended 31 March 2016 as compared to 2015 as a result of the increase in the number of public sector contracts which contributed revenue to us. The number of

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public sector integrated building services contracts that contributed revenue to us increased from 9 for the year ended 31 March 2015 to 16 for the year ended 31 March 2016.

- (ii) *Increase in revenue from building and construction works of approximately S\$2.8 million*

During the year ended 31 March 2016, seven new building and construction projects were awarded by a Singapore Government agency, namely, Customer F (as referred to in the section headed “Business – Customer – Top customers” in this prospectus). We derived revenue of approximately S\$4.7 million from such new projects for the year ended 31 March 2016 (2015: nil).

The aforesaid increase in revenue was partially offset by the decrease in our revenue derived from another public sector building and construction project due to the majority of the works having been performed during the year ended 31 March 2015. The revenue recognised in relation to the aforesaid project was approximately S\$2.2 million for the year ended 31 March 2015 and approximately S\$0.2 million for the year ended 31 March 2016.

Costs of services

Our costs of services increased from approximately S\$23.7 million for the year ended 31 March 2015 to approximately S\$26.8 million for the year ended 31 March 2016, representing an increase of approximately 13.0%, which was smaller than the increase in our revenue of approximately 15.8% (and thus resulted in our higher gross profit margin), primarily as a result of the combined effect of the following:

- (i) Our subcontracting costs increased from approximately S\$14.8 million for the year ended 31 March 2015 to approximately S\$17.2 million for the year ended 31 March 2016. This was mainly due to the increase in our use of subcontractors for building and construction works along with the increase in our building and construction revenue for the year ended 31 March 2016 as compared to 2015.
- (ii) Our staff costs increased from approximately S\$2.1 million for the year ended 31 March 2015 to approximately S\$2.7 million for the year ended 31 March 2016. Such increase was mainly due to the increase in the number of our site workers during the year ended 31 March 2016 compared to 2015 in order for us to undertake more integrated building services works by our own resources (instead of engaging subcontractors) and to cope with our business growth. Our Executive Directors consider that holding all else the same, reducing the use of subcontractors in our integrated building services business would generally enable us to reduce our costs, as a profit markup is generally factored in the fees charged by subcontractors.
- (iii) Our materials costs were relatively stable for the two years ended 31 March 2016 despite the increase in our revenue. This was mainly because we were awarded 5 new contracts by Customer A (as referred to in the section headed “Business –

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Customers – Top customers” in this prospectus) during the year ended 31 March 2016 in relation to integrated building services for certain schools, for which we had set higher tender pricing (compared to the rates that we charged for the schools under our previous contracts with Customer A) after assessing our chance of winning the tenders having regard to our track record in integrated building services projects undertaken for Customer A. The aforesaid 5 new projects contributed revenue of approximately S\$7.2 million during the year ended 31 March 2016.

Taking into account the combined effect of the above factors, our Executive Directors consider that the less-than-proportionate increase in our costs of services as compared to the increase in our revenue was mainly due to (i) the relative increase in the use of our own labour resources for our provision of integrated building services during the year ended 31 March 2016; and (ii) our higher pricing for the 5 newly awarded contracts undertaken for Customer A.

Gross profit and gross profit margin

Our gross profit increased by approximately S\$2.5 million or 21.8%, from approximately S\$11.3 million for the year ended 31 March 2015 to approximately S\$13.8 million for the year ended 31 March 2016. Our gross profit margin also increased from approximately 32.3% for the year ended 31 March 2015 to approximately 34.0% for the year ended 31 March 2016. The increase in our gross profit and our gross profit margin were primarily due to (i) the increase in our revenue due to reasons discussed above; and (ii) the less-than-proportionate increase in our costs of services as compared with our increase in revenue. The less-than-proportionate increase in our costs of services as compared with our increase in revenue was mainly because (i) there was a relative increase in the use of our own labour resources for the provision of integrated building services during the year ended 31 March 2016; and (ii) we were awarded 5 new integrated building services contracts by Customer A during the year ended 31 March 2016, for which we had set a higher tender pricing as compared to the rates that we charged under our previous contracts with Customer A for similar works.

Other income

Our other income increased by approximately S\$46,000 or 39.3%, from approximately S\$116,000 for the year ended 31 March 2015 to approximately S\$162,000 for the year ended 31 March 2016, which was primarily due to the increase in government grants from approximately S\$81,000 for the year ended 31 March 2015 to approximately S\$140,000 for the year ended 31 March 2016. The increase in government grants was mainly due to (i) the increase in wage credits granted under the Wage Credit Scheme (see “Regulatory overview – Employment matters – Wage Credit Scheme” in this prospectus); and (ii) the increase in payments under the Productivity and Innovation Credit Scheme (see “Regulatory overview – Singapore Taxation – Productivity and Innovation Credit Scheme” in this prospectus).

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Other losses

Our other losses amounted to S\$22,620 the year ended 31 March 2015 and S\$9,920 for the year ended 31 March 2016. Such decrease in our other losses was mainly due to the decrease in the write-offs of our motor vehicles.

Gain (loss) arising on disposal of property, plant and equipment

The gain of S\$13,095 for the year ended 31 March 2015 and loss of approximately S\$13,606 for the year ended 31 March 2016 were due to gain and loss arising on the disposal of motor vehicles respectively.

Selling expenses

Our selling expenses increased from S\$82,288 for the year ended 31 March 2015 to S\$98,867 for the year ended 31 March 2016. The increase was mainly due to the increase in our travelling expenses and telecommunication expenses as a result of the increase in our projects and our liaison with our customers in relation to our works, along with the increase in our revenue.

Administrative expenses

Administrative expenses increased by approximately S\$1.0 million or 18.8%, from approximately S\$5.7 million for the year ended 31 March 2015 to approximately S\$6.7 million for the year ended 31 March 2016. The increase was primarily due to:

- (i) increase in staff costs of approximately S\$0.4 million, which was mainly due to the increase in the number of our employees from 190 as at 31 March 2015 to 255 as at 31 March 2016 to cope with our business growth, including 54 additional site foreign workers, six additional employees in our finance and human resource department, four additional employees in our administrative department, and two additional employees in our purchasing department as at 31 March 2016 (as compared to as at 31 March 2015);
- (ii) higher foreign worker levy of approximately S\$0.2 million, which was mainly due to the increase in site foreign workers from 129 as at 31 March 2015 to 183 as at 31 March 2016; and
- (iii) increase in other miscellaneous expenses of approximately S\$0.4 million, which was mainly due to stamp duties of approximately S\$0.2 million for the purchase of our head office building by CSH Development from SH Integrated incurred during the year ended 31 March 2016 (2015: nil), increase in staff welfare and training expenses of approximately S\$0.1 million and increase in bank charges of approximately S\$0.1 million.

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Finance costs

Despite the decrease in the total amount of our borrowings and obligations under finance leases as at 31 March 2016 compared to 31 March 2015, our finance costs increased from approximately S\$102,000 for the year ended 31 March 2015 to approximately S\$114,000 for the year ended 31 March 2016. The decrease in the total amount of borrowings and obligations under finance leases as at the year-end dates was mainly due to the change of mortgage loan with a smaller principal amount (see “Financial information – Indebtedness – Borrowings” below) in March 2016, which therefore did not significantly reduce our finance cost during the year ended 31 March 2016.

The increase in our finance costs was mainly due to the increase in Singapore Interbank Offered Rate during the year ended 31 March 2016, resulting in the increase in the interest rate applicable to our then mortgage loan bearing interest at 3% per annum over the Singapore Interbank Offered Rate.

Income tax expense

Income tax expense increased by approximately S\$0.4 million or 38.3%, from approximately S\$0.9 million for the year ended 31 March 2015 to approximately S\$1.3 million for the year ended 31 March 2016. Such increase was primarily due to the increase in our profit before taxation from approximately S\$5.5 million for the year ended 31 March 2015 to approximately S\$6.9 million for the year ended 31 March 2016, representing an increase of 24.3%, mainly due to the increase in our revenue and gross profit as discussed above.

Profit for the year

As a result of the aforesaid and in particular the increase in our revenue and gross profit as discussed above, our profit for the year increased by approximately S\$1.0 million or 21.6%, from approximately S\$4.6 million for the year ended 31 March 2015 to approximately S\$5.6 million for the year ended 31 March 2016.

Six months ended 30 September 2015 compared to six months ended 30 September 2016

Revenue

Our revenue increased by approximately 6.3% from approximately S\$17.7 million for the six months ended 30 September 2015 to approximately S\$18.8 million for the six months ended 30 September 2016, which was mainly due to the combined effect of the following:

- (i) *Increase in revenue from integrated building services of approximately S\$7.4 million*

Revenue derived from private integrated building services customers increased from approximately S\$2.6 million for the six months ended 30 September 2015 to approximately S\$5.2 million for the six months ended 30 September 2016. The increase

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was mainly due to four new integrated building services contracts which contributed revenue of approximately S\$0.7 million for the six months ended 30 September 2016, and the increase in the amount of our integrated building services works performed for two private customers (i.e. Customer C and Customer I as referred to in the section headed “Business – Customer – Top customers” in this prospectus) of approximately S\$1.4 million in total for the six months ended 30 September 2016 as compared to the corresponding period in 2015.

Integrated building services revenue derived from Singapore Government agencies increased from approximately S\$8.4 million for the six months ended 30 September 2015 to approximately S\$13.2 million for the six months ended 30 September 2016. The increase was mainly due to a new integrated building services contract awarded by a Singapore Government statutory board (i.e. Customer J as referred to in the section headed “Business – Customer – Top customers” in this prospectus) which contributed revenue of approximately S\$1.0 million for the six months ended 30 September 2016, and the increase in the amount of our integrated building services works performed for Customer A and Customer D (as referred to in the section headed “Business – Customer – Top customers” in this prospectus) of approximately S\$3.0 million in total for the six months ended 30 September 2016 as compared to the corresponding period in 2015.

(ii) *Decrease in revenue from building and construction works of approximately S\$6.3 million*

The decrease in revenue from building and construction works was mainly due to our business strategic decision to be more focused on integrated building services, which is our primary business focus and is in line with our business strategies, future plans and use of proceeds.

Costs of services

Despite the increase in our revenue, our costs of services decreased from approximately S\$12.5 million for the six months ended 30 September 2015 to approximately S\$11.5 million for the six months ended 30 September 2016 (and thus resulted in our higher gross profit margin), representing a decrease of approximately 7.9%, which was primarily as a result of the combined effect of the following:

- (i) Our subcontracting costs decreased from approximately S\$8.0 million for the six months ended 30 September 2015 to approximately S\$5.4 million for the six months ended 30 September 2016. This was mainly due to the decrease in our use of subcontractors for building and construction works along with the decrease in our building and construction revenue for the six months ended 30 September 2016 as compared to the corresponding period in 2015.
- (ii) Our staff costs increased from approximately S\$1.1 million for the six months ended 30 September 2015 to approximately S\$1.6 million for the six months ended 30 September 2016. Such increase was mainly due to the increase in the number of our site workers during the six months ended 30 September 2016

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compared to the corresponding period in 2015 (195 as at 30 September 2015 compared to 254 as at 30 September 2016) in order for us to undertake more integrated building services works by our own resources (instead of engaging subcontractors) and to cope with our business growth.

- (iii) Our materials costs increased from approximately S\$3.3 million for the six months ended 30 September 2015 to approximately S\$4.2 million for the six months ended 30 September 2016, representing an increase of approximately 28.1%. Such increase was mainly due to an increase of purchase of air-conditioning systems and products, and other electrical products by approximately S\$0.4 million and S\$0.6 million respectively as a result of the decrease in our use of subcontractors in relation to air-conditioning works and electrical works during the six months ended 30 September 2016 as compared to 2015.

Taking into account the combined effect of the above factors, our Executive Directors consider that despite the increase in our revenue, we recorded a decrease in our costs of services (and thus our higher gross profit margin) mainly due to (i) the decrease in the use of subcontractor along with the decrease in our revenue derived from building and construction works during the six months ended 30 September 2016; and (ii) the relative increase in the use of our own labour resources for our provision of integrated building services during the six months ended 30 September 2016.

Gross profit and gross profit margin

Our gross profit increased by approximately S\$2.1 million or 40.3%, from approximately S\$5.2 million for the six months ended 30 September 2015 to approximately S\$7.3 million for the six months ended 30 September 2016. Our gross profit margin increased from approximately 29.5% to 38.9% mainly due to the reasons discussed in the preceding paragraph headed “Costs of services”.

Other income

Our other income increased by approximately S\$149,000 or 571.7%, from approximately S\$26,000 for the six months ended 30 September 2015 to approximately S\$175,000 for the six months ended 30 September 2016. This was mainly due to government grants of approximately S\$151,000 for the six months ended 30 September 2016, out of which (i) approximately S\$50,000 was a grant for the implementation of flexible work arrangements for a work-life friendly workplace; and (ii) approximately S\$61,000 was a grant under a scheme of the Building and Construction Authority in relation to our purchase of two boom lifts, which was disbursed to us in August 2016.

Other losses

Other losses amounted to approximately nil and S\$4,566 for each of the six months ended 30 September 2015 and 2016 respectively. The losses for the six months ended 30 September 2016 was mainly in relation to the write-offs of motor vehicles, computers and office equipment that were no longer in use.

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Gain (loss) arising on disposal of property, plant and equipment

The gain arising on disposal of property, plant and equipment amounted to approximately S\$1,148 and S\$5,710 for each of the six months ended 30 September 2015 and 2016 respectively. Such increase was mainly due to the increase in our gains on disposal of motor vehicles.

Other expenses

Other expenses, which were expenses in relation to the Listing, amounted to nil and approximately S\$1.5 million for each of the six months ended 30 September 2015 and 2016 respectively. Please refer to the section headed “Financial information – Listing expenses” for further details.

Selling expenses

Our selling expenses increased by approximately S\$34,000 or 85.3%, from approximately S\$39,000 for the six months ended 30 September 2015 to approximately S\$73,000 for the six months ended 30 September 2016. This was mainly due to an increase in traveling, marketing and other selling expenses along with the increase in our revenue and our marketing effort.

Administrative expenses

Our administrative expenses increased by approximately S\$442,000 or 17.3%, from approximately S\$2,552,000 for the six months ended 30 September 2015 to approximately S\$2,993,000 for the six months ended 30 September 2016. This was mainly due to (i) the increase in the number of our employees from 239 as at 30 September 2015 to 302 as at 30 September 2016 to cope with our business growth, resulting in the increase of approximately S\$147,000 in foreign worker levy and increase of approximately S\$127,000 in staff costs; and (ii) the increase in our other miscellaneous expenses, such as bank charges, entertainment fee, staff training and benefits etc., along with the increase in our revenue.

Finance costs

Our finance costs decreased by approximately S\$18,000 or 32.6%, from approximately S\$55,000 for the six months ended 30 September 2015 to approximately S\$37,000 for the six months ended 30 September 2016. Such decrease was mainly due to the reduction in the outstanding principal amount of our mortgage loan over time in accordance with the repayment schedule.

Income tax expense

Income tax expense increased from approximately S\$0.5 million for the six months ended 30 September 2015 to approximately S\$0.6 million for the six months ended 30 September 2016. Such increase was primarily due to the increase in our profit before taxation from approximately S\$2.6 million for the six months ended 30 September 2015 to approximately S\$2.9 million for the six months ended 30 September 2016, representing an

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increase of approximately 11.7%, mainly due to the increase in our revenue and gross profit as discussed above, partially offset by the recognition of the listing expense of approximately S\$1.5 million for the six months ended 30 September 2016.

Profit for the period

As a result of the aforesaid and in particular the listing expenses incurred for the six months ended 30 September 2016, our profit for the period increased by approximately S\$0.2 million from approximately S\$2.1 million for the six months ended 30 September 2015 to approximately S\$2.3 million for the six months ended 30 September 2016.

LIQUIDITY AND CAPITAL RESOURCES

Our source of funds for our operations mainly comes from cash generated from our operation and bank borrowings. Our primary uses of cash are for payment to suppliers, subcontractors and working capital needs. Upon Listing, our source of funds will be a combination of internal generated funds, bank borrowings and net proceeds from the Share Offer.

As at 31 January 2017, being the most recent practicable date for the purpose of the disclosure of our liquidity position, we had cash and bank balances (including pledged bank deposits) of approximately S\$11.3 million and we had no unutilised banking facilities available for cash drawdown.

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Net current assets

The following table sets forth a breakdown of our Group's current assets and liabilities as at 31 March 2014, 31 March 2015, 31 March 2016, 30 September 2016 and 31 January 2017:

S\$	As at 31 March			As at 30 September	As at 31 January
	2014	2015	2016	2016	2017
					(unaudited)
Current assets					
Inventories	–	–	160,447	210,655	198,457
Trade receivables	6,913,267	9,380,544	7,983,914	8,883,807	8,496,766
Other receivables, deposits and prepayments	165,780	341,945	703,965	588,515	562,252
Amounts due from customers for construction work	542,130	698,699	38,359	278,350	516,962
Amounts due from Controlling Shareholders	–	–	–	117,758	117,758
Amounts due from related companies	78,195	26,424	17,564	12,011	5,318
Bank balances and cash	7,805,723	9,478,136	14,675,108	8,229,883	9,384,793
Pledged bank deposits	–	–	224,889	1,391,712	1,886,300
	<u>15,505,095</u>	<u>19,925,748</u>	<u>23,804,246</u>	<u>19,712,691</u>	<u>21,168,606</u>
Current liabilities					
Trade and other payables	6,937,400	6,508,472	6,613,930	5,805,854	5,891,437
Amounts due to customers for construction work	240,499	12,886	–	–	–
Amounts due to related companies	275,306	201,378	221,928	–	–
Amount due to a director	–	–	3,800,000	–	–
Obligations under finance leases – due within one year	1,250	30,003	30,590	30,474	30,474
Borrowings due within one year	261,516	244,084	238,332	238,332	238,332
Income tax payable	189,789	829,609	1,626,782	1,723,817	1,782,075
	<u>7,905,760</u>	<u>7,826,432</u>	<u>12,531,562</u>	<u>7,798,477</u>	<u>7,942,318</u>
Net current assets	<u><u>7,599,335</u></u>	<u><u>12,099,316</u></u>	<u><u>11,272,684</u></u>	<u><u>11,914,214</u></u>	<u><u>13,226,288</u></u>

The increase in our net current assets from approximately S\$7.6 million as at 31 March 2014 to approximately S\$12.1 million as at 31 March 2015 was primarily due to the increase in our trade receivables and bank balances and cash generated from our profitable operation during the year.

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For the year ended 31 March 2016, despite the cash generated from our profitable operation, there has been a decrease in our net current assets from approximately S\$12.1 million as at 31 March 2015 to approximately S\$11.3 million as at 31 March 2016, which was primarily due to (i) the change of mortgage loan with a smaller principal amount during the year ended 31 March 2016 (see “Financial information – Indebtedness – Borrowings” below), thereby requiring our use of our cash to repay certain non-current portion of our original mortgage loan; and (ii) our declaration and payment of dividends in the aggregate amount of S\$3,525,000 during the year ended 31 March 2016.

The increase in our net current assets from approximately S\$11.3 million as at 31 March 2016 to approximately S\$11.9 million as at 30 September 2016 was primarily due to the repayment of the amount due to our director and the payment for our trade and other payables resulting in the decrease in our current liabilities, using cash generated from our profitable operation for the six months ended 30 September 2016.

Our net current assets remained relatively stable at approximately S\$11.9 million as at 30 September 2016 and approximately S\$13.2 million and 31 January 2017.

For further discussions on the fluctuations of the components of our current assets and current liabilities mentioned above, please refer to the paragraph headed “Discussion on selected balance sheet items” below.

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Cash flows

The following table is a condensed summary of our combined statements of cash flows for the periods indicated:

S\$	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Net cash from operating activities	3,869,063	2,255,624	8,859,578	385,666	976,391
Net cash from/(used in) investing activities	3,743,982	(225,288)	(2,298,251)	(1,250,795)	(1,717,483)
Net cash used in financing activities	(2,832,618)	(357,923)	(1,364,355)	(184,922)	(5,704,133)
Net increase/(decrease) in cash and cash equivalents	4,780,427	1,672,413	5,196,972	(1,050,051)	(6,445,225)
Cash and cash equivalents at beginning of the year/period	<u>3,025,296</u>	<u>7,805,723</u>	<u>9,478,136</u>	<u>9,478,136</u>	<u>14,675,108</u>
Cash and cash equivalents at end of the year/period	<u><u>7,805,723</u></u>	<u><u>9,478,136</u></u>	<u><u>14,675,108</u></u>	<u><u>8,428,085</u></u>	<u><u>8,229,883</u></u>

Operating activities

Our operating cash inflow is primarily derived from our business operation of providing integrated building services and undertaking building and construction works, whereas our operating cash outflow mainly includes payments for subcontracting costs, staff costs, purchase of materials, as well as other working capital needs.

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The following table sets forth a reconciliation of our profit before taxation to net cash generated from operations:

S\$	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Operating activities					
Profit before taxation	5,622,954	5,539,749	6,887,783	2,601,296	2,905,514
Adjustments for:					
Depreciation of property, plant and equipment	303,335	368,483	578,736	253,212	401,012
Finance costs	81,749	102,346	114,454	54,682	36,873
(Gain) loss on disposal of property, plant and equipment, net	(2,219,167)	(13,095)	13,606	(1,148)	(5,710)
Interest income	(5,287)	(7,642)	(9,132)	(4,848)	(5,592)
Written off property, plant and equipment	–	22,620	9,920	–	4,566
Written off bad debts	361,383	–	–	–	–
	4,144,967	6,012,461	7,595,367	2,903,194	3,336,663
Operating cash flow before movement in working capital					
	4,144,967	6,012,461	7,595,367	2,903,194	3,336,663
<i>Movements in working capital:</i>					
(Increase) decrease in trade receivables	(1,727,017)	(2,467,277)	1,396,630	1,753,995	(899,893)
(Increase) decrease in other receivables, deposits and prepayments	(27,765)	(176,165)	(362,020)	(22,802)	373,917
(Increase) decrease in amounts due from customers for construction work	(391,674)	(156,569)	660,340	(2,917,266)	(239,991)

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S\$	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
(Increase) decrease in amounts due from related companies	(67,727)	51,771	8,860	21,385	5,553
Increase in inventories	–	–	(160,447)	–	(50,208)
Increase (decrease) in trade and other payables	1,703,127	(428,928)	105,458	(1,205,720)	(827,858)
Increase (decrease) in amounts due to related companies	274,062	(73,928)	20,550	(96,143)	(221,928)
Increase (decrease) in amounts due to customers for construction work	29,443	(227,613)	(12,886)	59,162	–
Cash generated from (used in) operations	3,937,416	2,533,752	9,251,852	495,805	1,476,255
Income taxes paid	(68,353)	(278,128)	(392,274)	(110,139)	(499,864)
Net cash from operating activities	3,869,063	2,255,624	8,859,578	385,666	976,391

For the year ended 31 March 2014, we recorded profit before taxation of approximately S\$5.6 million and net cash from operating activities of approximately S\$3.9 million. The difference was mainly due to the recognition of a non-cash gain on disposal of our previously owned property located at 40 Kaki Bukit Industrial Terrace, Singapore 416120 during the year (see “Financial information – Principal components of combined statements of comprehensive income – Other losses” above).

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, the respective differences between our profit before taxation and our net cash from operating activities were mainly due to the amount and timing of receipts from our customers and the amount and timing of payments to our suppliers.

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Investing activities

Our cash generated from investing activities are primarily from proceeds from disposal of property, plant and equipment. Our cash used in investing activities is primarily for the purchases of property, plant and equipment and the placement of pledged bank deposits.

S\$	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Listing expenses paid on behalf of Controlling Shareholders in respect of selling the Sale Shares	–	–	–	–	(117,758)
Purchase of property, plant and equipment	(306,018)	(251,885)	(2,092,454)	(1,261,543)	(438,612)
Proceeds from disposal of property, plant and equipment	4,050,000	26,597	19,092	10,748	5,710
Placement of pledged bank deposits	–	–	(224,889)	–	(1,166,823)
Net cash from (used in) investing activities	3,743,982	(225,288)	(2,298,251)	(1,250,795)	(1,717,483)

For the year ended 31 March 2014, the proceeds from disposal of property, plant and equipment represented the proceeds from the disposal of our previously owned property located at 40 Kaki Bukit Industrial Terrace, Singapore 416120 during the year (see “Financial information – Principal components of combined statements of comprehensive income – Other losses” above). The purchase of property, plant and equipment was mainly related to our use of cash for leasehold improvement, office renovation, and purchase of computers and office equipment, motor vehicles, and furniture and fittings.

For the year ended 31 March 2015, the purchase of property, plant and equipment was mainly related to our use of cash for the purchase of five motor vehicles as well as certain new computers and office equipment. The proceeds from the disposal of property, plant and equipment was mainly related to our disposal of motor vehicles.

For the year ended 31 March 2016, the purchase of property, plant and equipment was mainly related to our use of cash for the purchase of 25 motor vehicles, two boom lifts, certain computers and office equipment, leasehold improvement, and furniture and fittings, mainly due to our operational needs as a result of our business growth. The proceeds from the disposal of property, plant and equipment was mainly related to our disposal of motor vehicles. Cash used for the placement of pledged bank deposits represented bank deposits placed with a bank and pledged as security for the issuance of performance guarantees, as further discussed in the section headed “Financial information – Discussion on selected balance sheet items – Pledged bank deposits” below.

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For the six months ended 30 September 2015, the purchase of property, plant and equipment was mainly related to our use of cash for the purchase of thirteen motor vehicles and two boom lifts. For the six months ended 30 September 2016, the purchase of property, plant and equipment was mainly related to our use of cash for the purchase of four motor vehicles and certain computers and office equipment. Additionally, for the six months ended 30 September 2016, there were placements of pledged bank deposits in relation to corresponding amounts of performance guarantees issued in favour of our customers, as further discussed in the section headed “Financial information – Discussion on selected balance sheet items – Pledged bank deposits”.

Financing activities

Our cash generated from and used in financial activities during the Track Record Period included the following:

S\$	For the year ended 31 March			For the six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Interests paid	(81,749)	(102,346)	(114,454)	(54,682)	(36,873)
Interest received	5,287	7,642	9,132	4,848	5,592
(Repayment of)/advance from a director	(1,200,000)	–	3,800,000	–	(3,800,000)
Repayment of borrowings	(1,533,880)	(247,800)	(5,179,030)	(120,087)	(119,166)
Repayment of hire purchases	(22,276)	(15,419)	(30,003)	(15,001)	(15,001)
Proceeds from issue of shares	–	–	100,000	–	–
Proceeds from new borrowings raised	–	–	3,575,000	–	–
Dividends paid	–	–	(3,525,000)	–	(1,500,000)
Listing expenses paid	–	–	–	–	(238,685)
Net cash used in financing activities	(2,832,618)	(357,923)	(1,364,355)	(184,922)	(5,704,133)

For the year ended 31 March 2014, we recorded net cash used in financing activities of approximately S\$2.8 million, which mainly consisted of cash used for the repayment of our then mortgage loan following the disposal of our previously owned property (see “Financial information – Principal components of combined statements of comprehensive income – Other losses” above), as well as the use of cash for the repayment of advance from directors at that time.

For the year ended 31 March 2015, we recorded net cash used in financing activities of approximately S\$0.4 million, which mainly consisted of cash used for the repayment of borrowings and interests paid.

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For the year ended 31 March 2016, we recorded net cash used in financing activities of approximately S\$1.4 million. During the year, cash used in financing activities mainly included (i) repayment of mortgage loan, as a result of the change of mortgage loan as discussed in the section headed “Financial information – Indebtedness – Borrowings” below; and (ii) cash used for paying dividends, as discussed in “Financial information – Dividends” below. These were partially offset by cash from financing activities during the year, which mainly included (i) proceeds from new mortgage loan raised (see “Financial information – Indebtedness – Borrowings” below); (ii) advance from a director as discussed in “Financial information – Indebtedness – Amount due to a director” below; and (iii) proceeds from issue of shares, which were related to the subscription of shares by Mr. Chua and Mrs. Chua upon the incorporation of CSH Development in October 2015.

For the six months ended 30 September 2015, we recorded net cash used in financing activities of approximately S\$0.2 million, which mainly consisted of cash used for repayment of borrowings and interests paid. For the six months ended 30 September 2016, we recorded net cash used in financing activities of approximately S\$5.7 million, which mainly included cash used for the repayment to a Director (being Mr. Chua) in the amount of S\$3.8 million in relation to the previous cash advance from him to our Group (as discussed in “Financial information – Indebtedness – Amount due to a director” below), as well as cash used for the repayment of borrowings and interests as well as the payment of dividend and the listing expenses.

Working capital

Our Directors are of the opinion that, taking into consideration the internal resources and banking facilities presently available to our Group, cash generated from our operation, and the estimated net proceeds to be received by us from the Share Offer, 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.

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INDEBTEDNESS

The table below sets out the indebtedness of our Group as at the respective dates indicated. As at 31 January 2017, being the latest practicable date for this indebtedness statement, save as disclosed in this sub-section headed “Indebtedness”, we do not have any debt securities, term loans, borrowings or indebtedness in the nature of borrowing, mortgages, charges, contingent liabilities or guarantees. Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying, nor breached any major covenant or restriction of our bank loans or other bank facilities during the Track Record Period. As at the Latest Practicable Date, there are no material covenants related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since 31 January 2017 and up to the date of this prospectus. Our Directors confirmed that as at the Latest Practicable Date, we did not have any immediate plan for additional material external debt financing.

S\$	As at 31 March			As at 30 September	As at 31 January
	2014	2015	2016	2016	2017
					(unaudited)
Non-current					
Borrowings	5,165,314	4,934,946	3,336,668	3,217,502	3,138,058
Obligations under finance leases – due after one year	–	105,828	75,238	60,353	50,352
	5,165,314	5,040,774	3,411,906	3,277,855	3,188,410
Current					
Borrowings due within one year	261,516	244,084	238,332	238,332	238,332
Amount due to a director	–	–	3,800,000	–	–
Obligations under finance leases – due within one year	1,250	30,003	30,590	30,474	30,474
	262,766	274,087	4,068,922	268,806	268,806
	5,428,080	5,314,861	7,480,828	3,546,661	3,457,216

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Borrowings

Set out below is the maturity profile of our borrowings as at the respective dates indicated:

S\$	As at 31 March			As at 30 September	As at 31 January
	2014	2015	2016	2016	2017
Within one year	261,516	244,084	238,332	238,332	238,332
More than one year but not exceeding two years	244,084	251,569	238,332	238,332	238,332
More than two years but not more than five years	769,109	783,492	3,098,336	2,979,170	2,899,726
More than five years	4,152,121	3,899,885	–	–	–
	5,426,830	5,179,030	3,575,000	3,455,834	3,376,390

The borrowings represent mortgage loans in relation to our current head office building located at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196, which were obtained to finance the purchase of such property as well as our daily operations.

As at 31 March 2014 and 2015, the loan was secured by legal mortgage over the aforesaid property and a personal guarantee provided by Mr. Chua. It carried interest fixed at 1.40% per annum as at 31 March 2014 and 3% per annum over Singapore Interbank Offered Rate as at 31 March 2015. The personal guarantee provided by Mr. Chua was released after we fully repaid the loan in March 2016. We obtained a mortgage loan from another bank in March 2016 with a principal amount of S\$3,575,000, which was smaller than the outstanding principal amount of our previous mortgage loan and therefore led to a decrease in our borrowings as at 31 March 2016 compared to 2015.

As at 31 March 2016, 30 September 2016 and 31 January 2017, the loan was secured by legal mortgage over the aforesaid property. No guarantee was provided under the loan. It carried fixed interest rates ranging from 1.98% to 5.10% per annum, as different interest rates apply in different periods. As at 31 January 2017, we had no unutilised banking facilities available for cash drawdown.

Obligations under finance leases

As at 31 March 2014, 2015, 2016, 30 September 2016 and 31 January 2017, our total obligations under finance leases amounted to approximately S\$1,250, S\$135,831, S\$105,828, S\$90,827 and S\$80,826 respectively. Please refer to note 22 to the accountants' report set

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out in Appendix I to this prospectus for details of the present value of minimum lease payments in respect of our obligations under finance leases as at 31 March 2014, 2015, 2016 and 30 September 2016.

Obligations under finance leases relate to our purchase of motor vehicles by way of finance lease arrangement. Interest rates underlying all obligations under finance leases were fixed at the respective contract dates and were 1.88%, 2.66%, 2.66%, 2.66% and 2.66% per annum as at 31 March 2014, 2015, 2016, 30 September 2016 and 31 January 2017 respectively.

The obligations under finance leases are unguaranteed, and secured by charges over motor vehicles with aggregate carrying values of approximately S\$34,000, S\$0.2 million, S\$0.1 million, S\$0.1 million and S\$0.1 million as at 31 March 2014, 2015 and 2016, 30 September 2016 and 31 January 2017 respectively.

Amount due to a director

As at 31 March 2014, 2015 and 2016, 30 September 2016 and 31 January 2017, we had amount due to a director (being Mr. Chua) of nil, nil, S\$3.8 million, nil and nil respectively, which is unsecured, non-interest bearing and without a fixed repayment term. Amount due to a director represents advances from Mr. Chua to CSH Development for facilitating CSH Development's acquisition of our head office building from SH Integrated (see "History, Reorganisation and corporate structure – History and development – CSH Development" in this prospectus). Such amount has been fully repaid by us to Mr. Chua from our internal resources in June 2016.

Contingent liabilities

As at the Latest Practicable Date, we have no contingent liabilities.

Commitments

Our Group leases foreign workers' dormitories under operating leases (see "Business – Property interests – Leased properties" in this prospectus). The following table sets forth our future minimum rental payable under non-cancellable leases as of the dates indicated:

S\$	As at 31 March			As at 30 September	As at 31 January
	2014	2015	2016	2016	2017
					(unaudited)
Within one year	45,840	158,720	95,760	354,516	305,683
After one year but within five years	3,200	12,960	24,720	162,936	82,584
	49,040	171,680	120,480	517,452	388,267

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These leases have tenures ranging from 4.5 months to two years with no contingent rent provision.

CAPITAL EXPENDITURES

During the Track Record Period, our Group's capital expenditures have principally consisted of expenditures on property, plant and equipment. We incurred cash flows on capital expenditures for the purchase of property, plant and equipment in the amounts of approximately S\$0.3 million, S\$0.3 million, S\$2.1 million and S\$0.4 million for each of the three years ended 31 March 2016 and the six months ended 30 September 2016. The increase in expenditure for the year ended 31 March 2016 was mainly due to the addition and replacement of motor vehicles.

Please also refer to the section headed "Business – Machinery and equipment" for further information regarding our machinery and equipment.

ASSETS AND LIABILITIES

The table below sets out selected information for our assets and liabilities as at 31 March 2014, 31 March 2015, 31 March 2016 and 30 September 2016:

S\$	As at 31 March			As at 30 September
	2014	2015	2016	2016
Non-current assets				
Property, plant and equipment	7,378,482	7,375,762	8,846,862	8,879,896
Current assets				
Inventories	–	–	160,447	210,655
Trade receivables	6,913,267	9,380,544	7,983,914	8,883,807
Other receivables, deposits and prepayments	165,780	341,945	703,965	588,515
Amounts due from customers for construction work	542,130	698,699	38,359	278,350
Amounts due from Controlling Shareholders	–	–	–	117,758
Amounts due from related companies	78,195	26,424	17,564	12,011
Bank balances and cash	7,805,723	9,478,136	14,675,108	8,229,883
Pledged bank deposits	–	–	224,889	1,391,712
	<u>15,505,095</u>	<u>19,925,748</u>	<u>23,804,246</u>	<u>19,712,691</u>

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S\$	As at 31 March			As at 30 September
	2014	2015	2016	2016
Current liabilities				
Trade and other payables	6,937,400	6,508,472	6,613,930	5,805,854
Amounts due to customers for construction work	240,499	12,886	–	–
Amounts due to related companies	275,306	201,378	221,928	–
Amount due to a director	–	–	3,800,000	–
Obligations under finance leases – due within one year	1,250	30,003	30,590	30,474
Borrowings due within one year	261,516	244,084	238,332	238,332
Income tax payable	189,789	829,609	1,626,782	1,723,817
	<u>7,905,760</u>	<u>7,826,432</u>	<u>12,531,562</u>	<u>7,798,477</u>
Net current assets	<u>7,599,335</u>	<u>12,099,316</u>	<u>11,272,684</u>	<u>11,914,214</u>
Non-current liabilities				
Obligations under finance leases – due after one year	–	105,828	75,238	60,353
Borrowings	5,165,314	4,934,946	3,336,668	3,217,502
Deferred tax liabilities	29,212	29,611	109,832	152,357
	<u>5,194,526</u>	<u>5,070,385</u>	<u>3,521,738</u>	<u>3,430,212</u>
Net assets	<u>9,783,291</u>	<u>14,404,693</u>	<u>16,597,808</u>	<u>17,363,898</u>

DISCUSSION ON SELECTED BALANCE SHEET ITEMS

Pledged bank deposits

We had pledged bank deposits of nil, nil, S\$224,889 and S\$1,391,712 as at 31 March 2014, 2015 and 2016 and 30 September 2016 respectively. Such balances represent deposits placed with a bank for corresponding amounts of performance guarantees issued in favour of our customers. The balances carry prevailing market interest of 0.25% per annum as at 31 March 2016 and 30 September 2016 respectively.

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As discussed in the section headed “Business – Key contract terms with customers – Performance guarantees” in this prospectus, we are usually required to arrange for the issuance of performance guarantees by insurance companies or banks in favour of our customers. In this connection, we have obtained two lines of credit from a bank in Singapore for issuing such performance guarantees, with an aggregate credit limit of S\$6 million, which are secured by the aforesaid pledged deposits placed by us with the bank:

<u>Line of credit obtained by</u>	<u>Credit limit</u>	Amount utilised (i.e. amount of performance guarantees issued)			
		As at 31 March			As at 30 September
		2014	2015	2016	2016
		S\$	S\$	S\$	S\$
SH Integrated	S\$4 million	–	–	224,889	1,391,712
DRC Engineering	S\$2 million	–	–	–	–

There was an increase in our pledge deposits placed with the bank for performance guarantees issued in favour of our customers as at 30 September 2016 compared to 31 March 2016 because in respect of 5 of the new integrated building services projects and 1 new building and construction work project awarded to us during the six months ended 30 September 2016, we were required to arrange for the issuance of performance guarantees by financial institutions in favour of our customers for such projects.

Amounts due to/from related companies

A breakdown and analysis of our amounts due to and from related companies are set out in note 19 to the accountants’ report contained in Appendix I to this prospectus.

Amounts due to and from related companies are trade related and have arisen from the related party transactions conducted between our Group and such related companies. Such related party transactions included (i) the provision of integrated building services by us to some of these related companies in our ordinary course of business; and (ii) the purchase of lighting products and subcontracting services by us from some of these related companies in our ordinary course of business of our provision of integrated building services. For further details of such related party transactions, please refer to the section headed “Financial information – Related party transactions” below.

Inventories

We typically make our purchases based on the services and works to be performed, and major components of building systems are used upon delivery on-site. Our inventories comprise low value consumables, such as small lighting supplies, cutting and taping tools and accessories, small metal parts and small electrical parts. There were no inventories as at 31 March 2014 and 2015 due mainly to our low value consumables which were immaterial as we purchased mainly on an as-needed basis at that time. For the year ended 31 March

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2016 and the six months ended 30 September 2016, we purchased a larger quantity per order to enjoy delivery services from suppliers, and thus had inventories with carrying value of S\$160,447 and S\$210,655 as at 31 March 2016 and 30 September 2016 respectively.

Trade receivables

Our trade receivables as at 31 March 2014, 31 March 2015, 31 March 2016 and 30 September 2016 were approximately S\$6.9 million, S\$9.4 million, S\$8.0 million and S\$8.9 million respectively, of which a breakdown is set out below:

S\$	As at 31 March			As at 30 September
	2014	2015	2016	2016
Trade receivables	4,580,373	6,943,454	5,719,208	7,137,792
Unbilled revenue	2,249,319	2,343,450	2,188,298	1,717,806
Retention receivable	83,575	93,640	76,408	28,209
	6,913,267	9,380,544	7,983,914	8,883,807

Trade receivable

Trade receivables increased from approximately S\$4.6 million as at 31 March 2014 to approximately S\$6.9 million as at 31 March 2015. Such increase was mainly due to invoices amounting to approximately S\$6.2 million being issued to customers in February and March 2015 (compared with S\$3.4 million in February and March 2014) as a result of our actual works performed during such periods. Credit terms to our customers are typically between 15 to 60 days.

Despite the increase in our revenue for the year ended 31 March 2016, our trade receivables decreased from approximately S\$6.9 million as at 31 March 2015 to approximately S\$5.7 million as at 31 March 2016. Such decrease was mainly due to the smaller amount of works performed in February and March 2016 compared with 2015 resulting in a lower amount of billing in February and March 2016. The invoices being issued to customers in February and March 2016 was approximately S\$4.5 million.

Our trade receivables increased from approximately \$5.7 million as at 31 March 2016 to approximately \$7.1 million as at 30 September 2016. Such increase was mainly due to (i) our business growth; and (ii) the fluctuation of the amount settled by different customers to us as at the respective reporting dates due to the different settlement practices of different customers.

Unbilled revenue

Unbilled revenue arises when revenue had been recognised but not yet billed to our customers as at the respective year end dates. In practice, after performing our works, it takes approximately one to four weeks for obtaining approval of our payment claims from

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our customers. After obtaining the approval, we normally take approximately one week to issue invoices to our customers. We recorded unbilled revenue of approximately S\$2.2 million, S\$2.3 million, S\$2.2 million and S\$1.7 million as at 31 March 2014, 2015, 2016 and as at 30 September 2016 respectively as a result of the aforesaid billing procedures.

Retention receivable

Some of our building and construction contracts contain requirements on retention sums, typically up to a maximum of 5% of the contract sum. Normally, upon substantial completion of our building and construction works, 2.5% of the contract amount shall be released to us and the balance of 2.5% upon expiry of the defect liability period. The fluctuation of our retention receivable as at 31 March 2014, 2015 and 2016 was mainly due to the different duration and different size of the building and construction projects we had undertaken during the Track Record Period. The decrease in our retention receivable from S\$76,408 as at 31 March 2016 to S\$28,209 as at 30 September 2016 was mainly because during the six months ended 30 September 2016, retention sum of one building and construction project has been released to us upon the expiry of its defect liability period and we have been more focused on our integrated building services projects which normally do not contain requirements on retention sums.

Trade receivables turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period:

	For the year ended 31 March			For the six months ended 30 September
	2014	2015	2016	2016
Trade receivables turnover days				
<i>(Note)</i>	50.2	60.2	57.1	62.5

Note: Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables (excluding unbilled revenue and retention receivable) divided by revenue during the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 183 days for the six months ended 30 September 2016).

The credit period that we granted to customers generally ranged from 15 to 60 days. Our trade receivables turnover days were approximately 50.2 days for the year ended 31 March 2014, approximately 60.2 days for the year ended 31 March 2015, approximately 57.1 days for the year ended 31 March 2016, and approximately 62.5 days for the six months ended 30 September 2016. The fluctuations were mainly due to the fluctuation of the amounts settled by Customer A to us as at the respective reporting dates. For each of the three years ended 31 March 2016 and the six months ended 30 September 2016, our revenue

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derived from Customer A represented approximately 48.4%, 54.8%, 42.0% and 43.2% of our total revenue respectively. The actual settlement period of Customer A ranged from 50 days to 80 days during the Track Record Period.

Ageing analysis and subsequent settlement

The ageing analysis of our trade receivables based on invoice date is as follows:

S\$	As at 31 March			As at 30 September
	2014	2015	2016	2016
Within 90 days	3,825,185	6,404,675	5,154,201	5,414,420
91 to 180 days	427,784	350,960	375,683	1,363,921
181 days to 365 days	166,885	108,198	100,146	222,622
Over 1 year but not more than 2 years	81,969	16,018	52,157	86,913
More than 2 years	78,550	63,603	37,021	49,916
	4,580,373	6,943,454	5,719,208	7,137,792

Ageing of trade receivables which were past due but not impaired as at each reporting date is as follows:

S\$	As at 31 March			As at 30 September
	2014	2015	2016	2016
Neither past due nor impaired	3,121,848	5,886,224	4,307,639	4,122,013
Less than 90 days past due	1,025,635	716,656	1,117,429	2,295,512
91 days to 180 days past due	136,295	192,691	112,389	387,956
More than 180 days past due	296,595	147,883	181,751	332,311
	4,580,373	6,943,454	5,719,208	7,137,792

As shown in the above table, approximately 90.5%, 95.1%, 94.9% and 89.9% of our trade receivables as at 31 March 2014, 2015, 2016 and 30 September 2016 respectively was not past due or less than 90 days past due.

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Up to the Latest Practicable Date, approximately 91.2% (or approximately S\$6.5 million) of our trade receivables as at 30 September 2016 had been settled:

	Trade receivables as at 30 September 2016 S\$	Subsequent settlement up to Latest Practicable Date S\$	%
Neither past due nor impaired	4,122,013	4,069,331	98.7
Less than 90 days past due	2,295,512	1,990,471	86.7
91 days to 180 days past due	387,956	271,480	70.0
More than 180 days past due	<u>332,311</u>	<u>175,582</u>	<u>52.8</u>
	<u><u>7,137,792</u></u>	<u><u>6,506,864</u></u>	<u><u>91.2</u></u>

Approximately 75.6%, 85.2%, 85.2% and 70.7% of our revenue for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 was generated from Singapore Government agencies which carries little or no risk of default in the opinion of our Executive Directors. Our Executive Directors consider that the credit risk faced by us is mainly in relation to the collectability of receivables from private customers. Our credit terms offered to customers are typically between 15 to 60 days. For our credit risk management, please refer to the section headed “Business – Credit management” in this prospectus.

We review the recoverable amount of each individual trade receivable balance at the end of each reporting period to ensure adequate impairment losses are provided for irrecoverable amounts. As at 30 September 2016, trade receivables which were past due but not impaired related to a number of independent customers that had a good track record of credit with us. Having considered the background of the relevant customers and their past credit history and given the subsequent settlement shown in the above table, our Executive Directors believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

Amounts due from/(to) customers for construction work

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for construction work. When progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for construction work.

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The following table sets out the amounts due from/(to) customers for construction work:

S\$	As at 31 March			As at 30 September
	2014	2015	2016	2016
Contract costs incurred plus recognised profits less recognised losses	2,771,609	685,813	51,659	677,499
Less: Progress billings	(2,469,978)	–	(13,300)	(399,149)
	301,631	685,813	38,359	278,350
Analysed for reporting purposes as:				
Amounts due from customers for construction work	542,130	698,699	38,359	278,350
Amounts due to customers for construction work	(240,499)	(12,886)	–	–
Balance at end of the year	301,631	685,813	38,359	278,350

Unbilled revenue and amounts due from customers for construction works

Unbilled revenue arises when revenue had been recognised but not yet billed to our customers as at the respective year end dates. Such amounts include (i) the accrued revenue from integrated building services for work performed but not yet billed; and (ii) the remaining balances of construction revenue to be billed for completed construction contracts. In practice, unbilled revenue arises when the whole process of our works on integrated building services or the construction contracts were completed but we have not yet billed to our customers as at the respective year end dates due to our billing procedures.

Amounts due from customers for construction work arise when contract costs incurred to date plus recognised profits less recognised losses exceed progress billings for on-going construction contracts. It refers to construction work-in-progress which exceeds progress billings as at the respective year end dates. In practice, amounts due from customers for construction work arise when the works were performed by our Group but not yet certified and approved for billing by customers as at the respective year end dates due to the process of the inspection of our works.

Amounts due from Controlling Shareholders

Amounts due from Controlling Shareholders represents listing expenses paid by us on behalf of the Controlling Shareholders. The amounts outstanding as at 30 September 2016 will be fully settled upon Listing.

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Amounts due from related companies

Amounts due from related companies are of trade nature (i.e. arising from the related party transactions described in the section headed “Financial information – Related party transactions” below), unsecured, interest-free and with a credit period of 30 days from the invoice date. The amounts outstanding as at 30 September 2016 will be fully settled before Listing.

Trade and other payables

The following table sets out a breakdown of our trade and other payables as at the dates indicated:

S\$	As at 31 March			As at 30
	2014	2015	2016	September
Trade payable	5,113,138	3,842,200	4,983,609	4,539,863
Trade accruals	256,203	414,477	62,110	114,028
	5,369,341	4,256,677	5,045,719	4,653,891
Accrued operating expenses	296,854	297,581	435,599	453,072
Other payables				
GST payable	309,376	401,201	987,479	369,281
Payroll payable	900,000	1,500,000	–	–
Accrued listing expenses	–	–	–	164,984
Others	61,829	53,013	145,133	164,626
	<u>6,937,400</u>	<u>6,508,472</u>	<u>6,613,930</u>	<u>5,805,854</u>

Trade payables

Our trade payables mainly comprised payables to subcontractors, suppliers of air-conditioning systems and products and other electrical products (such as those relating to lighting, electrical and fire alarm systems) and suppliers of building materials and consumables.

Our trade payables decreased from approximately S\$5.1 million as at 31 March 2014 to S\$3.8 million as at 31 March 2015, which was mainly due to (i) the decrease in our costs incurred for our purchase of materials as explained in the section headed “Financial information – Period to period comparison of results of operations” above; and (ii) the different credit periods offered by different suppliers. Our trade payables increased from approximately S\$3.8 million as at 31 March 2015 to S\$5.0 million as at 31 March 2016, which was mainly due to our business growth resulting in the increase in our costs incurred for subcontracting services and purchase of materials. Our trade payables decreased from approximately S\$5.0 million as at 31 March 2016 to approximately S\$4.5 million as at 30

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September 2016 due mainly to our reduced use of subcontracting services along with the decrease in our building and construction revenue for the six months ended 30 September 2016, resulting in less payable to subcontractors.

The ageing analysis of trade payables based on the invoice date at the end of each financial year is as follows:

S\$	As at 31 March			As at 30 September
	2014	2015	2016	2016
Within 90 days	4,489,171	3,337,253	4,555,356	3,345,145
91 days to 180 days	392,182	306,228	184,186	281,437
181 days to 365 days	133,035	101,193	129,858	794,131
Over 1 year but not more than 2 years	29,647	33,123	91,064	56,611
Over 2 years	69,103	64,403	23,145	62,539
Total	<u>5,113,138</u>	<u>3,842,000</u>	<u>4,983,609</u>	<u>4,539,863</u>

Trade payables that are aged over 90 days were mainly amounts that had been invoiced to us by our subcontractors for services performed, for which supporting documents to process the invoices were pending from the relevant subcontractors.

Up to the Latest Practicable Date, approximately 89.4% (or approximately S\$4.1 million) of our trade payables as at 30 September 2016 had been settled.

We are usually offered by suppliers a credit period ranging from 14 to 90 days. The following table sets forth our trade payables turnover days during the Track Record Period:

	For the year ended 31 March			For the six months ended 30 September
	2014	2015	2016	2016
Trade payables turnover days (Note)	68.4	76.3	67.7	90.4

Note: Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables divided by the aggregate of subcontracting costs and materials costs during the year/period, then multiplied by the number of days of the year/period (i.e. 365 days for a full year or 183 days for the six months ended 30 September 2016).

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Our trade payables turnover days increased from approximately 68.4 days for the year ended 31 March 2014 to approximately 76.3 days for the year ended 31 March 2015, and decreased to approximately 67.7 days for the year ended 31 March 2016. Such fluctuations were mainly because of the different credit periods offered by different suppliers. Our trade payables turnover days increased to 90.4 days for the six months ended 30 September 2016 as there were administrative delays in our processing of suppliers' invoices as a result of the increase in the workload of our finance department for the preparation of the Listing application during the six months ended 30 September 2016.

Trade accruals

Trade accruals refers to costs of services relating to building and construction works which had been recognised but for which we had not yet received invoices from our subcontractors as at 31 March 2014, 31 March 2015, 31 March 2016 and 30 September 2016 respectively. Typically, such amounts arose when services had been performed and rendered by subcontractors as at year-end/period-end but we had not yet received invoices from them. Our trade accruals amounted to approximately S\$0.3 million, S\$0.4 million, S\$0.1 million and S\$0.1 million as at 31 March 2014, 31 March 2015, 31 March 2016 and 30 September 2016 respectively.

Other payables and accruals

Other payables and accruals (including accrued operating expenses, goods and services tax (GST) payable, payroll payables and others, in aggregate) increased from approximately S\$1.6 million as at 31 March 2014 to approximately S\$2.3 million as at 31 March 2015. The increase was mainly due to the increase in accrual for director fees of S\$0.6 million payable to Mr. Chua.

Other payables and accruals decreased from approximately S\$2.3 million as at 31 March 2015 to approximately S\$1.6 million as at 31 March 2016. The decrease was mainly due to the decrease in payroll payable because the remuneration of Mr. Chua was paid in the form of discretionary bonus during the year ended 31 March 2016 while a director fee to Mr. Chua was accrued as at 31 March 2015.

Other payables and accruals decreased to approximately S\$1.2 million as at 30 September 2016, mainly due to the fluctuation of the GST payable balance as a result of the quarterly payment of GST.

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KEY FINANCIAL RATIOS

	For the year ended or as at 31 March			For the six months ended 30 September
	2014	2015	2016	2016
	Revenue growth	N/A	0.4%	15.8%
Net profit growth	N/A	-9.2%	21.6%	6.5%
Gross profit margin	26.2%	32.3%	34.0%	38.9%
Net profit margin before interest and tax	16.4%	16.1%	17.3%	15.6%
Net profit margin	14.6%	13.2%	13.9%	12.0%
Return on equity	52.0%	32.1%	33.8%	13.1%
Return on total assets	22.3%	16.9%	17.2%	7.9%
Current ratio (<i>times</i>)	2.0	2.5	1.9	2.5
Quick ratio (<i>times</i>)	2.0	2.5	1.9	2.5
Inventories turnover days	N/A	N/A	4.4 days	8.0 days
Trade receivables turnover days	50.2 days	60.2 days	57.1 days	62.5 days
Trade payables turnover days	68.4 days	76.3 days	67.7 days	90.4 days
Gearing ratio (<i>times</i>)	0.6	0.4	0.5	0.2
Net debt to equity ratio	Net cash	Net cash	Net cash	Net cash
Interest coverage ratio (<i>times</i>)	69.8	55.1	61.2	79.8

Revenue growth

Our revenue increased slightly from approximately S\$34.8 million for the year ended 31 March 2014 to approximately S\$35.0 million for the year ended 31 March 2015 and further increased to approximately S\$40.5 million for the year ended 31 March 2016. Our revenue also increased from approximately S\$17.7 million for the six months ended 30 September 2015 to approximately S\$18.8 million for the six months ended 30 September 2016. Please refer to the section headed “Financial information – Period to period comparison of results of operations” above for the reasons for the increase in our revenue.

Net profit growth

Our profit and other comprehensive income for the year decreased from approximately S\$5.1 million for the year ended 31 March 2014 to approximately S\$4.6 million for the year ended 31 March 2015 and then increased to approximately S\$5.6 million for the year ended 31 March 2016. Our profit for the period increased from approximately S\$2.1 million for the six months ended 30 September 2015 to approximately S\$2.3 million for the six months ended 30 September 2016. Please refer to the section headed “Financial information – Period to period comparison of results of operations” above for the reasons for the change in our net profit.

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Gross profit margin

Our gross profit margin was approximately 26.2% for the year ended 31 March 2014, approximately 32.3% for the year ended 31 March 2015, approximately 34.0% for the year ended 31 March 2016, approximately 29.5% for the six months ended 30 September 2015, and approximately 38.9% for the six months ended 30 September 2016. Please refer to the section headed “Financial information – Period to period comparison of results of operations” above for the reasons for the increase in our gross profit margin.

Net profit margin before interest and tax

Net profit margin before interest and tax is calculated as profit before finance costs and income tax expense, divided by revenue.

Our net profit margin before interest and tax decreased from approximately 16.4% for the year ended 31 March 2014 to approximately 16.1% for the year ended 31 March 2015. Despite the increase in our gross profit margin for the year ended 31 March 2015 as compared with 2014, the decrease in our net profit margin before interest and tax was mainly due to the recognition of a one-off gain of approximately S\$2.2 million for the disposal of our previously owned property for the year ended 31 March 2014. If the effect of the aforesaid one-off gain was excluded, the net profit margin before interest and tax would have been approximately 10.0% for the year ended 31 March 2014, based on which we would have recorded an increase in our net profit margin before interest and tax, along with the increase in our gross profit margin.

Our net profit margin before interest and tax increased from approximately 16.1% for the year ended 31 March 2015 to approximately 17.3% for the year ended 31 March 2016. Such increase was mainly due to the increase in our gross profit margin.

Our net profit margin before interest and tax increased from approximately 15.0% for the six months ended 30 September 2015 to approximately 15.6% for the six months ended 30 September 2016. Such increase was mainly due to the increase in our gross profit margin, partially offset by the recognition of listing expenses of approximately S\$1.5 million.

Net profit margin

Net profit margin is calculated as profit for the year divided by revenue.

Our net profit margin decreased from approximately 14.6% for the year ended 31 March 2014 to approximately 13.2% for the year ended 31 March 2015. Such decrease was mainly due to the decrease in our net profit margin before interest and tax as mentioned above and the tax effect of the non-taxable nature of the gain on disposal of our previously owned property.

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Our net profit margin increased from approximately 13.2% for the year ended 31 March 2015 to approximately 13.9% for the year ended 31 March 2016, which was mainly due to the increase in our net profit margin before interest and tax as mentioned above.

Our net profit margin remained relatively stable at approximately 12.0% for the six months ended 30 September 2015 and approximately 12.0% for the six months ended 30 September 2016. It was mainly due to the combined effect of (i) the increase in our net profit margin before interest and tax mentioned above; and (ii) the tax effect of the non-deductible listing expenses incurred during the 30 September 2016.

Return on equity

Return on equity is calculated as profit for the year divided by the ending total equity as at the respective reporting dates.

Our return on equity decreased from approximately 52.0% for the year ended 31 March 2014 to approximately 32.1% for the year ended 31 March 2015, mainly because a one-off gain of approximately S\$2.2 million for the disposal of our previously owned property was recognised for the year ended 31 March 2014. If the effect of the aforesaid one-off gain was excluded, the return on equity for the year ended 31 March 2014 would have been approximately 38.0%. Our return on equity has remained relatively stable for the two years ended 31 March 2016, which was approximately 32.1% and approximately 33.8% respectively.

Our return on equity remained relatively stable at approximately 12.9% for the six months ended 30 September 2015 and approximately 13.1% for the six months ended 30 September 2016.

Return on total assets

Return on total assets is calculated as profit for the year divided by the ending total assets as at the respective reporting dates.

Our return on total assets decreased from approximately 22.3% for the year ended 31 March 2014 to approximately 16.9% for the year ended 31 March 2015, mainly because a one-off gain of approximately S\$2.2 million for the disposal of our previously owned property was recognised for the year ended 31 March 2014. If the effect of the aforesaid one-off gain was excluded, the return on total assets for the year ended 31 March 2014 would have been approximately 13.9%. Our return on total assets has remained relatively stable for the two years ended 31 March 2016, which was approximately 16.9% and approximately 17.2% respectively.

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Our return on total assets remained relatively stable at approximately 7.5% for the six months ended 30 September 2015 and approximately 7.9% for the six months ended 30 September 2016.

Current ratio

Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

Our current ratio increased from approximately 2.0 times as at 31 March 2014 to approximately 2.5 times as at 31 March 2015. Such increase was mainly due to the increase in our trade receivables and bank balances and cash generated from our profitable operation during the year ended 31 March 2015.

Our current ratio decreased from approximately 2.5 times as at 31 March 2015 to approximately 1.9 times as at 31 March 2016. For the year ended 31 March 2016, despite the cash generated from our profitable operation, there has been a decrease in our net current assets from approximately S\$12.1 million as at 31 March 2015 to approximately S\$11.3 million as at 31 March 2016, which was primarily due to (i) the change of mortgage loan with a smaller principal amount during the year ended 31 March 2016 (see “Financial information – Indebtedness – Borrowings” below), thereby requiring our use of our cash to repay certain non-current portion of our original mortgage loan; and (ii) our declaration and payment of dividends in the aggregate amount of S\$3,525,000 during the year ended 31 March 2016.

Our current ratio increased from approximately 1.9 times as at 31 March 2016 to approximately 2.5 times as at 30 September 2016. The increase was mainly due to the increase in our net current assets primarily due to the increase in our trade receivables and the repayment of amount due to our director and the payment of our trade and other payables resulting in the decrease in our current liabilities, as a result of our profitable operation for the six months ended 30 September 2016.

Quick ratio

Quick ratio is calculated as current assets minus inventories, then divided by current liabilities as at the respective reporting dates.

As explained in the section headed “Business – Inventory control” in this prospectus, we did not maintain substantial amount of inventories during the Track Record Period. As such, our quick ratio was the same or nearly the same as our current ratio.

FINANCIAL INFORMATION

Inventories turnover days

Inventories turnover days is calculated based on the average of the beginning and ending balance of inventories divided by materials costs during the year, then multiplied by the number of days of the year (i.e. 365 days for a full year).

There were no inventories as at 31 March 2014 and 2015 due mainly to our low value consumables which were immaterial as we purchased mainly on an as-needed basis at that time. For the year ended 31 March 2016 and the six months ended 30 September 2016, we purchased a larger quantity per order to enjoy delivery services from suppliers, and thus had inventories with carrying value of S\$160,447 as at 31 March 2016 and S\$210,655 as at 30 September 2016. The inventories turnover days was approximately 4.4 days and 8.0 days for the year ended 31 March 2016 and the six months ended 30 September 2016.

Trade receivables turnover days

Please refer to the section headed “Financial information – Discussion on selected balance sheet items – Trade receivables” above for the reasons for the change in our trade receivables turnover days.

Trade payables turnover days

Please refer to the paragraph headed “Financial information – Discussion on selected balance sheet items – Trade and other payables” above for the reasons for the change in our trade payables turnover days.

Gearing ratio

Gearing ratio is calculated as total borrowings (including payables incurred not in our ordinary course of business) divided by total equity as at the respective reporting dates.

Our gearing ratio decreased from approximately 0.6 times as at 31 March 2014 to approximately 0.4 times as at 31 March 2015, mainly due to our increase in equity as a result of our profitable operation during the year ended 31 March 2015, coupled with our relatively stable total borrowings.

Our gearing ratio increased from approximately 0.4 times as at 31 March 2015 to approximately 0.5 times as at 31 March 2016, mainly due to the amount of S\$3.8 million due to a director as at 31 March 2016 which represented advance from Mr. Chua to CSH Development for facilitating CSH Development’s acquisition of our head office building from SH Integrated.

Our gearing ratio reduced to approximately 0.2 times as at 30 September 2016 due to the repayment of the aforesaid advance from Mr. Chua of S\$3.8 million in June 2016.

FINANCIAL INFORMATION

Net debt to equity ratio

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.

We recorded net cash positions as at 31 March 2014, 2015 and 2016 and as at 30 September 2016.

Interest coverage

Interest coverage is calculated as profit before finance costs and income tax divided by finance costs for the respective years.

Our interest coverage remained relatively high at approximately 69.8 times as at 31 March 2014, approximately 55.1 times as at 31 March 2015, approximately 61.2 times as at 31 March 2016 and approximately 79.8 times as at 30 September 2016, as we were not heavily reliant on interest-bearing borrowings during the Track Record Period.

RELATED PARTY TRANSACTIONS

Our related party transactions during the Track Record Period are summarised in note 28 to the accountants' report set out in Appendix I to this prospectus. During the Track Record Period, our transactions with related parties mainly included the following:

S\$	For the year ended 31 March			For the six months ended 30 September
	2014	2015	2016	2016
Provision of integrated building services by us to:				
– CA Lighting (S) Pte. Ltd.	20,500	24,130	90	228
– Nine companies with their respective names starting with “Just Kids”	27,836	73,428	47,797	53,172
Purchase of lighting products by us from:				
– CA Lighting (S) Pte. Ltd.	396,759	292,706	323,005	45,300
Purchase of subcontracting services by us from:				
– SLT Services	527,743	804,891	1,154,480	–

FINANCIAL INFORMATION

The natures of the related party transactions shown in the above table were as follows:

(i) Provision of integrated building services by us to CA Lighting (S) Pte. Ltd. and nine companies with their respective names starting with “Just Kids”

CA Lighting (S) Pte. Ltd. (“CA Lighting”) is principally engaged in the sale of lighting products in Singapore. During the three years ended 31 March 2016 and up to 3 June 2016, CA Lighting was owned as to 60% by Mrs. Chua and as to 40% by an Independent Third Party. On 3 June 2016, Mrs. Chua disposed of her entire shareholding interest in CA Lighting to an Independent Third Party. Mrs. Chua was also a director of CA Lighting during the three years ended 31 March 2016 and up to June 2016.

The nine companies with their respective names starting with “Just Kids” (see note 28 to the accountants’ report set out in Appendix I to this prospectus) are principally engaged in the operations of child care centres in Singapore. During the Track Record Period and up to the Latest Practicable Date, each of these nine companies are owned as to 20% by either Mr. Chua or Mrs. Chua, and as to 80% by Independent Third Parties.

During the Track Record Period, we provided integrated building services to CA Lighting and the aforesaid nine companies in our ordinary course of business. Our Executive Directors confirmed that these related party transactions were conducted on arm’s length basis and on normal commercial terms and would not distort our results during the Track Record Period, as supported by the fact that (i) the respective shareholders and directors of these companies included certain Independent Third Parties; (ii) the rates offered by our Group to these companies were comparable to the then prevailing market rates or rates offered by us to other customers at that time; and (iii) the aggregate amount of revenue derived from such related party transactions accounted for only approximately 0.1%, 0.3%, 0.1% and 0.3% of our total revenue for each of the three years ended 31 March 2016 respectively and six months ended 30 September 2016.

The provision of integrated building services by us to the aforesaid nine companies is expected to continue after the Listing. As Mr. Chua and Mrs. Chua do not hold 30% or more of the shares of these nine companies, the ongoing transactions in relation to the provision of integrated building services by us to these nine companies do not constitute continuing connected transactions for our Company after the Listing for the purpose of Chapter 14A of the Listing Rules.

(ii) Purchase of lighting products by us from CA Lighting

In the ordinary course of business of our provision of integrated building services, we need to purchase lighting products from time to time for services involving lighting systems and other relevant building systems. CA Lighting is one of our suppliers of lighting products during the Track Record Period.

FINANCIAL INFORMATION

Our Executive Directors confirmed that our purchases of lighting products from CA Lighting were conducted on arm's length basis and on normal commercial terms and would not distort our results during the Track Record Period, as supported by the fact that (i) the other shareholder and director of CA Lighting was an Independent Third Party; (ii) in accordance with our usual practice, we obtained two to three quotations for each purchase from different suppliers, and the prices offered by CA Lighting were in line with the prices offered by other independent suppliers of lighting products during the Track Record Period.

(iii) Purchase of subcontracting services by us from SLT Services

SLT Services is a general contractor for building construction and upgrading works in Singapore. From 26 April 2013 to 21 March 2016, Mrs. Chua was a director of SLT Services. From 26 April 2013 to 1 April 2016, SLT Services was owned as to 50% by Mrs. Chua and as to 50% by an Independent Third Party. Mrs. Chua disposed of all her shareholding interests in SLT Services to an Independent Third Party on 1 April 2016.

In the ordinary course of business of our provision of integrated building services, we engaged subcontractors from time to time for performing or assisting us in performing air-conditioning and mechanical ventilation works. SLT Services is one of our subcontractors for such works during the Track Record Period.

Our Executive Directors confirmed that our purchases of subcontracting services from SLT Services were conducted on arm's length basis and on normal commercial terms and would not distort our results during the Track Record Period, as supported by the fact that (i) the other shareholder and director of SLT Services was an Independent Third Party; (ii) in accordance with our usual practice, we obtained two to three quotations for each purchase from different subcontractors, and the prices offered by SLT Services were in line with the prices offered by other independent subcontractors during the Track Record Period.

Reasons for Mrs. Chua's disposal of her interests in SLT Services

In early 2016, our Group began to consider the possibility of a listing on the Stock Exchange. As SLT Services is a general contractor for building construction and upgrading works in Singapore, our Executive Directors and Mrs. Chua believed that such company should either be included in our Group following the Reorganisation or be clearly segregated from our Group and from Mrs. Chua, in order to avoid any perception of competing interests or any concerns on potential conflicts of interest arising from possible ongoing transactions between our Group and such company after the Listing. Having considered the aforesaid and following the discussion between Mrs. Chua and the other shareholder of SLT Services (who is an Independent Third Party), Mrs. Chua and the other shareholder of SLT Services agreed that (i) Mrs. Chua would dispose of, and the other shareholder would purchase, Mrs. Chua's 50% equity interests in SLT Services; and (ii) Mrs. Chua would resign as a director of SLT Services.

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Mrs. Chua confirms that, throughout the period when she was a director and/or shareholder of SLT Services, SLT Services had no material non-compliance with the laws and regulations of Singapore.

SLT Services recorded net profit for each of the three years ended 31 March 2016. Therefore, our Group's ability to meet the minimum profit requirement under Rule 8.05(1)(a) of the Listing Rules would not be affected if the financial results of SLT Services during the Track Record Period were included in our Group.

PROPERTY INTERESTS AND PROPERTY VALUATION

Roma Appraisals Limited, an independent property valuer, has valued the property owned by our Group located at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196 (being our head office building as disclosed in the section headed "Business – Property interests – Owned property" in this prospectus) as of 31 December 2016 and is of the opinion that the value of such property as of such date was S\$6,700,000. The full text of the letter and the valuation certificate issued by Roma Appraisals Limited are set out in Appendix III to this prospectus. The table below shows a reconciliation of the amount of the property as reflected in our combined financial information as at 30 September 2016 as set out in Appendix I to this prospectus with the valuation of the property as at 31 December 2016 as set out in Appendix III to this prospectus:

	S\$
Net book value of the property as at 30 September 2016	
– Leasehold property	6,512,590
Less: Movements for the three months ended 31 December 2016	
– Depreciation and amortisation	<u>(41,570)</u>
Net book value of the property as at 31 December 2016	6,471,020
Net valuation surplus	<u>228,980</u>
Valuation as at 31 December 2016	<u><u>6,700,000</u></u>

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted net tangible assets, which was prepared to illustrate the effect of the Share Offer on the audited combined net tangible assets of our Group attributable to owners of our Company as at 30 September 2016 as if the Share Offer had taken place on 30 September 2016, was approximately HK\$0.21 per Share (assuming an Offer Price of HK\$0.70 per Offer Share) or HK\$0.18 per Share (assuming an Offer Price of HK\$0.50 per Offer Share). This figure does not take into account any trading results or other transactions entered into subsequent to 30 September 2016. Please refer to Appendix II to this prospectus for the bases and assumptions in calculating the unaudited pro forma adjusted net tangible assets figure.

FINANCIAL INFORMATION

ACCUMULATED PROFITS

The aggregate amount of the accumulated profits as at 31 March 2014, 31 March 2015, 31 March 2016 and 30 September 2016 of our Group were approximately S\$8.1 million, S\$12.4 million, S\$14.5 million and S\$15.3 million respectively.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 18 May 2016. As at 30 September 2016, our Company had no reserves available for distribution to our Shareholders.

DIVIDEND

During the year ended 31 March 2016, SH Integrated and DRC Engineering declared and paid dividends of S\$2,025,000 and S\$1,500,000 respectively out of their respective distributable profits.

In July 2016, SH Integrated and DRC Engineering declared interim dividends of S\$400,000 and S\$1,100,000 respectively out of their respective distributable profits, which were paid in August 2016.

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, which will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition and other factors which our Directors deem relevant. Our Group does not have a pre-determined dividend payout ratio. Cash dividends on our Shares, if any, will be paid in Hong Kong dollars.

LISTING EXPENSES

The total estimated expenses in relation to the Listing are approximately HK\$23.6 million, of which approximately HK\$20.6 million is borne by our Group and approximately HK\$3.0 million is borne by the Selling Shareholder. For the amount of approximately HK\$20.6 million borne by our Group, approximately HK\$7.3 million is directly attributable to the issue of new Shares to the public and is to be accounted for as a deduction from equity upon the Listing. For the remaining amount of approximately HK\$13.3 million, approximately HK\$0.3 million and HK\$8.6 million was charged to the profit or loss of our Group for the year ended 31 March 2016 and six months ended 30 September 2016 respectively, and approximately HK\$4.4 million is to be charged to the profit or loss of our Group for the six months ending 31 March 2017. The recognition of the listing expenses is expected to materially affect our financial results for the year ending 31 March 2017. The estimated listing-related expenses of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of the Listing.

FINANCIAL INFORMATION

FINANCIAL AND CAPITAL RISK MANAGEMENT

Our Group is exposed to certain financial risks including interest rate risk, credit risk and liquidity risk in the normal course of business. For further details of our financial risk management, please refer to the section headed “Business – Risk management and internal control systems” and Notes 29 and 30 to the accountants’ 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.

RULES 13.13 TO 13.19 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.

MATERIAL ADVERSE CHANGE

Our Directors confirm that, save for the expenses in connection with the Listing, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 30 September 2016 and there has been no event since 30 September 2016 which would materially affect the information shown in our financial statements included in the accountants’ report set forth in Appendix I to this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

REASONS FOR LISTING

Please refer to the section headed “History, Reorganisation and corporate structure” in this prospectus for our reasons for listing.

FUTURE PLANS

Please refer to the sections headed “Business – Business strategies” in this prospectus for a detailed description of our business strategies and future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Share Offer to be received by us, after deducting underwriting commissions and estimated expenses paid and payable by us in connection with the Share Offer, will be approximately HK\$84.4 million, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$0.60 per Offer Share, being the mid-point of the proposed Offer Price range of HK\$0.50 to HK\$0.70. Our Directors intend to apply the net proceeds as follows:

- (i) approximately HK\$48.8 million, or approximately 57.8% of the estimated net proceeds to be received by us, for the various investments in our manpower and plant and equipment necessary for us to implement our business strategy of expanding our scale of operation and undertaking more integrated building services projects in Singapore, as further discussed below;
- (ii) approximately HK\$27.3 million, or approximately 32.3% of the estimated net proceeds to be received by us, for the various investments in our manpower and plant and equipment necessary for us to implement our business strategy of expanding our in-house capabilities and reducing the use of subcontractors in relation to plumbing and sanitary works, electrical works, and air-conditioning works, as further discussed below; and
- (iii) approximately HK\$8.3 million, or approximately 9.9% of the estimated net proceeds to be received by us, for use as our general working capital.

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 Share Offer to be received by our Company will increase or decrease by approximately HK\$17.7 million, the allocation of which will be used in the same proportions as set out above.

If the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK\$22.5 million, assuming an Offer Price of HK\$0.60 per Share, being the midpoint of the indicative Offer Price range stated in this prospectus. If the Offer Price is set at the high-end of the indicative Offer Price range, the additional estimated net proceeds upon full exercise of the Over-allotment Option will increase by approximately HK\$3.75 million. If the Offer Price is set at the low-end of the indicative Offer Price range, the additional estimated net proceeds upon full exercise of the Over-allotment Option will decrease by approximately HK\$3.75 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.

FUTURE PLANS AND USE OF PROCEEDS

In relation to the intended application of the net proceeds described in (i) and (ii) above, the following table sets out the intended amount, nature and timing of the relevant investments in our manpower and plant and equipment:

(i) For expanding our scale of operation and undertaking more integrated building services projects in Singapore

Timing	Approximate amount	Nature
By the end of the financial year ending 31 March 2018	HK\$7.8 million	Staff costs for recruiting and retaining additional 2 project managers, 4 engineers and approximately 25 site workers who are expected to be recruited by April 2017, and the associated staff accommodation and training costs
	HK\$3.9 million	Addition of plant and equipment, including 1 boom lift and 4 motor vehicles
By the end of the financial year ending 31 March 2019	HK\$8.0 million	Staff costs for retaining the aforesaid additional staff, taking into account potential increase in wage level, and the associated staff accommodation and training costs
	HK\$5.1 million	Staff costs for recruiting and retaining additional 1 project manager, 2 engineers and approximately 25 site workers who are expected to be recruited by April 2018 and the associated staff accommodation and training costs
By the end of the financial year ending 31 March 2020	HK\$4.9 million	Addition of plant and equipment, including 1 boom lift and 6 motor vehicles
	HK\$8.6 million	Staff costs for retaining the aforesaid 2 project managers, 4 engineers and approximately 25 site workers, who are expected to be recruited by April 2017, taking into account potential increase in wage level, and the associated staff accommodation and training costs

FUTURE PLANS AND USE OF PROCEEDS

Timing	Approximate amount	Nature
	HK\$5.4 million	Staff costs for retaining the aforesaid 1 project manager, 2 engineers and approximately 25 site workers, who are expected to be recruited by April 2018, taking into account potential increase in wage level, and the associated staff accommodation and training costs
	HK\$5.1 million	Staff costs for recruiting and retaining additional 1 project manager, 2 engineers and approximately 25 site workers, who are expected to be recruited by April 2019, and the associated staff accommodation and training costs

- (ii) **For expanding our in-house capabilities and reducing the use of subcontractors in relation to plumbing and sanitary works, electrical works and air-conditioning works**

Timing	Approximate amount	Nature
By the end of the financial year ending 31 March 2018	HK\$4.3 million	Staff costs for recruiting and retaining additional 1 project manager, 2 engineers and approximately 20 site workers, who are expected to be recruited by April 2017, and the associated staff accommodation and training costs
	HK\$2.6 million	Addition of plant and equipment, including approximately 20 to 25 sets of testing equipment for plumbing and sanitary works and 5 sets of water detector
By the end of the financial year ending 31 March 2019	HK\$4.4 million	Staff costs for retaining the aforesaid additional staff, taking into account potential increase in wage level, and the associated staff accommodation and training costs

FUTURE PLANS AND USE OF PROCEEDS

Timing	Approximate amount	Nature
	HK\$3.1 million	Staff costs for recruiting and retaining additional 1 project manager, 2 engineers and approximately 15 site workers, who are expected to be recruited by April 2018, and the associated staff accommodation and training costs
	HK\$1.0 million	Addition of plant and equipment, including 2 motor vehicles
By the end of the financial year ending 31 March 2020	HK\$4.6 million	Staff costs for retaining the aforesaid 1 project manager, 2 engineers and approximately 20 site workers, who are expected to be recruited by April 2017, taking into account potential increase in wage level, and the associated staff accommodation and training costs
	HK\$3.3 million	Staff costs for retaining the aforesaid 1 project manager, 2 engineers and approximately 15 site workers, who are expected to be recruited by April 2018, taking into account potential increase in wage level, and the associated staff accommodation and training costs
	HK\$2.5 million	Staff costs for retaining the aforesaid 1 project manager, 1 engineers and approximately 10 site workers, who are expected to be recruited by April 2019, and the associated staff accommodation and training costs
	HK\$1.5 million	Addition of plant and equipment, including 3 motor vehicles

The abovementioned proceeds will cover the respective staff costs for a period of (i) 36 months, for the additional staff recruited by April 2017; (ii) 24 months, for the additional staff recruited by April 2018; and (iii) 12 months, for the additional staff recruited by April 2019.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Singapore or Hong Kong.

We will issue an announcement in the event that there is any material change in the use of proceeds from the Share Offer as set out above.

FUTURE PLANS AND USE OF PROCEEDS

We estimate the Selling Shareholder will receive net proceeds of approximately HK\$42.0 million, after deducting the underwriting commissions and fees payable by the Selling Shareholder in respect of the Sale Shares. We will not receive the net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Placing.

UNDERWRITING

PUBLIC OFFER UNDERWRITERS

China Prospect Securities Limited
China Sky Securities Limited
Sorrento Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, our Company is initially offering for subscription by the public in Hong Kong of 25,000,000 Public Offer Shares at the Offer Price under the Public Offer, on and subject to the terms and conditions set forth in this prospectus and the Application Forms. The Public Offer Underwriters have agreed, on and subject to the terms and conditions in the Public Offer Underwriting Agreement, to procure subscribers for, or failing which they shall subscribe for, the Public Offer Shares.

The Public Offer Underwriting Agreement is subject to various conditions, which include, without limitation:

- (a) the Listing Committee granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus; and
- (b) the Placing Agreement having been executed, becoming unconditional and not having been terminated.

Grounds for termination

The obligations of the Public Offer Underwriters to subscribe for, or procure subscribers for, the Public Offer Shares under the Public Offer Underwriting Agreement are subject to termination. The Sole Lead Manager (for itself and on behalf of the Public Offer Underwriters) may in its absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company (for ourselves and on behalf of the Selling Shareholder) at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date if:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any change or prospective change (whether or not permanent) in the business or in the business or in the financial or trading position of our Group; or
 - (b) any change or development involving a prospective change or development, or any event or series of event resulting or representing or likely to result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework,

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regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any of Hong Kong, BVI, Cayman Islands, Singapore or any other jurisdictions where any member of our Group is incorporated or operates (collectively, the “**Relevant Jurisdictions**”); or

- (c) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or
- (d) any new laws or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or
- (e) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or
- (f) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or
- (g) any event, act or omission which gives rise or is likely to give rise to any liability of any of our Company, Controlling Shareholders and Executive Directors under the Public Offer Underwriting Agreement pursuant to the indemnities contained therein; or
- (h) (i) any suspension or restriction on dealings in shares or securities generally on the Stock Exchange or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (i) the imposition of economic or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or
- (j) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, flooding, explosion, epidemic (including but not limited to the severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or

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- (k) any change or development involving a prospective change, or a materialisation of any of the risks set out in the section headed “Risk factors” in this prospectus; or
- (l) any change in the system under which the value of the Hong Kong dollar is linked to that of the U.S. dollar or a material devaluation of Hong Kong dollar against any foreign currency; or
- (m) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (n) save as disclosed in this prospectus, a contravention by any member of our Group of the Listing Rules or applicable laws; or
- (o) a prohibition on our Company for whatever reason from allotting the Shares pursuant to the terms of the Share Offer; or
- (p) non-compliance of any of this prospectus or any aspect of the Share Offer with the Listing Rules or any other applicable laws; or
- (q) an order or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group making any composition or arrangement with its creditors or entering into a scheme of arrangement or any resolution being passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager being appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto in respect of any member of our Group; or
- (r) any loss or damage sustained by any member of our Group; or
- (s) save as disclosed in this prospectus, any litigation or claim of material importance of any third party being threatened or instigated against any member of our Group; or
- (t) a Director being charged with an indictable offence or prohibited by the operation of law or is otherwise disqualified from taking part in the management of a company; or
- (u) the chairman or president of our Company vacating his office; or
- (v) the commencement by any governmental, regulatory or judicial body or organisation of any action against a Director or an announcement by any governmental, regulatory or judicial body or organisation that it intends to take any such action; or

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- (w) any matter or event resulting in a breach of any of the warranties, representations or undertakings contained in the Public Offer Underwriting Agreement or there has been a material breach of any other provisions thereof;
- (x) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC,

which in the sole and absolute opinion of the Sole Lead Manager (for itself and on behalf of the Public Offer Underwriters):

- (a) is or will or may individually or in the aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Group taken as a whole; or
 - (b) has or will or may have a material adverse effect on the success of the Share Offer or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
 - (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Public Offer Underwriting Agreement, Placing Agreement and/or the Share Offer to be performed or implemented in accordance with its terms or (ii) to proceed with or to market the Share Offer on the terms and in the manner contemplated in this prospectus; or
- (ii) the Sole Lead Manager or the Public Offer Underwriters shall become aware of the fact that, or have cause to believe that:
- (a) any of the warranties given by our Company, Controlling Shareholders and Executive Directors under the Public Offer Underwriting Agreement or pursuant to the Placing Agreement is untrue, inaccurate, misleading or breached in any material respect when given or as repeated as determined by the Sole Lead Manager, or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable in any material respect; or
 - (b) any statement contained in this prospectus, the Application Forms, the formal notice or any announcement or advertisement issued by or on behalf of our Company in connection with the Public Offer (including any supplemental or amendment thereto) was or is untrue, incorrect or misleading in any material respect, or any matter arises or is discovered which would, if such document was to be issued at that time, constitute a material omission therefrom, or

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that any forecasts, expressions of opinion, intention or expectation expressed in such document are not, in all material aspects, fair and honest and based on reasonable assumptions, when taken as a whole; or

- (c) there has been a material breach on the part of any of our Company, Controlling Shareholders and Executive Directors of any of the provisions of the Public Offer Underwriting Agreement or the Placing Agreement; or
- (d) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and not having been discovered in this prospectus, constitute a material omission therefrom; or
- (e) any material adverse change or development involving a prospective change in the assets, liabilities, conditions, business affairs, prospects, profits, losses or financial or trading position or performance of any member of the Group; or
- (f) approval by the Listing Committee of the listing of, and permission to deal in, the Offer Shares to be issued or sold (including any additional Offer Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (g) we withdraw this prospectus (and/or any other documents issued or used in connection with the Share Offer) or the Share Offer.

Undertakings to the Public Offer Underwriters

Undertakings by our Company

Our Company has undertaken to the Sole Sponsor and the Sole Lead Manager and the Public Offer Underwriters, and each of our Controlling Shareholders and Executive Directors has undertaken to and covenants with the Sole Sponsor, the Sole Lead Manager and the Public Offer Underwriters that he/it will procure our Company that:

- (a) except pursuant to the Share Offer, the Capitalisation Issue, the exercise of the subscription rights attaching to the Over-allotment Option or any share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules, not without the prior written consent of the Sole Lead Manager (for itself and on behalf of the Public Offer Underwriters), and subject always to the provisions of the Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to

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cash settlement or otherwise) by our Company or any of its affiliates (as defined in the Public Offer Underwriting Agreement)), either directly or indirectly, conditionally or unconditionally, any Shares or any securities convertible into or exchangeable for such Shares or any voting right or any other right attaching thereto or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares or such securities or any voting right or any other right attaching thereto, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the period commencing from the date of the Public Offer Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six-month Period**”);

- (b) not at any time during the First Six-month Period, issue or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or the exercise of the subscription rights attaching to the Over-allotment Option or any share options to be granted under the Share Option Scheme or under the circumstances provided under Rules 10.08(1) to 10.08(4) of the Listing Rules or under Note (2) to Rule 10.07 of the Listing Rules;
- (c) not at any time within the period of six months immediately following the expiry of the First Six-month Period (the “**Second Six-month Period**”) do any of the acts set out in (a) and (b) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the Listing Rules); and
- (d) in the event that our Company does any of the acts set out in clause (a) or (b) after the expiry of the First Six-month Period or the Second Six-month Period, as the case may be, take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Provided that none of the above undertakings shall (a) restrict our Company’s ability to sell, pledge, mortgage or charge any share capital or other securities of or any other interest in any of the subsidiaries provided that such sale or any enforcement of such pledge, mortgage or charge will not result in such Subsidiaries ceasing to be a subsidiary of our Company; or (b) restrict any of the subsidiaries from issuing any share capital or other securities thereof or any other interests therein provided that any such issue will not result in that Subsidiary ceasing to be a subsidiary of our Company.

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Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has represented, warranted and undertaken to the Sole Sponsor, the Sole Lead Manager, the Public Offer Underwriters and our Company that, except pursuant to the Share Offer (including the offer for sale of the Sale Shares by the Selling Shareholder) and unless in compliance with the Listing Rules, he or it shall not, without the prior written consent of the Sole Lead Manager (for itself and on behalf of the Public Offer Underwriters), directly or indirectly, and shall procure that none of his or its close associates (as defined in the Listing Rules) or companies controlled by him or it or any nominee or trustee holding in trust for him or it shall, during the First Six-month Period:

- (a) offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest therein or any of the voting or other rights attaching thereto) in respect of which he or it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest therein or any of the voting or other rights attaching thereto); or
- (b) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities, at any time during the First Six-month Period, save as provided under note (2) to Rule 10.07(2) of the Listing Rules and subject always to compliance with the provisions of the Listing Rules, and in the event of a disposal of any Shares (or any interest therein or any of the voting or other rights attaching thereto) or such securities at any time during the Second Six-month period, (1) such disposal shall not result in any of our Controlling Shareholders ceasing to be our controlling shareholder (as defined in the Listing Rules) of our Company at any time during the Second Six-month Period; and (2) he or it shall take all steps to ensure that any such act, if done, shall not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

Without prejudice to our Controlling Shareholders' undertaking above, each of the Controlling Shareholders undertakes to the Sole Sponsor, the Sole Lead Manager, the Public Offer Underwriter and our Company that within the First Six-month Period and the Second Six-month Period he or it shall:

- (a) if and when he or it pledges or charges, directly or indirectly, any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities of our Company beneficially owned by him or it (or any beneficial

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interest therein), immediately inform our Company, the Sole Sponsor, the Sole Lead Manager and the Public Offer Underwriters in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

- (b) if and when he or it receives indications, either verbal or written, from any pledgee or chargee that any Shares (or any interest therein or any of the voting or other rights attaching thereto) or other securities in our Company (or any beneficial interest therein) pledged or charged by him or it will be disposed of, immediately inform our Company, the Sole Sponsor, the Sole Lead Manager and the Public Offer Underwriters in writing of such indications.

Our Company shall notify the Stock Exchange as soon as our Company has been informed of such event and shall make a public disclosure by way of announcement in accordance with the Listing Rules.

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that except pursuant to the Share Offer (including the offer for sale of the Sale Shares by the Selling Shareholder) or unless in compliance with the requirements of the Listing Rules, it or he shall not, and shall procure that the relevant registered holder(s) shall not, (i) at any time during the period commencing on the date by reference to which disclosure of its or his shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or other securities of our Company in respect of which it or he is shown by this prospectus to be the beneficial owner; and (ii) at any time during the period of six months from the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would cease to be our Controlling Shareholder.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that it or he will, within a period of commencing on the date by reference to which disclosure of its or his shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, immediately inform us of: (a) any pledges or charges of any Shares or other securities of our Company beneficially owned by any of our Controlling Shareholders in favour of any authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, and the number of such Shares or other securities of our Company so pledged or charged; and (b) when it or he or the relevant

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requested holders receive indication, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such securities will be disposed of.

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or form the subject of any agreement or arrangement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except pursuant to the Share Offer (including the exercise of the Over-allotment Option) and the Capitalisation Issue or in certain circumstances prescribed by Rule 10.08 of the Listing Rules which includes the grant of options and the issue of Shares pursuant to the Share Option Scheme.

Placing

Placing Agreement

In connection with the Placing, it is expected that our Company, our Controlling Shareholders and Executive Directors will enter into the Placing Agreement with the Sole Sponsor, the Sole Lead Manager, the Placing Underwriter and other parties (if any) on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below.

Under the Placing Agreement, subject to the conditions set forth therein, the Placing Underwriter is expected to procure subscribers and purchasers to subscribe for or purchase, or failing which they shall subscribe for or purchase, the Placing Shares initially being offered pursuant to the Placing. It is expected that the Placing Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Agreement is not entered into, the Share Offer will not proceed. The Placing Agreement is conditional on and subject to the Public Offer Underwriting Agreement having been executed, becoming unconditional and not having been terminated. It is expected that pursuant to the Placing Agreement, our Company and Controlling Shareholders will make similar undertakings as those given pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “Undertakings to the Public Offer Underwriters” above in this section.

Our Company is expected to grant to the Placing Underwriter the Over-allotment Option. The Sole Lead Manager or its agent, on behalf of the Placing Underwriter, can exercise the Over-allotment Option 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 Placing Share, solely to cover over allocations, if any, in the Placing.

The Over-allotment Option may be exercised by the Sole Lead Manager any time from the Listing Date and until the 30th day after the last day for the lodging of applications under the Public Offer, being Friday, 21 April 2017. The purpose of the exercise of the

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Over-allotment Option is to settle any over-allocations in the Placing, if any. For further details of the Over-allotment Option, please refer to the section headed “Structure and conditions of the Share Offer” in this prospectus.

Commission, fees and expenses

The Public Offer Underwriters will receive a gross underwriting commission of 3.0% of the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer. For unsubscribed Public Offer Shares reallocated to the Placing and any Placing Shares reallocated from the Placing to the Public Offer, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Placing Underwriter and not the Public Offer Underwriters.

Assuming the Offer Price of HK\$0.60 per Offer Share (being the mid-point of the indicative Offer Price range stated in this prospectus), the aggregate commission, together with Stock Exchange listing fees, SFC transaction levy, Stock Exchange trading fees, legal and other professional fees and printing and other expenses relating to the Share Offer, are estimated to amount to approximately HK\$23.6 million in total (assuming that the Over-allotment Option is not exercised), and are payable by our Company and the Selling Shareholder with reference to the number of New Shares and Sale Shares under the Share Offer respectively.

SOLE SPONSOR’S AND UNDERWRITERS’ INTEREST IN OUR COMPANY

The Sole Sponsor will receive a sponsorship fee to the Share Offer. The Sole Lead Manager and the Underwriters will receive an underwriting commission. Particulars of these underwriting commission and expenses are set forth under the paragraph headed “Commission, fees and expenses” above.

We have appointed Dakin Capital as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules for the period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the full financial year commencing after the Listing Date.

Save as disclosed above, none of the Sole Sponsor, the Sole Lead Manager, the Sole Bookrunner or the Underwriters is interested legally or beneficially in any Shares or other securities of our Company or any members of our Group 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 any Shares or other securities of our Company or any members of our Group or has any interest in the Share Offer.

Following the completion of the Share Offer, the Public Offer Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Public Offer Underwriting Agreement and/or the Placing Agreement.

The Sole Sponsor satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

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MINIMUM PUBLIC FLOAT

Our Directors and the Sole Lead Manager will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Share Offer.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer consists of:

- a. the Public Offer of 25,000,000 New Shares (subject to reallocation as mentioned below) in Hong Kong as described below under the paragraph headed “The Public Offer” below; and
- b. the Placing of an aggregate of 225,000,000 Shares comprising 150,000,000 New Shares and 75,000,000 Sale Shares (subject to reallocation and the Over-allotment Option as mentioned below) which will conditionally be placed with selected professional, institutional, and other investors under the Placing.

Investors may apply for the Offer Shares under the Public Offer or indicate an interest, if qualified to do so, for the Placing Shares under the Placing, but may not do both.

The number of Offer Shares to be offered under the Public Offer and the Placing may be subject to reallocation as described in the section headed “The Public Offer – Reallocation” below.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

THE PUBLIC OFFER

Number of Offer Shares initially offered

Our Company is initially offering 25,000,000 Public Offer Shares for subscription (subject to reallocation) at the Offer Price by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares initially available under the Share Offer. The Public Offer Shares initially offered under the Public Offer, subject to any reallocation of Offer Shares between the Placing and the Public Offer, will represent 2.5% of our Company’s enlarged issued share capital after completion of the Capitalisation Issue and Share Offer.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Conditions of the Share Offer” of this section.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Allocation

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

The total number of Public Offer Shares available under the Public Offer (after taking into account any reallocation as referred to below) is to be divided equally (to the nearest board lot) into two pools for allocation purposes: 12,500,000 Offer Shares for each of pool A and 12,500,000 Offer Shares for pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) or less. The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Public Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage, the Stock Exchange trading fee and the SFC transaction levy payable thereon) and up to the total value in pool B.

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly. Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Public Offer and any application for more than 12,500,000 Public Offer Shares, being the 50% of the 25,000,000 Public Offer shares initially available under the Public Offer are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Public Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered in the Share Offer if certain prescribed total demand levels are reached. In the event of over-applications in the Public Offer, the Sole Lead Manager (for itself and on behalf of the Underwriters) shall apply a clawback mechanism following the closing of the application lists on the following basis:

- (a) if the number of Public Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Offer Shares available for subscription under the Public Offer will be 75,000,000 Offer Shares, representing 30% of the number of the Offer Shares initially available for subscription under the Share Offer;

- (b) if the number of Public Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 100,000,000 Offer Shares, representing 40% of the number of the Offer Shares initially available for subscription under the Share Offer; and
- (c) if the number of Public Offer Shares validly applied for under the Public Offer represents 100 times or more the number of Offer Shares initially available for subscription under the Public Offer, then Offer Shares will be reallocated to the Public Offer from the Placing, so that the total number of Offer Shares available for subscription under the Public Offer will be 125,000,000 Offer Shares, representing 50% of the number of the Offer Shares initially available for subscription under the Share Offer.

In each case, the additional Offer Shares reallocated to the Public Offer will be allocated between pool A and pool B and the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Sole Lead Manager (for itself and on behalf of the Underwriters) deem appropriate. In addition, the Sole Lead Manager (for itself and on behalf of the Underwriters) may in its sole and absolute discretion reallocate Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

If the Public Offer Shares are not fully subscribed, the Sole Lead Manager (for itself and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares to the Placing in such amount as the Sole Lead Manager (for itself and on behalf of the Underwriters) deems appropriate. If the Placing Shares are not fully subscribed or purchased, the Sole Lead Manager (for itself and on behalf of the Underwriters) will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed or un-purchased Placing Shares to the Public Offer in such amount as the Sole Lead Manager (for itself and on behalf of the Underwriters) deem appropriate.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or 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 Placing Shares under the 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 if he or she has been or will be placed or allocated Placing Shares under the Placing.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Public Offer are required to pay, on application, the maximum Offer Price of HK\$0.70 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK\$3,535.27 for one board lot of 5,000 Shares. If the Offer Price, as finally determined in the manner described in the paragraph headed “Pricing and allocation” of this section below, is less than the maximum Offer Price of HK\$0.70 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in “How to apply for Public Offer Shares”.

THE PLACING

Number of Offer Shares offered

Subject to reallocation as described above, the Placing will consist of 225,000,000 Shares, representing approximately 90% of the total number of Offer Shares initially available under the Share Offer, assuming the Over-allotment Option is not exercised. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Offer Shares initially offered under the Placing will represent approximately 22.5% of our Company’s enlarged issued share capital immediately after completion of the Capitalisation Issue and Share Offer (without taking into account of any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Share Option Scheme or the Over-allotment Option).

Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed on behalf of our Company by the Placing Underwriter or through selling agents appointed by them. The Placing Shares will be selectively placed to certain professional and institutional and other investors who generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The Placing is subject to the Public Offer being unconditional.

Allocation of Offer Shares pursuant to the Placing will be effected in accordance with the “book-building” process 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 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 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.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

The Sole Lead Manager (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Sole Lead Manager so as to allow it to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement described in the paragraph headed “The Public Offer – Reallocation” above, and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Share Offer, we are expected to grant the Over-allotment Option to the Placing Underwriter, exercisable by the Sole Lead Manager on behalf of the Placing Underwriter.

Pursuant to the Over-allotment Option, the Placing Underwriter will have the right, exercisable by the Sole Lead Manager (for itself and on behalf of the Placing Underwriter) at any time from the Listing Date and until the 30th day after the last day for the lodging of applications under the Public Offer, being Friday, 21 April 2017, to require our Company to allot and issue, at the Offer Price, up to an aggregate of 37,500,000 additional New Shares, representing 15% of the number of Offer Shares initially being offered under the Share Offer, on the same terms and conditions as those applicable to the Share Offer, to cover over-allocations in the Placing and/or the obligations of the Stabilising Manager to return securities borrowed under the Stock Borrowing Agreement. We will make an announcement if the Over-allotment Option is exercised.

If the Over-allotment Option is exercised in full, the additional Offer Shares allotted and issued will represent approximately 3.61% of the enlarged issued share capital of our Company immediately following the completion of the Share Offer and the exercise of the Over-allotment Option.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocation in connection with the Share Offer, the Stabilising Manager may choose to borrow, whether on its own or through its affiliates and agents, up to 37,500,000 Shares from Ruiheng Global pursuant to a stock borrowing arrangement (being the maximum number of Shares which may be allotted and issued by our Company upon exercise of the Over-allotment Option), or acquire Shares from other sources, including the exercise of the Overallotment Option.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If such stock borrowing arrangement with Ruiheng Global is entered into, it will only be effected by the Stabilising Manager or its agent for settlement of over-allocation in the Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Share Offer, the Stabilising Manager and/or its affiliates and agents, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period from the Listing Date and until the 30th day after the last day for the lodging of applications under the Public Offer, being Friday, 21 April 2017. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager or its agent to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time. Any such stabilising activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Public Offer, being Friday, 21 April 2017. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued under the Over-allotment Option, namely 37,500,000 Shares, which is 15% of the Offer Shares initially available under the Share Offer.

In Hong Kong, stabilising activities must be carried out in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Stabilising actions permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules include: (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of our Shares; (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares; and (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Specifically, prospective applicants for and investors in our Shares should note that:

- a. the Stabilising Manager, or any person acting for it, may, in connection with the stabilising action, maintain a long position in our Shares;
- b. there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, or any person acting for it, will maintain such a long position;
- c. liquidation of any such long position by the Stabilising Manager may have an adverse impact on the market price of our Shares;
- d. no stabilising action can be taken to support the price of our Shares for longer than the stabilising period which will begin on the Listing Date, and is expected to expire on Friday, 21 April 2017, being the 30th day after the last date for lodging applications under the Public Offer. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- e. the price of our Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by the taking of any stabilising action; and
- f. stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilising period.

In connection with the Share Offer, the Stabilising Manager may over-allocate up to and not more than an aggregate of 37,500,000 additional Shares and cover such over-allocations by the exercise of the Over-allotment Option, which will be exercisable by the Sole Lead Manager, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the Placing, the Stabilising Manager may borrow up to 37,500,000 Shares from Ruiheng Global, equivalent to the maximum number of Shares to be allotted and issued by the Company on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement. The same number of Shares so borrowed must be returned to Ruiheng Global or its nominees, as the case may be, on or before the third Business day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulation requirements.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

No payments or other benefit will be made to Ruiheng Global by the Stabilising Manager in relation to the stock borrowing arrangement.

PRICING AND ALLOCATION

Determining the Offer Price

The Sole Lead Manager will solicit from prospective investors the indications of interest in acquiring the Offer Shares in the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Share Offer. Pricing for the Offer Shares for the purpose of the Share Offer will be fixed on the Price Determination Date, which is expected to be on or around Friday, 24 March 2017, and in any event on or before Monday, 27 March 2017, by agreement between the Sole Lead Manager (for itself and on behalf of the Underwriters) and our Company (for ourselves and on behalf of the Selling Shareholder) and the number of Offer Shares to be allocated under the Share Offer will be determined shortly thereafter.

Offer Price range

The Offer Price will be not more than HK\$0.70 per Offer Share and is expected to be not less than HK\$0.50 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Share Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants for Offer Shares under the Public Offer must pay, on application, the maximum Offer Price of HK\$0.70 for each Public Offer Share (plus the brokerage, Stock Exchange trading fee and SFC transaction levy payable on each Offer Share), amounting to a total of HK\$3,535.27 per board lot of 5,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.70 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 monies) will be made to applicants, without interest.

If, for any reason, our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) are unable to reach agreement on the Offer Price on or before Monday, 27 March 2017, the Share Offer will not proceed and will lapse.

Further details are set out in the section headed “How to apply for Public Offer Shares” in this prospectus.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Change to the Offer Price range

The Sole Lead Manager (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the Placing, and with the consent of our Company (for ourselves and on behalf of the Selling Shareholder), change the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer.

In this case, we shall cause to be published, as soon as practicable following the decision to make such change, and in any event not later than the morning of the last day for lodging applications under the Public Offer:

- (a) a notice of the change on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.shilimited.com**. The notice will include a confirmation or revision, as appropriate, of the working capital statement and the Public Offering statistics and any other financial information in this prospectus which may change as a result of any such change; and
- (b) such supplemental offering documents as may be required by laws of any governmental authority to be published in such manner as the relevant laws or governmental authority may require as soon as practicable following the decision to make the change.

Upon issue of such a notice, the revised number of the Offer Shares and/or Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised number of the Offer Shares and/or Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the Share Offer statistics, and any other financial information in this prospectus which may change as a result of any such change.

Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of an extension or reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds and the Share Offer 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 published in relation to the reduction in the Offer Price, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by our Company (for ourselves and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus. If the number of Offer Shares and/or the indicative Offer Price range is reduced, applicants who have submitted an application under the Public Offer will be entitled to withdraw their applications unless positive confirmations from the applicants to proceed are received.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Announcement of Offer Price and the basis of allocations

Announcement of the final Offer Price together with the level of indication of interests in the Placing and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be published on Wednesday, 29 March 2017 on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.shilimited.com website.

UNDERWRITING

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement. We expect to enter into the Placing Agreement relating to the Placing on or around 24 March 2017. These underwriting arrangements and the Underwriting Agreements are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, amongst other things, the satisfaction of all the following conditions, in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 days after the date of this prospectus:

1. Listing

The Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer (including the Shares which fall to be allotted and issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme) and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange.

2. Placing Agreement

The execution and delivery of the Placing Agreement on or about 24 March 2017.

3. Obligations under Underwriting Agreements

The obligations of the Underwriters under each of the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

4. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

If, for any reason, the Offer Price is not agreed between our Company (for itself and on behalf of the Selling Shareholder) and the Sole Lead Manager (for itself and on behalf of the Underwriters) on or before 5:00 p.m. on Monday, 27 March 2017, the Share Offer will not proceed and will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming and remaining unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published by us on the Stock Exchange's website at www.hkexnews.hk and our Company's website at www.shilimited.com 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 "How to apply for Public Offer Shares." In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended from time to time).

Share certificates for the Offer Shares are expected to be issued on Wednesday, 29 March 2017 but will only become valid certificates of title at 8:00 a.m. on Thursday, 30 March 2017 provided that (i) the Share Offer has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting – Underwriting arrangements and expenses – Public Offer – Grounds for termination" in this prospectus has not been exercised.

SHARES WILL BE ELIGIBLE FOR CCASS

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

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies 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 participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

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

DEALING ARRANGEMENTS

Assuming that the Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 30 March 2017, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 30 March 2017.

The Shares will be traded in board lots of 5,000 Shares each. The stock code of the Shares is 1647.

HOW TO APPLY FOR PUBLIC OFFER SHARES

1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form; 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 Sole Bookrunner, the Sole Lead Manager and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

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, our Company, the Sole Sponsor, the Sole Bookrunner and the Sole Lead Manager may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four.

Unless permitted by the Listing Rules, you cannot apply for any Public Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any its subsidiaries;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are a core connected person (as defined in the Listing Rules) of our Company or will become a core connected person of our Company immediately upon completion of the Share Offer;
- are a close associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

3. APPLYING FOR PUBLIC OFFER SHARES

Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, either (i) complete and sign the **YELLOW** Application Form; or (ii) give **electronic application instructions** to HKSCC via CCASS.

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 Monday, 20 March 2017 to 12:00 noon on Thursday, 23 March 2017 from:

- (i) the following office of the Public Offer Underwriters:

China Prospect Securities Limited	Unit 1113A & 1115, 11/F., Cosco Tower No. 183 Queen's Road Central Hong Kong
China Sky Securities Limited	Room 1106, 11/F., Cosco Tower No. 183 Queen's Road Central Hong Kong
Sorrento Securities Limited	11/F., The Wellington 198 Wellington Street, Central Hong Kong

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (ii) any of the following branches of Bank of Communications Co., Ltd. Hong Kong Branch, the receiving bank for the Public Offer:

District	Branch Name	Address
Hong Kong Island	Hong Kong Branch Kennedy Town Sub-Branch	20 Pedder Street, Central G/F., 113-119 Belcher's Street, Kennedy Town
Kowloon	Kowloon Sub-Branch Ngau Tau Kok Sub-Branch	G/F., 563 Nathan Road Shop G1 & G2, G/F., Phase I, Amoy Plaza, 77 Ngau Tau Kok Road
New Territories	Tai Po Sub-Branch	Shop No.1, 2, 26 & 27, G/F., Wing Fai Plaza, 29-35 Ting Kok Road, Tai Po

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, 20 March 2017 until 12:00 noon on Thursday, 23 March 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of Communications (Nominee) Co. Ltd. – SHIS Limited Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Monday, 20 March 2017 – 9:00 a.m. to 5:00 p.m.
- Tuesday, 21 March 2017 – 9:00 a.m. to 5:00 p.m.
- Wednesday, 22 March 2017 – 9:00 a.m. to 5:00 p.m.
- Thursday, 23 March 2017 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 23 March 2017, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise our Company, the Sole Sponsor, the Sole Bookrunner and/or the Sole Lead Manager (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Law, the Companies Ordinance, the CWUMPO and the Memorandum and 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 Share Offer in this prospectus;
- (vi) agree that none of our Company, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any of the Placing Shares nor participated in the Placing;
- (viii) agree to disclose to our Company, the Selling Shareholder, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, 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;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- (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 Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to deposit any share certificate(s) into CCASS and/or to send any share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, the Selling Shareholder, the Directors, the Sole Sponsor, the Sole Bookrunner and the Sole Lead Manager will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC by you or by any one as your agent or by any other person; and

HOW TO APPLY FOR PUBLIC OFFER SHARES

(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.

Section 40 of the CWUMPO

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 CWUMPO (as applied by Section 342E of the CWUMPO).

5. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service 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 PUBLIC 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 Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Bookrunner, the Sole Lead Manager and our Hong Kong Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Public Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
 - confirm that you understand that our Company, the Selling Shareholder, our Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Selling Shareholder, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, the Selling Shareholder, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, 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 Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the CWUMPO gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

HOW TO APPLY FOR PUBLIC OFFER SHARES

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies Law, the Companies Ordinance, the CWUMPO and the Memorandum and Articles of Association of our Company; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Minimum purchase amount and permitted numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 5,000 Public Offer Shares. Instructions for more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Time for inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- **Monday, 20 March 2017 – 9:00 a.m. to 8:30 p.m.**⁽¹⁾
- **Tuesday, 21 March 2017 – 8:00 a.m. to 8:30 p.m.** ⁽¹⁾
- **Wednesday, 22 March 2017 – 8:00 a.m. to 8:30 p.m.** ⁽¹⁾
- **Thursday, 23 March 2017 – 8:00 a.m.** ⁽¹⁾ **to 12:00 noon**

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, 20 March 2017 until 12:00 noon on Thursday, 23 March 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, 23 March 2017, the last application day or such later time as described in “Effect of bad weather 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 Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit.

Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

HOW TO APPLY FOR PUBLIC OFFER SHARES

Section 40 of the CWUMPO

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 CWUMPO (as applied by Section 342E of the CWUMPO).

Personal data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Selling Shareholder, the Hong Kong Share Registrar, the receiving banker, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, 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.

6. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. 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, the Selling Shareholder, our Directors, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, 23 March 2017.

7. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

HOW TO APPLY FOR PUBLIC OFFER SHARES

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 is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

8. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 5,000 Public Offer Shares. Each application or **electronic application instruction** in respect of more than 5,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

HOW TO APPLY FOR PUBLIC OFFER SHARES

9. EFFECT OF BAD WEATHER 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
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 23 March 2017. 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 Thursday, 23 March 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal 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.

10. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer on Wednesday, 29 March 2017 on our Company’s website at **www.shilimited.com** 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 (where appropriate) of successful applicants under the Public Offer 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.shilimited.com** and the Stock Exchange’s website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, 29 March 2017;
- from the designated results of allocations website at **www.ewhiteform.com.hk/results** with a “search by ID” function on a 24-hour basis from 9:00 a.m. on Wednesday, 29 March 2017 to 12:00 midnight on Wednesday, 5 April 2017;
- by telephone enquiry line by calling (852) 2153 1688 between 9:00 a.m. and 6:00 p.m. from Wednesday, 29 March 2017 to Wednesday, 5 April 2017 (excluding Saturday, Sunday and public holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 29 March 2017 to Friday, 31 March 2017 at all the receiving bank’s designated branches and sub-branches.

HOW TO APPLY FOR PUBLIC OFFER SHARES

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in the section headed “Structure and conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES

You should note the following situations in which the Public Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the CWUMPO (as applied by Section 342E of the CWUMPO) 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.

HOW TO APPLY FOR PUBLIC OFFER SHARES

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Bookrunner, the Sole Lead Manager and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Public Offer Shares is void:

The allotment of Public Offer Shares will be void if the Listing Committee 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) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- 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, the Sole Bookrunner or the Sole Lead Manager believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

12. 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\$0.70 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the section headed

HOW TO APPLY FOR PUBLIC OFFER SHARES

“Structure and conditions of the Share Offer – Conditions of the Share Offer” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 29 March 2017.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Public Offer Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) .

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Wednesday, 29 March 2017. 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).

HOW TO APPLY FOR PUBLIC OFFER SHARES

Share certificates will only become valid at 8:00 a.m. on Thursday, 30 March 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Public 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 Share Registrar, Boardroom Share Registrars (HK) Limited, at 31/F, 148 Electric Road, North Point, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 29 March 2017 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 Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 29 March 2017, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 29 March 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant’s stock account as stated in your Application Form on Wednesday, 29 March 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR PUBLIC OFFER SHARES

- *If you apply through a designated CCASS participant (other than a CCASS Investor Participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 29 March 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply via electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of share certificates into CCASS and refund of application monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 29 March 2017, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in "Publication of Results" above on Wednesday, 29 March 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 29 March 2017 or such other date as determined by HKSCC or HKSCC Nominees.

HOW TO APPLY FOR PUBLIC OFFER SHARES

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 29 March 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 29 March 2017.

14. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

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

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

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

The following is the text of a report, prepared for the purposes of inclusion in this prospectus, received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte.

德勤

35/F, One Pacific Place
88 Queensway
Hong Kong

20 March 2017

The Directors
SHIS Limited

Dakin Capital Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) relating to SHIS Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 (the “Track Record Period”), for inclusion in the prospectus of the Company dated 20 March 2017 (the “Prospectus”) in connection with the proposed listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company was incorporated in the Cayman Islands with limited liability on 18 May 2016. Through a group reorganisation as more fully explained in the section headed “History, Reorganisation and Corporate Structure” to the Prospectus (the “Reorganisation”), the Company became the holding company of the Group on 29 December 2016.

Particulars of the Company’s subsidiaries at the date of this report are as follows:

Name of subsidiary	Place and date of incorporation/ operation	Issued and fully paid share capital	Attributable equity interest of the Group as at				date of this report	Principal activities
			31 March 2014	31 March 2015	31 March 2016	30 September 2016		
SH Integrated Services Pte. Ltd. (“SH Integrated”)	Singapore 23 November 2005	Singapore Dollar (“S\$”) S\$1,500,000	100%	100%	100%	100%	100%	General contractors (building services with a focus on maintenance and/or installations of mechanical and electrical systems including repairs and renovation services and construction works)

Name of subsidiary	Place and date of incorporation/operation	Issued and fully paid share capital	Attributable equity interest of the Group as at				date of this report	Principal activities
			31 March 2014	31 March 2015	31 March 2016	30 September 2016		
DRC Engineering Pte. Ltd. ("DRC Engineering")	Singapore 8 March 2005	S\$500,000	100%	100%	100%	100%	100%	General contractors (building services with a focus on maintenance and/or installation of mechanical and electrical systems including repairs and renovation services and construction works)
CSH Development Pte. Ltd. ("CSH Development")	Singapore 9 October 2015	S\$100,000	N/A	N/A	100%	100%	100%	Property Investment
Jinfeng Ventures Limited 錦峰創投有限公司 ("Jinfeng Ventures")	The British Virgin Islands ("BVI") 18 March 2016	United States Dollar ("US\$") 1	N/A	N/A	N/A	100%	100%	Investment holding
Innovative Plus Investments Limited 創添投資有限公司 ("Innovative Plus")	BVI 25 April 2016	US\$1	N/A	N/A	N/A	100%	100%	Investment holding
Pine Vantage Limited 松益有限公司 ("Pine Vantage")	BVI 5 May 2016	US\$1	N/A	N/A	N/A	100%	100%	Investment holding

All the companies now comprising the Group adopted 31 March as their financial year end date. DRC Engineering has changed its financial year end date from 31 May to 31 March in 2016 as to facilitate the preparation of the combined financial statements of the Company for the purpose of the proposed listing of the Company's shares on the Stock Exchange. There is no material financial impact on the combined financial statements of the Group as a result of the change of financial year end date of DRC Engineering.

The statutory financial statements of the following subsidiaries comprising the Group for the Track Record Period were prepared in accordance with the Singapore Financial Reporting Standards (“SFRSs”) issued by Accounting Standards Council in Singapore and were audited by the following certified public accountants registered in Singapore:

Name of subsidiary	Financial year	Name of statutory auditors
SH Integrated	For each of the year ended 31 March 2014 and 2015 For the year ended 31 March 2016	CCHL International, Certified Public Accountants Deloitte & Touche LLP Singapore
DRC Engineering	For each of the year ended 31 May 2014 and 2015 For the period from 1 June 2015 to 31 March 2016	LEE S F & CO Deloitte & Touche LLP Singapore

No audited financial statements have been prepared for the Company, Jinfeng Ventures, Innovative Plus and Pine Vantage as they were incorporated in the jurisdiction where there is no statutory audit requirement and they had not carried on any business since their respective dates of incorporation other than the transactions relating to the Reorganisation. No audited financial statements have been prepared for CSH Development as the company is incorporated for less than one year up to the latest financial year ended 31 March 2016 and is exempted.

For the purpose of this report, the respective directors of SH Integrated and DRC Engineering have prepared the financial statements of respective companies for the three years ended 31 March 2016 and the six months ended 30 September 2016 (the “Subsidiaries Financial Statements”) and the directors of CSH Development, SHIS Limited, Jinfeng Ventures, Innovative Plus and Pine Vantage have prepared the management accounts of CSH Development, SHIS Limited, Jinfeng Ventures, Innovative Plus and Pine Vantage for the period from its date of incorporation to 30 September 2016 (collectively referred to as “Underlying Financial Statements”), in accordance with accounting policies which conform with International Financial Reporting Standards (“IFRSs”). The Subsidiaries Financial Statements were audited by Deloitte & Touche LLP Singapore, a firm of certified public accountants registered in Singapore, in accordance with the International Standards on Auditing issued by the International Auditing and Assurance Standards Board.

The Financial Information for the Track Record Period set out in this report has been prepared from the Underlying Financial Statements on the basis of presentation set out in Note 2 of Section A below after making such adjustments as we consider appropriate for the purpose of the preparation of this report for inclusion in the Prospectus.

We have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” as recommended by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and carried out such procedures as we considered necessary for inclusion of their financial information in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the respective companies who approved their issue. The directors of the Company are responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in Note 2 of Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the combined financial position of the Group as at 31 March 2014, 2015, 2016, and 30 September 2016 and of the Company as at 30 September 2016, and the combined financial performance and combined cash flows of the Group for the Track Record Period.

The comparative combined statement of profit or loss and other comprehensive income, combined statement of cash flows and combined statement of changes in equity of the Group for the six months ended 30 September 2015 together with the notes thereon have been extracted from the unaudited financial information of SH Integrated and DRC Engineering for the same period after making such adjustments as the directors of the Company consider appropriate (the “30 September 2015 Financial Information”) which was prepared by the directors of the Company solely for the purpose of this report. We have reviewed the 30 September 2015 Financial Information in accordance with the 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. Our review of the 30 September 2015 Financial Information consists of making enquiries, 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 on the 30 September 2015 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 30 September 2015 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

A. FINANCIAL INFORMATION

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE YEARS ENDED 31 MARCH 2016 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	NOTE	Year ended 31 March			Six months ended 30 September	
		2014 S\$	2015 S\$	2016 S\$	2015 S\$ (unaudited)	2016 S\$
Revenue	6	34,825,609	34,963,602	40,504,968	17,704,156	18,822,449
Costs of services		<u>(25,698,933)</u>	<u>(23,673,126)</u>	<u>(26,753,387)</u>	<u>(12,484,294)</u>	<u>(11,497,306)</u>
Gross profit		9,126,676	11,290,476	13,751,581	5,219,862	7,325,143
Other income	7a	85,846	116,032	161,673	26,025	174,800
Gain (loss) arising on disposal of property, plant and equipment		2,219,167	13,095	(13,606)	1,148	5,710
Other losses	7b	(361,383)	(22,620)	(9,920)	–	(4,566)
Other expenses	7c	–	–	(48,900)	–	(1,492,484)
Selling expenses		(106,376)	(82,288)	(98,867)	(39,287)	(72,806)
Administrative expenses		(5,259,227)	(5,672,600)	(6,739,724)	(2,551,770)	(2,993,410)
Finance costs	8	<u>(81,749)</u>	<u>(102,346)</u>	<u>(114,454)</u>	<u>(54,682)</u>	<u>(36,873)</u>
Profit before taxation		5,622,954	5,539,749	6,887,783	2,601,296	2,905,514
Income tax expense	9	<u>(531,032)</u>	<u>(918,347)</u>	<u>(1,269,668)</u>	<u>(472,749)</u>	<u>(639,424)</u>
Profit and other comprehensive income for the year/period	10	<u>5,091,922</u>	<u>4,621,402</u>	<u>5,618,115</u>	<u>2,128,547</u>	<u>2,266,090</u>

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2014, 2015 AND 2016 AND 30 SEPTEMBER 2016

		The Group			The Group	The
		As at 31 March			As at	Company
	NOTE	2014	2015	2016	September	As at
		S\$	S\$	S\$	2016	30
					S\$	September
						2016
						S\$
Non-current assets						
Property, plant and equipment	14	7,378,482	7,375,762	8,846,862	8,879,896	–
Investment in subsidiaries, unlisted		–	–	–	–	3
		<u>7,378,482</u>	<u>7,375,762</u>	<u>8,846,862</u>	<u>8,879,896</u>	<u>3</u>
Current assets						
Inventories	15	–	–	160,447	210,655	–
Trade receivables	16	6,913,267	9,380,544	7,983,914	8,883,807	–
Other receivables, deposits and prepayments	17	165,780	341,945	703,965	588,515	274,767
Amounts due from customers for construction work	18	542,130	698,699	38,359	278,350	–
Amounts due from Controlling Shareholders	19	–	–	–	117,758	117,758
Amounts due from related companies	19	78,195	26,424	17,564	12,011	–
Pledged bank deposits	20	–	–	224,889	1,391,712	–
Bank balances and cash	20	<u>7,805,723</u>	<u>9,478,136</u>	<u>14,675,108</u>	<u>8,229,883</u>	<u>–</u>
		<u>15,505,095</u>	<u>19,925,748</u>	<u>23,804,246</u>	<u>19,712,691</u>	<u>392,525</u>
Current liabilities						
Trade and other payables	21	6,937,400	6,508,472	6,613,930	5,805,854	–
Amounts due to subsidiaries	19	–	–	–	–	1,885,012
Amounts due to customers for construction work	18	240,499	12,886	–	–	–
Amounts due to related companies	19	275,306	201,378	221,928	–	–
Amount due to a director	19	–	–	3,800,000	–	–
Obligations under finance leases – due within one year	22	1,250	30,003	30,590	30,474	–
Borrowings due within one year	23	261,516	244,084	238,332	238,332	–
Income tax payable		<u>189,789</u>	<u>829,609</u>	<u>1,626,782</u>	<u>1,723,817</u>	<u>–</u>
		<u>7,905,760</u>	<u>7,826,432</u>	<u>12,531,562</u>	<u>7,798,477</u>	<u>1,885,012</u>

		The Group		The Group	The	
		As at 31 March		As at	Company	
	NOTE	2014	2015	2016	As at	
		S\$	S\$	S\$	30	
					30	
				September	September	
				2016	2016	
				S\$	S\$	
Net current assets/(liabilities)		<u>7,599,335</u>	<u>12,099,316</u>	<u>11,272,684</u>	<u>11,914,214</u>	<u>(1,492,487)</u>
Total assets less current liabilities		<u>14,977,817</u>	<u>19,475,078</u>	<u>20,119,546</u>	<u>20,794,110</u>	<u>(1,492,484)</u>
Non-Current liabilities						
Obligations under finance leases						
– due after one year	22	–	105,828	75,238	60,353	–
Borrowings	23	5,165,314	4,934,946	3,336,668	3,217,502	–
Deferred tax liabilities	24	<u>29,212</u>	<u>29,611</u>	<u>109,832</u>	<u>152,357</u>	–
		<u>5,194,526</u>	<u>5,070,385</u>	<u>3,521,738</u>	<u>3,430,212</u>	–
Net assets/(liabilities)		<u>9,783,291</u>	<u>14,404,693</u>	<u>16,597,808</u>	<u>17,363,898</u>	<u>(1,492,484)</u>
Capital and reserves						
Share capital	25	1,650,000	2,000,000	2,100,000	2,100,000	–
Accumulated profits	25	<u>8,133,291</u>	<u>12,404,693</u>	<u>14,497,808</u>	<u>15,263,898</u>	<u>(1,492,484)</u>
Equity attributable to owners of the Company		<u>9,783,291</u>	<u>14,404,693</u>	<u>16,597,808</u>	<u>17,363,898</u>	<u>(1,492,484)</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE YEARS ENDED 31 MARCH 2016 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Share capital S\$	Accumulated profits S\$	Total S\$
At 1 April 2013	1,650,000	3,041,369	4,691,369
Profit and other comprehensive income for the year	<u>–</u>	<u>5,091,922</u>	<u>5,091,922</u>
At 31 March 2014	1,650,000	8,133,291	9,783,291
Profit and other comprehensive income for the year	–	4,621,402	4,621,402
Transfer (<i>Note 25</i>)	<u>350,000</u>	<u>(350,000)</u>	<u>–</u>
At 31 March 2015	2,000,000	12,404,693	14,404,693
Profit and other comprehensive income for the year	–	5,618,115	5,618,115
Payment of dividend (<i>Note 12</i>)	–	(3,525,000)	(3,525,000)
Issue of share capital (<i>Note 25</i>)	<u>100,000</u>	<u>–</u>	<u>100,000</u>
At 31 March 2016	2,100,000	14,497,808	16,597,808
Profit and other comprehensive income for the period	–	2,266,090	2,266,090
Dividend declared (<i>Note 12</i>)	<u>–</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>
At 30 September 2016	<u>2,100,000</u>	<u>15,263,898</u>	<u>17,363,898</u>
For the six months ended 30 September 2015 (unaudited)			
At 31 March 2015	2,000,000	12,404,693	14,404,693
Profit and other comprehensive income for the period	<u>–</u>	<u>2,128,547</u>	<u>2,128,547</u>
At 30 September 2015 (unaudited)	<u>2,000,000</u>	<u>14,533,240</u>	<u>16,533,240</u>

COMBINED STATEMENTS OF CASH FLOWS

FOR THE THREE YEARS ENDED 31 MARCH 2016 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2016

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
	(unaudited)				
Operating activities					
Profit before taxation	5,622,954	5,539,749	6,887,783	2,601,296	2,905,514
Adjustments for:					
Depreciation of property, plant and equipment	303,335	368,483	578,736	253,212	401,012
Finance costs	81,749	102,346	114,454	54,682	36,873
(Gain) loss on disposal of property, plant and equipment, net	(2,219,167)	(13,095)	13,606	(1,148)	(5,710)
Interest income	(5,287)	(7,642)	(9,132)	(4,848)	(5,592)
Written off property, plant and equipment	–	22,620	9,920	–	4,566
Written off bad debts	361,383	–	–	–	–
Operating cash flow before movement in working capital	4,144,967	6,012,461	7,595,367	2,903,194	3,336,663
<i>Movements in working capital:</i>					
(Increase) decrease in trade receivables	(1,727,017)	(2,467,277)	1,396,630	1,753,995	(899,893)
(Increase) decrease in other receivables, deposits and prepayments	(27,765)	(176,165)	(362,020)	(22,802)	373,917
(Increase) decrease in amounts due from customers for construction work	(391,674)	(156,569)	660,340	(2,917,266)	(239,991)
(Increase) decrease in amounts due from related companies	(67,727)	51,771	8,860	21,385	5,553
Increase in inventories	–	–	(160,447)	–	(50,208)
Increase (decrease) in trade and other payables	1,703,127	(428,928)	105,458	(1,205,720)	(827,858)
Increase (decrease) in amounts due to related companies	274,062	(73,928)	20,550	(96,143)	(221,928)
Increase (decrease) in amounts due to customers for construction work	29,443	(227,613)	(12,886)	59,162	–
Cash generated from operations	3,937,416	2,533,752	9,251,852	495,805	1,476,255
Income taxes paid	(68,353)	(278,128)	(392,274)	(110,139)	(499,864)
Net cash from operating activities	3,869,063	2,255,624	8,859,578	385,666	976,391

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				(unaudited)	
Investing activities					
Listing expenses paid on behalf of Controlling Shareholders in respect of selling the Sale Shares (as defined in the Prospectus)	-	-	-	-	(117,758)
Purchase of property, plant and equipment	(306,018)	(251,885)	(2,092,454)	(1,261,543)	(438,612)
Proceeds from disposal of property, plant and equipment	4,050,000	26,597	19,092	10,748	5,710
Placement of pledged bank deposits	-	-	(224,889)	-	(1,166,823)
Net cash from (used in) investing activities	<u>3,743,982</u>	<u>(225,288)</u>	<u>(2,298,251)</u>	<u>(1,250,795)</u>	<u>(1,717,483)</u>
Financing activities					
Interests paid	(81,749)	(102,346)	(114,454)	(54,682)	(36,873)
Interest received	5,287	7,642	9,132	4,848	5,592
Repayment of borrowings	(1,533,880)	(247,800)	(5,179,030)	(120,087)	(119,166)
Repayment of hire purchases	(22,276)	(15,419)	(30,003)	(15,001)	(15,001)
Proceeds from issue of shares	-	-	100,000	-	-
Proceeds from new borrowings raised	-	-	3,575,000	-	-
(Repayment of) advance from a director	(1,200,000)	-	3,800,000	-	(3,800,000)
Dividends paid	-	-	(3,525,000)	-	(1,500,000)
Listing expenses paid	-	-	-	-	(238,685)
Net cash used in financing activities	<u>(2,832,618)</u>	<u>(357,923)</u>	<u>(1,364,355)</u>	<u>(184,922)</u>	<u>(5,704,133)</u>
Net increase (decrease) in cash and cash equivalents	<u>4,780,427</u>	<u>1,672,413</u>	<u>5,196,972</u>	<u>(1,050,051)</u>	<u>(6,445,225)</u>
Cash and cash equivalents at beginning of the year/period	<u>3,025,296</u>	<u>7,805,723</u>	<u>9,478,136</u>	<u>9,478,136</u>	<u>14,675,108</u>
Cash and cash equivalents at end of the year/period, represented by bank balances and cash	<u><u>7,805,723</u></u>	<u><u>9,478,136</u></u>	<u><u>14,675,108</u></u>	<u><u>8,428,085</u></u>	<u><u>8,229,883</u></u>

NOTES TO THE FINANCIAL INFORMATION**1. GENERAL**

The Company was incorporated and registered as an exempted company in the Cayman Islands with limited liability on 18 May 2016. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196.

The Company is an investment holding company and the principal activities of its operating subsidiaries are the provision of building services with a focus on maintenance and/or installations of mechanical and electrical systems including repairs and renovation services and the provision of construction works.

The functional currency of the Company is Singapore dollars (“S\$”), which is also the presentation currency of the Company and its principal subsidiaries.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Prior to the commencement of the Reorganisation in 2016, throughout the Track Record Period, SH Integrated, DRC Engineering and CSH Development are under the control of Mr. Chua Seng Hai and Mdm. Bek Poi Kiang, who are husband and wife. Mr. Chua Seng Hai and Mdm. Bek Poi Kiang has been acting in concert of each other and are regarded as “Controlling Shareholders”.

The Reorganisation comprised of the following steps:

- On 18 May 2016, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of a single class of par value of HK\$0.01 each, of which one share was allotted and issued in nil paid form to the initial subscriber, an independent third party and the said share was transferred to Mr. Chua Seng Hai on the same date for nil consideration.
- On 18 March 2016, Jinfeng Ventures was incorporated in the BVI with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each. On 25 May 2016, one share in Jinfeng Ventures was allotted and issued to the Company, credited as fully paid.
- On 25 April 2016, Innovative Plus was incorporated in the BVI with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each. On 25 May 2016, one share in Innovative Plus was allotted and issued to the Company, credited as fully paid.
- On 5 May 2016, Pine Vantage was incorporated in the BVI with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each. On 14 June 2016, one share in Pine Vantage was allotted and issued to the Company, credited as fully paid.
- On 29 December 2016, Mr. Chua Seng Hai transferred the one nil paid share of the Company to Ruiheng Global Investments Limited (“Ruiheng Global”), a company owned as to 90% by Mr. Chua Seng Hai and as to 10% by Mdm. Bek Poi Kiang.
- On 29 December 2016, Mr. Chua Seng Hai transferred the entire issued share capital of SH Integrated to Jinfeng Ventures, at the consideration of S\$2, which was settled by the Company allotting and issuing 898 new shares to Ruiheng Global, at the direction of Mr. Chua Seng Hai, all credited as fully paid. After completion of the above share transfer, SH Integrated became an indirect wholly-owned subsidiary of the Company.
- On 29 December 2016, Mdm. Bek Poi Kiang transferred the entire issued share capital of DRC Engineering to Innovative Plus, at the consideration of S\$1, which was settled by the Company allotting and issuing 99 new shares to Ruiheng Global at the direction of Mdm. Bek Poi Kiang, all credited as fully paid. After completion of the above share transfer, DRC Engineering became an indirect wholly-owned subsidiary of the Company.

- On 29 December 2016, Mr. Chua Seng Hai and Mdm. Bek Poi Kiang transferred the entire issued share capital of CSH Development to Pine Vantage, at the consideration of S\$1, which was settled by the Company allotting and issuing 2 new shares to Ruiheng Global at the directions of Mr. Chua Seng Hai and Mdm. Bek Poi Kiang, all credited as fully paid. Upon completion of the share transfer, CSH Development became an indirect wholly-owned subsidiary of the Company.

Each of the Controlling Shareholders have reiterated their agreement in writing that, in respect of the arrival and/or execution of all decisions, including but not limited to the activities that significantly affect the returns of and exposure to variable returns of the Company, Jinfeng Ventures, Innovative Plus, Pine Vantage, SH Integrated, DRC Engineering and CSH Development, they have always been acting in concert. Since the Group, comprising the Company, Jinfeng Ventures, Innovative Plus, Pine Vantage, SH Integrated, DRC Engineering and CSH Development resulting from the Reorganisation has always been under the common control of the Controlling Shareholders throughout the Track Record Period or from the respective date of incorporation to 30 September 2016, where there is a shorter period, regardless of the actual dates when they formally and legally became subsidiaries of the Company, therefore, the Group is regarded as a continuing entity and merge accounting has been applied for the preparation of the Financial Information.

The Financial Information has been prepared under the principles of common control combination as if the Company had been the holding company of Jinfeng Ventures, Innovative Plus, Pine Vantage, SH Integrated, DRC Engineering and CSH Development throughout the Track Record Period and as at each reporting date taking into account the respective date of incorporation of the group entities. The combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective date of incorporation, where there is a shorter period. The combined statements of financial position of the Group as at 31 March 2014, 2015, 2016 and 30 September 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure has been in existence at those dates taking into account the respective dates of incorporation, where applicable.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently applied IFRSs that are effective for the financial year beginning on 1 April 2016 throughout the Track Record Period.

At the date of issuance of this report, the Group has not early applied the following new and amendments to IFRSs and International Accounting Standards ("IASs") that have been issued but are not yet effective:

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
IFRS 16	Leases ³
IFRIC Interpretation 22	Foreign Currency Translation and Advance Consideration ¹
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transaction ¹
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to IAS 7	Disclosure Initiative ²
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ²
Amendments to IAS 40	Transfer of Investment Property ¹
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2017

³ Effective for annual periods beginning on or after 1 January 2019

⁴ Effective for annual periods beginning on or after a date to be determined

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

Except as described below, the management of the Group considers that the application of the other new and revised standards and amendments is unlikely to have a material impact on the Group's financial position and performance as well as disclosure.

IFRS 9 *Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Specifically, pursuant to IFRS 9, all recognised financial assets that are within the scope of IAS 39 *Financial Instruments*:

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IFRS 9 are subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at "fair value through other comprehensive income" (FVTOCI). All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39 *Financial Instruments: Recognition and Measurement*, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the management of the Group anticipates that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 30 September 2016.

IFRS 15 Revenue from Contracts with Customers

In July 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarification to IFRS 15 in relation to the identification of performance obligation, principal versus agent considerations, as well as licensing application guidance.

Based on the preliminary analysis, the management of the Group considers that the initial adoption of IFRS 15 will not have significant impacts on the Group's results and financial position.

IFRS 16 Leases

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16, which upon the effective date will supersede IAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The total operating lease commitments of the Group in respect of leased premises as at 30 September 2016 amounted to S\$517,452 and the management of the Group expects that the adoption of IFRS 16 is unlikely to result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the financial statements in future as right-of-use assets and lease liabilities.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis and in accordance with the following accounting policies which conform with IFRSs. In addition, the Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of combination

The Financial Information incorporates the financial statements of the Company and companies controlled by the Company and its subsidiaries. Control is achieved when a company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Combination of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the combined statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Merger accounting for business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under control of the controlling entity.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's prospective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Revenue from Integrated Building Services (as defined in Note 6)

Revenue from services on installations of mechanical and electrical systems is recognised by reference to the stage of completion, which is measured by the certification and acceptance of the customers, when the outcome of such work can be reliably estimated.

Revenue from maintenance is recognised when the services are provided.

(ii) Revenue from Building Construction Works (as defined in Note 6)

Revenue from building construction works is recognised in accordance with the Group's accounting policy on construction contracts (see below construction contracts policy).

(iii) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iv) Rental income

Rental income is recognised, on a straight-line basis, over the terms of the respective leases.

Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period.

The stage of completion, depending on the type of projects, is measured by:

- a) the proportion of surveys of work performed to date relative to the estimated total contract revenue; or
- b) contract costs incurred to date as compared to the estimated total contract costs.

Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are probably recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Costs of construction contracts include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, depreciation and hire of equipment, interest expense, subcontract cost and estimated costs of rectification and guarantee work, including expected warranty costs.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a finance

lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Group as lessor

Rental income from operating lease is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the combined statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to Central Provident Fund (“CPF”) are recognised as expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefits in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deduction any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service costs, interest and remeasurements are recognised in profit or loss except to the extent that another IFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before taxation" as reported in the combined statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lumpsum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as 'prepaid lease payments' in the combined statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labor costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first in, first out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, bank balances and cash, pledged bank deposits, and amounts due from Controlling Shareholders/related companies) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets held by the Group, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period of 15 to 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities (including trade payables, other payables, amounts due to related companies, amount due to a director and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group companies after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

De-recognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Group continues to recognise to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the Financial Information when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

Impairment of tangible assets

At the end of each reporting period, the management of the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair values less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's and the company's financial statements in the period in which the dividends are approved by the company's shareholders or directors, where appropriate.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**Critical judgements in applying the Group's accounting policies**

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Construction contracts

The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

Recognised amounts of construction contract revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going construction contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

Estimated impairment of receivables

The Group recognises impairment of receivables based on the recoverability of the receivables. If there is any indication that the receivables may be unrecoverable, impairment shall be recognised. The recognition of impairment requires judgement and estimation. If there's difference between the re-estimated results and the existing estimation, it will affect the profit and the carrying amount of receivables during the periods in which the estimation changes. During the year ended 31 March 2014, an amount of S\$361,383 was written off directly against the trade receivables following the concerning debtor entered into liquidation process.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from (i) the building services with a focus on maintenance and installations of mechanical and electrical (M&E) systems including repairs and improvement works ("Integrated Building Services") and, (ii) the provision of building construction works ("Building Construction Works") provided by the Group to external customers. The Group's operations is solely derived from provision of Integrated Building Services and Building Construction Works in Singapore during the Track Record Period.

Information is reported to the Controlling Shareholders, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment. The accounting policies are the same as Group's accounting policies described in Note 4. The CODM reviews revenue by nature

of services, i.e. "Integrated Building Services" and "Building Construction Works" for the respective reporting period. No analysis of the Group's results nor assets and liabilities is regularly provided to the CODM for review. Accordingly, only entity-wide disclosures on services, major customers and geographical information are presented in accordance with IFRS 8 *Operating Segments*.

An analysis of the Group's revenue for the Track Record Period is as follows:

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				(unaudited)	
<i>Revenue from:</i>					
Integrated Building Services	27,850,159	27,388,324	30,132,209	10,969,664	18,432,719
Building Construction Works	<u>6,975,450</u>	<u>7,575,278</u>	<u>10,372,759</u>	<u>6,734,492</u>	<u>389,730</u>
	<u>34,825,609</u>	<u>34,963,602</u>	<u>40,504,968</u>	<u>17,704,156</u>	<u>18,822,449</u>

Major customers

The revenue from customers individually contributed over 10% of total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				(unaudited)	
Customer I	16,865,908	19,151,757	17,022,567	5,674,385	8,137,244
Customer II	3,861,935	N/A*	N/A*	N/A*	N/A*
Customer III	N/A*	3,879,630	5,718,598	4,376,790	N/A*
Customer IV	N/A*	N/A*	4,399,627	2,357,704	N/A*
Customer V	N/A*	N/A*	N/A*	N/A*	1,945,062

* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective reporting period.

Geographical information

The Group principally operates in Singapore, also the place of domicile. All revenue are derived from Singapore based on the location of services delivered and the Group's property, plant and equipment are all located in Singapore.

7. a. OTHER INCOME

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				(unaudited)	
Interest income	5,287	7,642	9,132	4,848	5,592
Government grants (note)	71,161	81,364	140,344	14,770	150,896
Others	9,398	27,026	12,197	6,407	18,312
	<u>85,846</u>	<u>116,032</u>	<u>161,673</u>	<u>26,025</u>	<u>174,800</u>

Note: Included in the amounts are S\$35,145, S\$48,248, S\$85,731, nil (unaudited) and nil, representing grants under Wage Credit Scheme (“WCS”) for each of the years ended 31 March 2014, 2015, 2016, and the six months ended 30 September 2015 and 2016 respectively. Under the WCS, the government co-funds 40% of wage increases given to Singapore Citizen employees earning a gross monthly wage of \$4,000 and below during the calendar year of 2013 to 2015. Over the period of the calendar year of 2016 to 2017, the government co-funds 20% of wage increases given to Singapore Citizen employees earning a gross monthly wage of S\$4,000. For wage increases given in 2015 which are sustained in year of 2016 and 2017 by the same employer, employers will continue to receive co-funding at 20% for the years/periods. Included in the government grants in the six months ended 30 September 2016, amounting to S\$50,132 represents Work-Life Developmental Grant and Flexible Work Arrangement Incentive Claim (“WorkPro Scheme”) granted by Singapore National Employers’ Federation and National Trades Union Congress. The WorkPro scheme aimed at providing employers funding support to enhance work-life harmony and implement age-friendly workplaces, particularly flexible work arrangements, and are funded as the compensation of expenses already incurred. The remaining balances of grants are incentives received upon fulfilling the conditions for compensation of expenses already incurred or as immediate financial support with no future related costs nor related to any assets.

b. OTHER LOSSES

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				(unaudited)	
Written off property, plant and equipment	–	(22,620)	(9,920)	–	(4,566)
Written off bad debts	(361,383)	–	–	–	–
	<u>(361,383)</u>	<u>(22,620)</u>	<u>(9,920)</u>	<u>–</u>	<u>(4,566)</u>

c. OTHER EXPENSES

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				(unaudited)	
Listing expenses	–	–	48,900	–	1,492,484
	<u>–</u>	<u>–</u>	<u>48,900</u>	<u>–</u>	<u>1,492,484</u>

8. FINANCE COSTS

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				(unaudited)	
<i>Interest on:</i>					
Bank borrowings					
– wholly repayable within five years	23,317	30,005	38,806	32,310	34,901
– not wholly repayable within five years	56,019	70,431	71,703	20,400	–
Obligations under finance leases	2,413	1,910	3,945	1,972	1,972
	<u>81,749</u>	<u>102,346</u>	<u>114,454</u>	<u>54,682</u>	<u>36,873</u>

9. INCOME TAX EXPENSE

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				(unaudited)	
Tax expense comprises:					
Current tax					
– Singapore corporate income tax (“CIT”)	519,756	862,716	1,189,447	472,749	596,899
– (Over) under provision in prior years	(3,024)	55,232	–	–	–
Deferred tax expense	14,300	399	80,221	–	42,525
	<u>531,032</u>	<u>918,347</u>	<u>1,269,668</u>	<u>472,749</u>	<u>639,424</u>

Singapore CIT is calculated at 17% of the estimated assessable profit eligible for CIT rebate of 30%, capped at S\$30,000 for each of the Year of Assessment 2013 to 2015 and adjusted to 50%, capped at S\$20,000 and \$25,000, respectively for each of the Year of Assessment 2016 to 2017, and adjusted to 20% capped at S\$10,000 for the Year of Assessment 2018, determined based on financial year end date of respective group companies. Singapore incorporated companies can also enjoy 75% tax exemption on the first S\$10,000 of chargeable income and a further 50% tax exemption on the next S\$290,000 of chargeable income.

The taxation for the Track Record Period can be reconciled to the profit before taxation per the combined statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				(unaudited)	
Profit before taxation	5,622,954	5,539,749	6,887,783	2,601,296	2,905,514
Tax at applicable tax rate of 17%	955,902	941,757	1,170,923	442,220	493,937
Tax effect of expenses not deductible for tax purpose	104,669	51,849	233,873	76,454	274,719
Tax effect of income not taxable for tax purpose (<i>Note</i>)	(377,258)	–	(1,036)	–	–
Effect of tax concessions and partial tax exemption	(149,257)	(130,594)	(134,092)	(45,925)	(121,482)
(Over) under provision of tax in prior years	(3,024)	55,232	–	–	–
Others	–	103	–	–	(7,750)
Taxation for the year/period	<u>531,032</u>	<u>918,347</u>	<u>1,269,668</u>	<u>472,749</u>	<u>639,424</u>

Note: For the year ended 31 March 2014, the tax effect of \$377,258 is resulted from gain arising on disposal of property, plant and equipment amounting to \$2,219,167 which is non-taxable according to relevant tax regulation and laws that prevailing in Singapore.

10. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging:

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
Depreciation of property, plant and equipment	303,335	368,483	578,736	253,212	401,012
Auditor's remuneration	9,900	11,760	54,920	–	–
Directors' and chief executive's remuneration	907,277	1,138,748	1,296,950	172,240	304,800
Other staff costs					
– Salaries and other benefits	4,282,128	4,255,363	4,930,588	2,121,850	2,674,019
– Contributions to CPF	183,684	187,155	257,438	106,092	117,679
Total staff costs	<u>5,373,089</u>	<u>5,581,266</u>	<u>6,484,976</u>	<u>2,400,182</u>	<u>3,096,498</u>
Cost of materials recognised as expenses	10,662,483	6,575,784	6,592,156	3,314,898	4,246,151
Subcontractor costs recognised as expenses	<u>12,595,885</u>	<u>14,830,484</u>	<u>17,210,416</u>	<u>7,979,847</u>	<u>5,389,216</u>

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEES' REMUNERATION

Directors' and chief executive's emoluments

Mr. Chua Seng Hai and Mr. Lim Kai Hwee were appointed as directors of the Company on 18 May 2016 and 5 July 2016 respectively. The emoluments paid or payable to the directors and chief-executive of the Company (including emoluments for services as employee/directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period are as follows:

Details of the emoluments paid to each of the directors and chief executive of the Company are as follows:

Year ended 31 March 2014

	Fees S\$	Discretionary bonus S\$	Salaries and allowances S\$	Contributions to retirement benefit scheme S\$	Total S\$
Executive Directors					
Mr. Chua Seng Hai	500,000	15,750	126,000	10,606	652,356
Mr. Lim Kai Hwee	–	113,005	128,880	13,036	254,921
	<u>500,000</u>	<u>128,755</u>	<u>254,880</u>	<u>23,642</u>	<u>907,277</u>

Year ended 31 March 2015

	Fees S\$	Discretionary bonus S\$	Salaries and allowances S\$	Contributions to retirement benefit scheme S\$	Total S\$
Executive Directors					
Mr. Chua Seng Hai	700,000	21,000	126,000	12,060	859,060
Mr. Lim Kai Hwee	–	137,340	128,980	13,368	279,688
	<u>700,000</u>	<u>158,340</u>	<u>254,980</u>	<u>25,428</u>	<u>1,138,748</u>

Year ended 31 March 2016

	Fees S\$	Discretionary bonus S\$	Salaries and allowances S\$	Contributions to retirement benefit scheme S\$	Total S\$
Executive Directors					
Mr. Chua Seng Hai	–	639,500	234,000	14,880	888,380
Mr. Lim Kai Hwee	–	213,100	179,660	15,810	408,570
	<u>–</u>	<u>852,600</u>	<u>413,660</u>	<u>30,690</u>	<u>1,296,950</u>

The six months ended 30 September 2015

	Fees S\$ (unaudited)	Discretionary bonus S\$ (unaudited)	Salaries and allowances S\$ (unaudited)	Contributions to retirement benefit scheme S\$ (unaudited)	Total S\$ (unaudited)
Executive Directors					
Mr. Chua Seng Hai	–	–	86,000	4,800	90,800
Mr. Lim Kai Hwee	–	–	75,660	5,780	81,440
	<u>–</u>	<u>–</u>	<u>161,660</u>	<u>10,580</u>	<u>172,240</u>

The six months ended 30 September 2016

	Fees S\$	Discretionary bonus S\$	Salaries and allowances S\$	Contributions to retirement benefit scheme S\$	Total S\$
Executive Directors					
Mr. Chua Seng Hai	–	–	180,000	4,680	184,680
Mr. Lim Kai Hwee	–	–	114,000	6,120	120,120
	<u>–</u>	<u>–</u>	<u>294,000</u>	<u>10,800</u>	<u>304,800</u>

- (i) Mr. Chua Seng Hai acts as chairman of the Company.
- (ii) Mr. Lim Kai Hwee acts as chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.
- (iii) The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.
- (iv) No other retirement benefits were paid to Mr. Chua Seng Hai and Mr. Lim Kai Hwee in respect of their respective other services in connection with the management of the affairs of the Company or its subsidiaries undertaking.

The Executive Directors' emoluments shown above were for their services in connection with the management affairs of the Group.

During the Track Record Period, no remuneration was paid by the Group to the director of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. Each of the directors has not waived any remuneration during the Track Record Period.

Employees' remuneration

The remunerations of the five highest paid individuals, included 2 directors over the Track Record Period, are as follows:

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				(unaudited)	
Salaries and allowances	1,319,680	1,542,180	653,599	267,394	470,647
Discretionary bonus	192,855	235,540	966,600	–	–
Contribution to retirement benefits scheme	50,214	44,781	74,997	23,260	24,240
	<u>1,562,749</u>	<u>1,822,501</u>	<u>1,695,196</u>	<u>290,654</u>	<u>494,887</u>

The five highest paid individuals were within the following bands:

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
				(unaudited)	
Emolument bands					
Nil to HK\$1,000,000	2	2	3	5	4
HK\$1,000,001 to HK\$1,500,000	1	–	–	–	1
HK\$1,500,001 to HK\$2,000,000	–	1	–	–	–
HK\$2,000,001 to HK\$2,500,000	–	–	1	–	–
HK\$2,500,001 to HK\$3,000,000	1	1	–	–	–
HK\$3,000,001 to HK\$3,500,000	–	–	–	–	–
HK\$3,500,001 to HK\$4,000,000	1	–	–	–	–
HK\$4,000,001 to HK\$5,000,000	–	1	–	–	–
HK\$5,000,001 to HK\$5,500,000	–	–	1	–	–
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

12. DIVIDEND

During the year ended 31 March 2016, SH Integrated and DRC Engineering declared and paid dividends of S\$2,025,000 and S\$1,500,000 to Mr. Chua Seng Hai and Mdm. Bek Poi Kiang respectively.

During the six months ended 30 September 2016, SH Integrated and DRC Engineering declared dividends of S\$400,000 and S\$1,100,000 respectively to its then shareholder. As at the date of this report, the dividends were paid out.

Other than the above, no dividend has been paid or declared by the Company or group entities for each of years ended 31 March 2014, 2015 and six months ended 30 September 2015.

The rate of dividend and number of shares ranking for the above dividends are not presented as such information is not meaningful having regard to the purpose of this report.

13. EARNINGS PER SHARE

No earnings per share information is presented for the purpose of this report as its inclusion is not considered meaningful having regard to the Reorganisation of the Group and the result of the Group for the Track Record Period that is prepared on a combined basis as set out in Note 2.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery S\$	Leasehold properties S\$	Computer and office equipment S\$	Motor vehicles S\$	Furniture and fittings S\$	Leasehold improvement S\$	Total S\$
<i>Cost</i>							
At 1 April 2013	–	9,100,000	119,719	699,630	26,622	27,619	9,973,590
Additions	–	–	63,120	54,908	20,030	167,960	306,018
Disposals	–	(1,950,000)	(25,730)	–	–	(14,742)	(1,990,472)
At 31 March 2014	–	7,150,000	157,109	754,538	46,652	180,837	8,289,136
Additions	–	–	21,049	380,836	–	–	401,885
Disposals	–	–	(7,482)	(112,534)	–	(12,877)	(132,893)
At 31 March 2015	–	7,150,000	170,676	1,022,840	46,652	167,960	8,558,128
Additions	307,300	–	151,738	1,620,738	4,295	45,383	2,129,454
Disposals	–	–	–	(393,533)	–	–	(393,533)
At 31 March 2016	307,300	7,150,000	322,414	2,250,045	50,947	213,343	10,294,049
Additions	38,700	–	88,485	296,644	1,200	13,583	438,612
Disposals	–	–	(37,912)	(43,422)	(22,241)	–	(103,575)
At 30 September 2016	346,000	7,150,000	372,987	2,503,267	29,906	226,926	10,629,086
<i>Accumulated depreciation</i>							
At 1 April 2013	–	174,594	69,953	477,043	17,749	27,619	766,958
Charge for the year	–	166,281	28,567	70,962	3,934	33,591	303,335
Elimination on disposals	–	(119,167)	(25,730)	–	–	(14,742)	(159,639)
At 31 March 2014	–	221,708	72,790	548,005	21,683	46,468	910,654
Charge for the year	–	166,281	32,608	132,068	3,934	33,592	368,483
Elimination on disposals	–	–	(7,482)	(76,412)	–	(12,877)	(96,771)
At 31 March 2015	–	387,989	97,916	603,661	25,617	67,183	1,182,366
Charge for the year	49,033	166,281	49,786	268,770	4,063	40,803	578,736
Elimination on disposals	–	–	–	(313,915)	–	–	(313,915)

	Plant and machinery S\$	Leasehold properties S\$	Computer and office equipment S\$	Motor vehicles S\$	Furniture and fittings S\$	Leasehold improvement S\$	Total S\$
At 31 March 2016	49,033	554,270	147,702	558,516	29,680	107,986	1,447,187
Charge for the period	31,375	83,140	31,666	231,560	1,744	21,527	401,012
Elimination on disposals	—	—	(33,989)	(43,422)	(21,598)	—	(99,009)
At 30 September 2016	80,408	637,410	145,379	746,654	9,826	129,513	1,749,190
<i>Carrying values</i>							
At 31 March 2014	—	6,928,292	84,319	206,533	24,969	134,369	7,378,482
At 31 March 2015	—	6,762,011	72,760	419,179	21,035	100,777	7,375,762
At 31 March 2016	258,267	6,595,730	174,712	1,691,529	21,267	105,357	8,846,862
At 30 September 2016	265,592	6,512,590	227,608	1,756,613	20,080	97,413	8,879,896

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives after taking into account the residual values:

Plant and machinery	5 years
Leasehold properties	43 to 45 years
Computer and office equipment	5 years
Motor vehicles	5 years
Furniture and fittings	5 to 10 years
Leasehold improvement	Shorter of 5 years or over the lease terms

Included in the additions of motor vehicles amounting to S\$150,000 were acquired under hire purchase arrangements during the year ended 31 March 2015 and S\$37,000 were acquired through trade-in a retiring vehicle during the year ended 31 March 2016. These constituted as non-cash transactions during respective years.

As at 31 March 2014, 2015, 2016 and 30 September 2016, the leasehold properties were pledged to a bank for a mortgage loan raised by the Group.

The carrying value of below items are assets held under finance leases:

	As at 31 March		As at 30 September	
	2014	2015	2016	2016
	S\$	S\$	S\$	S\$
Motor vehicles	34,080	195,870	146,903	122,419

15. INVENTORIES

	As at 31 March			As at 30 September
	2014	2015	2016	2016
	S\$	S\$	S\$	S\$
Low value consumables	—	—	160,447	210,655

16. TRADE RECEIVABLES

	As at 31 March			As at 30 September
	2014	2015	2016	2016
	S\$	S\$	S\$	S\$
Trade receivables	4,580,373	6,943,454	5,719,208	7,137,792
Unbilled revenue (note)	2,249,319	2,343,450	2,188,298	1,717,806
Retention receivable (note 1)	83,575	93,640	76,408	28,209
	<u>6,913,267</u>	<u>9,380,544</u>	<u>7,983,914</u>	<u>8,883,807</u>

Note: Unbilled revenue represents (i) the accrued revenue from Integrated Building Services for work performed but yet to bill; and (ii) the remaining balances of construction revenue to be billed for completed construction contracts which are entitled for billing.

Note 1: Retention monies withheld by customers of contract works are released after the completion of maintenance period of the relevant contracts, and are classified as current as they are expected to be received within the Group's normal operating cycle.

The Group grants credit terms to customers typically between 15 to 60 days from the invoice date for trade receivables. The following is an analysis of trade receivables by age presented based on the invoice date at the end of each reporting period:

	As at 31 March			As at 30 September
	2014	2015	2016	2016
	S\$	S\$	S\$	S\$
Within 90 days	3,825,185	6,404,675	5,154,201	5,414,420
91 days to 180 days	427,784	350,960	375,683	1,363,921
181 days to 365 days	166,885	108,198	100,146	222,622
Over 1 year but not more than 2 years	81,969	16,018	52,157	86,913
More than 2 years	78,550	63,603	37,021	49,916
	<u>4,580,373</u>	<u>6,943,454</u>	<u>5,719,208</u>	<u>7,137,792</u>

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defined credit limit to each customer on individual basis. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the management of the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period and no impairment is considered necessary for those balances which are not past due at each reporting date.

Included in the Group's trade receivables are aggregate carrying amounts of approximately S\$1,458,525, S\$1,057,230, S\$1,411,569 and S\$3,015,779 which are past due at 31 March 2014, 2015, 2016 and 30 September 2016, respectively, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer and settlements subsequent to the end of the reporting period. The Group does not charge interest nor hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired at each reporting date:

	As at 31 March			As at 30
	2014	2015	2016	September
	S\$	S\$	S\$	2016
Less than 90 days	1,025,635	716,656	1,117,429	2,295,512
91 days to 180 days	136,295	192,691	112,389	387,956
More than 180 days	296,595	147,883	181,751	332,311
	<u>1,458,525</u>	<u>1,057,230</u>	<u>1,411,569</u>	<u>3,015,779</u>

In the opinion of the management of the Group, the trade receivables at the end of each reporting period are of good credit quality which considering the high credibility of these customers, good track record with the Group and subsequent settlement, the management believes that no impairment allowance is necessary in respect of the remaining unsettled balances.

The Group does not charge interest or hold any collateral over these balances.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

THE GROUP

	As at 31 March			As at 30
	2014	2015	2016	September
	S\$	S\$	S\$	2016
Deposits	149,958	95,062	72,335	169,887
Prepayments	2,822	202,332	121,050	115,361
Advances to staff	13,000	44,551	28,500	28,500
Goods and Service Tax ("GST") receivable	–	–	465,780	–
Deferred listing expenses	–	–	16,300	274,767
	<u>165,780</u>	<u>341,945</u>	<u>703,965</u>	<u>588,515</u>

THE COMPANY

As at 30 September 2016, the other receivables of the Company represents the deferred listing expenses.

18. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION WORK

	As at 31 March		As at 30 September	
	2014 S\$	2015 S\$	2016 S\$	2016 S\$
Contract costs incurred plus recognised profits less recognised losses	2,771,609	685,813	51,659	677,499
Less: progress billings	<u>(2,469,978)</u>	<u>–</u>	<u>(13,300)</u>	<u>(399,149)</u>
	<u>301,631</u>	<u>685,813</u>	<u>38,359</u>	<u>278,350</u>
Analysed for reporting purposes as:				
Amounts due from customers for construction work	542,130	698,699	38,359	278,350
Amounts due to customers for construction work	<u>(240,499)</u>	<u>(12,886)</u>	<u>–</u>	<u>–</u>
	<u>301,631</u>	<u>685,813</u>	<u>38,359</u>	<u>278,350</u>

19. AMOUNTS DUE FROM (TO) RELATED COMPANIES/A DIRECTOR

a. Amounts due from related companies

	As at 31 March		As at 30 September	
	2014 S\$	2015 S\$	2016 S\$	2016 S\$
Trade related	<u>78,195</u>	<u>26,424</u>	<u>17,564</u>	<u>12,011</u>
<i>Analysed as:</i>				
Just Kids @ Yishun Pte. Ltd.	670	535	12,042	674
Just Kids Learning Place Pte. Ltd.	3,028	2,477	2,515	5,306
SLT Services Pte. Ltd.	67,674	17,885	1,776	N/A
Just Kids @ Marine Parade Pte. Ltd.	1,605	856	428	428
Just Kids @ Choa Chu Kang Pte. Ltd.	503	–	428	589
Just Kids @ Taman Jurong Pte. Ltd.	374	375	375	4,382
CA Lighting (S) Pte. Ltd.	4,341	4,296	–	N/A
Just Kids @ Jurong Pte. Ltd.	–	–	–	375
Just Kids @ Jurong West Pte. Ltd.	<u>–</u>	<u>–</u>	<u>–</u>	<u>257</u>
	<u>78,195</u>	<u>26,424</u>	<u>17,564</u>	<u>12,011</u>

Amounts due from related companies are trade related, unsecured, interest free and with a credit period of 30 days from the invoice date. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	As at 31 March			As at 30
	2014	2015	2016	September
	S\$	S\$	S\$	2016
Within 90 days	78,195	26,424	17,030	11,754
91 days to 180 days	–	–	–	257
181 days to 365 days	–	–	534	–
	<u>78,195</u>	<u>26,424</u>	<u>17,564</u>	<u>12,011</u>

b. Amounts due to related companies

	As at 31 March			As at 30
	2014	2015	2016	September
	S\$	S\$	S\$	2016
Trade related	<u>275,306</u>	<u>201,378</u>	<u>221,928</u>	<u>–</u>
<i>Analysed as:</i>				
CA Lighting (S) Pte. Ltd.	86,678	42,948	36,155	N/A
SLT Services Pte. Ltd.	<u>188,628</u>	<u>158,430</u>	<u>185,773</u>	<u>N/A</u>
	<u>275,306</u>	<u>201,378</u>	<u>221,928</u>	<u>N/A</u>

Amounts due to related companies are trade related. The average credit period for provision of services is 30 days. The aging of trade related amounts due to related companies presented based on the invoice date at the end of the reporting period is as follows:

	As at 31 March			As at 30
	2014	2015	2016	September
	S\$	S\$	S\$	2016
Within 90 days	262,292	198,297	192,652	–
91 days to 180 days	13,014	3,081	22,946	–
181 days to 365 days	–	–	963	–
Over 1 year but not more than 2 years	–	–	5,367	–
	<u>275,306</u>	<u>201,378</u>	<u>221,928</u>	<u>–</u>

c. Amount due to a director

The balance as at 31 March 2016 is non-trade related, unsecured, non-interest bearing and without a fixed repayment term.

d. Amounts due from Controlling Shareholders/Amounts due to subsidiaries

The balances as at 30 September 2016 are non-trade related, unsecured, non-interest bearing and without a fixed repayment term. The maximum outstanding amount of the amounts due from Controlling Shareholders during the six months ended 30 September 2016 is S\$117,758.

20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

	As at 31 March			As at 30
	2014	2015	2016	September
	S\$	S\$	S\$	2016
Pledged bank deposits (note a)	–	–	224,889	1,391,712
Cash and bank balances (note b)	<u>7,805,723</u>	<u>9,478,136</u>	<u>14,675,108</u>	<u>8,229,883</u>

Note:

- The balances represent deposits placed to banks for corresponding amounts of performance guarantee granted to the Group in favour of customers. The balances carry prevailing market interest of 0.25% per annum at 31 March 2016 and 30 September 2016.
- Other than the time deposits amounting to S\$2,200,000 as at 30 September 2016 which carry interest at 1.08% per annum, the Group's bank balances carry interest at prevailing market rate of 0.1% per annum at 31 March 2014, 2015, 2016 and 30 September 2016.

Below is details of bank balances denominated in currency other than S\$:

	As at 31 March			As at 30
	2014	2015	2016	September
	S\$	S\$	S\$	2016
US\$	<u>34,973</u>	<u>34,973</u>	<u>373,373</u>	<u>37,373</u>

21. TRADE AND OTHER PAYABLES

	As at 31 March			As at 30
	2014	2015	2016	September
	S\$	S\$	S\$	2016
Trade payable	5,113,138	3,842,200	4,983,609	4,539,863
Trade accruals	<u>256,203</u>	<u>414,477</u>	<u>62,110</u>	<u>114,028</u>
	5,369,341	4,256,677	5,045,719	4,653,891
Accrued operating expenses	296,854	297,581	435,599	453,072
Other payables				
GST payable	309,376	401,201	987,479	369,281
Payroll payable	900,000	1,500,000	–	–
Accrued listing expenses	–	–	–	164,984
Others	<u>61,829</u>	<u>53,013</u>	<u>145,133</u>	<u>164,626</u>
	<u>6,937,400</u>	<u>6,508,472</u>	<u>6,613,930</u>	<u>5,805,854</u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 March			As at 30
	2014	2015	2016	September
	S\$	S\$	S\$	S\$
Within 90 days	4,489,171	3,337,253	4,555,356	3,345,145
91 days to 180 days	392,182	306,228	184,186	281,437
181 days to 365 days	133,035	101,193	129,858	794,131
Over 1 year but not more than 2 years	29,647	33,123	91,064	56,611
Over 2 years	69,103	64,403	23,145	62,539
	<u>5,113,138</u>	<u>3,842,200</u>	<u>4,983,609</u>	<u>4,539,863</u>

The credit period on purchases from suppliers and subcontractors is between 14 to 90 days or payable upon delivery.

22. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments				Present value of minimum leases payments			
	As at 31 March		As at 30 September		As at 31 March		As at 30 September	
	2014	2015	2016	2016	2014	2015	2016	2016
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Amounts payable under finance leases								
Within one year	1,297	33,948	33,948	33,948	1,250	30,003	30,590	30,474
In more than one year but no more than two years	–	33,948	33,948	33,948	–	30,003	30,590	30,474
In more than two years but not more than five years	–	85,797	52,670	35,580	–	75,825	44,648	29,879
	1,297	153,693	120,566	103,476	1,250	135,831	105,828	90,827
Less: future finance charges	(47)	(17,862)	(14,738)	(12,649)				
Present value of lease obligations	1,250	135,831	105,828	90,827				
Less: Amount due for settlement within one year (shown under current liabilities)					(1,250)	(30,003)	(30,590)	(30,474)
Amount due for settlement after one year					<u>–</u>	<u>105,828</u>	<u>75,238</u>	<u>60,353</u>

Interest rates underlying all obligations under finance leases are fixed at respective contract dates during the Track Record Period:

	As at 31 March			As at 30
	2014	2015	2016	September 2016
Interest rates	1.88%	2.66%	2.66%	2.66%

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

23. BORROWINGS

	As at 31 March			As at 30
	2014	2015	2016	September 2016
	S\$	S\$	S\$	S\$
Bank loans – Secured	5,426,830	5,179,030	3,575,000	3,455,834
<i>Analysed as:</i>				
Carrying amount repayable within one year	261,516	244,084	238,332	238,332
Carrying amount repayable more than one year, but not exceeding two years	244,084	251,569	238,332	238,332
Carrying amount repayable more than two years, but not more than five years	769,109	783,492	3,098,336	2,979,170
Carrying amount repayable more than five years	4,152,121	3,899,885	–	–
	5,426,830	5,179,030	3,575,000	3,455,834
Less: Amount due within one year shown under current liabilities	(261,516)	(244,084)	(238,332)	(238,332)
Amounts shown under non-current liabilities	<u>5,165,314</u>	<u>4,934,946</u>	<u>3,336,668</u>	<u>3,217,502</u>

Note: The loan as at 31 March 2014 and 2015 was secured by the legal mortgage and a personal guarantee provided by Mr. Chua Seng Hai. The loan carries interest fixed at 1.40% per annum as at 31 March 2014 and 3% per annum plus Singapore Interbank Offered Rate (“SIBOR”) as at 31 March 2015. The loan as at 31 March 2016 and 30 September 2016 was secured by the legal mortgage carrying fixed interest rates ranging from 1.98% to 5.10% per annum.

24. DEFERRED TAX LIABILITIES

	As at 31 March			As at 30
	2014	2015	2016	September 2016
	S\$	S\$	S\$	S\$
As at 1 April	14,912	29,212	29,611	109,832
Recognised in profit or loss during the year/period:				
– Accelerated tax depreciation	14,300	399	80,221	42,525
As at 31 March and 30 September	<u>29,212</u>	<u>29,611</u>	<u>109,832</u>	<u>152,357</u>

The deferred tax liabilities resulted from temporary taxable differences arising from accelerated depreciation in relation to capital allowance claims on qualified assets in accordance with prevailing tax laws in Singapore.

25. SHARE CAPITAL/RESERVE OF THE COMPANY

(a) Share Capital

The issued share capital as at 31 March 2014 and 2015 represented the combined share capital of SH Integrated and DRC Engineering.

CSH Development was incorporated on 9 October 2015 with an authorised share capital of S\$100,000. The issued share capital as at 31 March 2016 represented the combined share capital of SH Integrated, DRC Engineering and CSH Development.

During the year ended 31 March 2015, DRC Engineering issued 350,000 ordinary shares by way of capitalisation of retained profits amounting to S\$350,000.

On 18 May 2016, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of a single class of par value of HK\$0.01 each, of which one share was allotted and issued in nil paid form to the initial subscriber, an independent third party and the said share was transferred to Mr. Chua Seng Hai on the same date for nil consideration.

The issued share capital as at 30 September 2016 represented the combined share capital of the Company, SH Integrated, DRC Engineering and CSH Development.

(b) Reserve of the Company

The movement of the Company's reserve is as follows:

	For the period ended 30 September 2016 S\$
As at 18 May 2016 (date of incorporation)	–
Loss for the period	<u>(1,492,484)</u>
As at 30 September 2016	<u><u>(1,492,484)</u></u>

26. OPERATING LEASE COMMITMENTS

The Group as lessee

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
Minimum lease payments paid during each of the year/period under operating lease in respect of staff dormitories	<u>127,140</u>	<u>188,400</u>	<u>180,257</u>	<u>93,377</u>	<u>124,608</u>

Future minimum rental payable under non-cancellable leases as at the end of reporting period are as follows:

	As at 31 March		As at 30 September	
	2014	2015	2016	2016
	S\$	S\$	S\$	S\$
Within one year	45,840	158,720	95,760	354,516
After one year but within five years	<u>3,200</u>	<u>12,960</u>	<u>24,720</u>	<u>162,936</u>
	<u>49,040</u>	<u>171,680</u>	<u>120,480</u>	<u>517,452</u>

The leases have tenures ranging from 4.5 months to two years and no contingent rent provision included in the contracts.

27. RETIREMENT BENEFIT PLAN

As prescribed by the Central Provident Fund Board of Singapore, the Group's employees employed in Singapore who are Singapore Citizens or Permanent Residents are required to join the CPF scheme. For each of the years ended 31 March 2014 and 2015 as well as up to 31 December 2015, the Group contributes up to 16% of the eligible employees' salaries to the CPF scheme, with each employee's qualifying salary capped at S\$5,000 per month. From 1 January 2016 the Group's contribution rates are adjusted to up to 17% of the eligible employees' salaries, with each employee's qualifying salary capped at S\$6,000 per month.

The total costs charged to profit or loss, amounting to S\$207,326, S\$212,583, S\$288,128, S\$116,672 (unaudited) and S\$128,479 for the years ended 31 March 2014, 2015, 2016 and the six months ended 30 September 2015 and 2016 respectively, represent contributions paid to the retirement benefits scheme by the Group.

As at 31 March 2014, 2015, 2016 and 30 September 2016, contributions of S\$35,707, S\$39,120, S\$44,852 and S\$50,863 were due respectively but had not been paid to the CPF. The amounts were paid subsequent to the end of the respective years/periods.

28. RELATED PARTY TRANSACTIONS

Apart from disclosures elsewhere in the Financial Information, the Group entered into the following transactions with related parties during the Track Record Period:

Sales

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				<i>(unaudited)</i>	
Just Kids @ Yishun Pte. Ltd.	3,946	18,712	13,316	1,500	2,010
Just Kids Learning Place Pte. Ltd.	12,129	20,038	12,779	6,350	14,335
Just Kids @ Taman Jurong Pte. Ltd.	2,982	4,935	9,986	5,350	5,735
Just Kids @ Marine Parade Pte. Ltd.	3,595	20,707	4,150	2,150	24,060
Just Kids @ Choa Chu Kang Pte. Ltd.	835	3,747	3,336	1,656	5,580
Just Kids @ Jurong Pte. Ltd.	1,349	5,154	2,070	1,250	1,067
Just Kids @ Jurong West Pte. Ltd.	–	60	1,410	810	300
Just Kids @ Woodlands Pte. Ltd.	–	–	750	–	85
CA Lighting (S) Pte. Ltd.	20,500	24,130	90	90	228
Just Kids @Tampines Pte. Ltd.	3,000	75	–	–	–
	<u>48,336</u>	<u>97,558</u>	<u>47,887</u>	<u>19,156</u>	<u>53,400</u>

Purchases

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				<i>(unaudited)</i>	
SLT Services Pte. Ltd.	527,743	804,891	1,154,480	653,530	–
CA Lighting (S) Pte. Ltd.	396,759	292,706	323,005	189,317	45,300
	<u>924,502</u>	<u>1,097,597</u>	<u>1,477,485</u>	<u>842,847</u>	<u>45,300</u>

As at 1 April 2016 and 3 June 2016, the Controlling Shareholders disposed their controlling interests in whole in SLT Services Pte. Ltd. and CA Lighting (S) Pte. Ltd. to third parties, respectively. SLT Services Pte. Ltd. and CA Lighting (S) Pte. Ltd. were no longer related parties to the Group thereon.

During the Track Record Period, the Controlling Shareholders have significant influence over the rest of the related parties.

Guaranteed from Controlling Shareholders

The Controlling Shareholders provided personal guarantees in respect of performance bonds and security bonds for foreign workers in favor of the Group during the Track Record Period, of which S\$1,442,954, S\$2,575,998, S\$4,000,287 and S\$3,537,063 remained outstanding as at 31 March 2014, 2015, 2016 and 30 September 2016 respectively.

Compensation of key management personnel

The remuneration of directors and other members of key management during each year/period of the Track Record Period were as follows:

	Year ended 31 March			Six months ended 30 September	
	2014	2015	2016	2015	2016
	S\$	S\$	S\$	S\$	S\$
				<i>(unaudited)</i>	
Short-term benefits	1,424,690	1,678,444	1,676,875	261,994	507,447
Post-employment benefits	43,619	48,466	71,360	22,720	30,224
	<u>1,468,309</u>	<u>1,726,910</u>	<u>1,748,235</u>	<u>284,714</u>	<u>537,671</u>

29. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of debt, which includes obligations under finance leases and borrowings, as disclosed in Notes 22 and 23, respectively, net of bank balances and cash and equity attributable to owners of the Group, comprising share capital and accumulated profits.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares and new debts.

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

THE GROUP

	As at 31 March			As at 30
	2014	2015	2016	September
	S\$	S\$	S\$	2016
				S\$
Financial assets				
– <i>Loans and receivables</i>				
Trade receivables	6,913,267	9,380,544	7,983,914	8,883,807
Other receivables	162,958	139,613	100,835	198,387
Amounts due from Controlling Shareholders	–	–	–	117,758
Amounts due from related companies	78,195	26,424	17,564	12,011
Bank balances and cash	7,805,723	9,478,136	14,675,108	8,229,883
Pledged bank deposits	–	–	224,889	1,391,712
	<u>14,960,143</u>	<u>19,024,717</u>	<u>23,002,310</u>	<u>18,833,558</u>
Financial liabilities				
– <i>Amortised cost</i>				
Trade and other payables	6,628,024	6,107,271	5,626,451	5,436,573
Amounts due to related companies	275,306	201,378	221,928	–
Borrowings	5,426,830	5,179,030	3,575,000	3,455,834
Amount due to a director	–	–	3,800,000	–
	<u>12,330,160</u>	<u>11,487,679</u>	<u>13,223,379</u>	<u>8,892,407</u>

THE COMPANY

	As at 30
	September
	2016
	S\$
Financial Assets	
– <i>Loans and receivables</i>	
Amounts due from Controlling Shareholders	<u>117,758</u>
Financial liabilities	
– <i>Amortised cost</i>	
Trade and other payables	164,984
Amounts due to subsidiaries	<u>1,720,028</u>
	<u>1,885,012</u>

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amounts due from/to related companies/a director, pledged bank deposits, bank balances and cash, trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Market risk***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the bank balances, and variable rate of interest incurred on bank borrowings. The Group is also exposed to fair value interest rate risk in relation to fixed-rate borrowings and finance leases. It is the Group's policy to maintain an appropriate level between its fixed-rate and variable-rate borrowings so as to minimise the fair value and cash flow interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate risk exposure and will consider interest rate hedging should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The following sensitivity analysis represents management's assessment of the reasonably possible change in interest rates.

Variable-rate borrowings

If interest rates of the variable-rate borrowings had been 50 basis points higher/lower than the SIBOR and all other variables were held constant, the Group's profit for the year ended 31 March 2014, 2015, 2016 and the six months ended 30 September 2016 would decrease/increase by approximately nil, S\$25,895, nil, and nil respectively.

Variable-rate bank balances

If interest rate of variable-rate bank balances had been 10 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 March 2014, 2015, 2016 and the six months ended 30 September 2016 would increase/decrease by approximately S\$7,806, S\$9,478, S\$14,675, and S\$3,014 respectively.

Currency risk

Certain bank balances are denominated in US\$.

Assuming that all other variables remain constant at year end, a 10% depreciation/appreciation of the S\$ against US\$ would result in an increase/decrease in the Group's profit for the year/period of approximately S\$3,497, S\$3,497, S\$37,337 and S\$3,737 for the year ended 31 March 2014, 2015, 2016 and the six months ended 30 September 2016, respectively.

In the management's opinion, the sensitivity analysis above is unrepresentative for the currency risk as the exposure at the end of reporting period does not reflect the exposure during the year.

The Group monitors foreign currency exposure and will consider hedging significant currency exposure should the need arise.

(b) Credit risk

The Group's concentration of credit risk by geographical locations is mainly in Singapore, which accounted for 100% of the total financial assets as at 31 March 2014, 2015, 2016 and 30 September 2016.

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Before accepting any new customer, the Group carries out research on the credit risk of the new customer and assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed when necessary.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Approximately 78%, 78%, 70% and 72% of total trade receivables outstanding at 31 March 2014, 2015, 2016 and 30 September 2016 were due from top 5 customers which exposed the Group to concentration of credit risk.

Those five largest customers are with good creditworthiness based on historical settlement record. In order to minimise the concentration of credit risk, the management has delegated staff responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure follow-up action is taken to recover overdue debts. The management also performs periodic evaluations and customer visits to ensure the Group's exposure to bad debts is not significant and adequate impairment losses are made for irrecoverable amount. In this regard, management of the Group considers that the Group's credit risk is significantly reduced.

Other than concentration of credit risk on bank deposits and balances placed in 5 banks in which the counterparties are financially sound and on trade receivables from top 5 customers, the Group has no other significant concentration of credit risk on other receivables, with exposure spread over a number of counterparties.

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the combined statements of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting its financial obligations as and when they fall due. In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the relevant market rates as at the reporting date) of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows, where applicable.

THE GROUP

	Weighted average interest rate	On demand or within 3 months S\$	3 to 6 months S\$	6 to 12 months S\$	1 to 5 years S\$	Over 5 years S\$	Total undiscounted cash flows S\$	Carrying amount S\$
As at 31 March 2014								
<i>Non-interest bearing</i>								
Trade and other payables		6,628,024	-	-	-	-	6,628,024	6,628,024
Amounts due to related companies		275,306	-	-	-	-	275,306	275,306
<i>Interest bearing instruments</i>								
Obligations under finance leases	1.88%	1,297	-	-	-	-	1,297	1,250
Borrowings	1.41%	82,017	82,017	175,450	1,385,716	4,735,112	6,460,312	5,426,830
		<u>6,986,644</u>	<u>82,017</u>	<u>175,450</u>	<u>1,385,716</u>	<u>4,735,112</u>	<u>13,364,939</u>	<u>12,331,410</u>

	Weighted average interest rate	On demand or within 3 months S\$	3 to 6 months S\$	6 to 12 months S\$	1 to 5 years S\$	Over 5 years S\$	Total undiscounted cash flows S\$	Carrying amount S\$
As at 31 March 2015								
<i>Non-interest bearing</i>								
Trade and other payables		6,107,271	–	–	–	–	6,107,271	6,107,271
Amounts due to related companies		201,378	–	–	–	–	201,378	201,378
<i>Interest bearing instruments</i>								
Obligations under finance leases	2.66%	8,487	8,487	16,974	119,745	–	153,693	135,831
Borrowings	3.51%	102,451	85,551	171,102	1,368,816	4,392,908	6,120,828	5,179,030
		<u>6,419,587</u>	<u>94,038</u>	<u>188,076</u>	<u>1,488,561</u>	<u>4,392,908</u>	<u>12,583,170</u>	<u>11,623,510</u>
As at 31 March 2016								
<i>Non-interest bearing</i>								
Trade and other payables		5,626,451	–	–	–	–	5,626,451	5,626,451
Amounts due to related companies		221,928	–	–	–	–	221,928	221,928
Amount due to a director		3,800,000	–	–	–	–	3,800,000	3,800,000
<i>Interest bearing instruments</i>								
Obligations under finance leases	2.66%	8,487	8,487	16,974	86,618	–	120,566	105,828
Borrowings	3.64%	77,133	77,029	152,798	3,569,027	–	3,875,987	3,575,000
		<u>9,733,999</u>	<u>85,516</u>	<u>169,772</u>	<u>3,655,645</u>	<u>–</u>	<u>13,644,932</u>	<u>13,329,207</u>
As at 30 September 2016								
<i>Non-interest bearing</i>								
Trade and other payables		5,436,573	–	–	–	–	5,436,573	5,436,573
<i>Interest bearing instruments</i>								
Obligations under finance leases	2.66%	8,487	8,487	16,974	69,528	–	103,476	90,827
Borrowings	3.64%	76,731	76,067	156,740	3,405,980	–	3,715,518	3,455,834
		<u>5,521,791</u>	<u>84,554</u>	<u>173,714</u>	<u>3,475,508</u>	<u>–</u>	<u>9,255,567</u>	<u>8,983,234</u>

THE COMPANY

	Weighted average interest rate	On demand or within 3 months S\$	3 to 6 months S\$	6 to 12 months S\$	1 to 5 years S\$	Over 5 years S\$	Total undiscounted cash flows S\$	Carrying amount S\$
As at 30 September 2016								
<i>Non-interest bearing</i> Amounts due to subsidiaries		1,885,012	-	-	-	-	1,885,012	1,885,012

(d) Fair value

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate to their fair values.

B. DIRECTORS' REMUNERATION

Save as disclosed herein, no remuneration was paid or payable by the Group to the Directors of the Company during the Track Record Period.

Under the arrangement currently in force, the aggregate amount of the Directors' fees and other emoluments for the year ending 31 March 2017 is estimated to be approximately S\$616,000 (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits).

C. SUBSEQUENT EVENTS

Save as elsewhere disclosed in this report, subsequent events of the Group and detailed as below.

On 5 January 2017 and 15 March 2017, written resolutions of the shareholders of the Company were passed to approve the matters set out in the paragraph headed "Written resolutions of our sole Shareholder dated 5 January 2017 and 15 March 2017" in appendix V to the Prospectus. It was resolved, among other things:

- (i) the authorised share capital of our Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 Shares to rank pari passu with the existing Shares in all respects; and
- (ii) conditionally approved and adopted a Share Option Scheme, the principle terms of which are set out in the paragraph headed "D. Share Option Scheme" in appendix V to the Prospectus; and

- (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, an amount of HK\$8,249,990 which will then be standing to the credit of the share premium account of the Company be capitalised and applied to pay up in full at par a total of 824,999,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of the Company at the close of business on 5 January 2017 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in the Company, and the Directors of the Company were authorised to give effect to the Capitalisation Issue and such distribution and the Shares to be allotted and issued shall, save for the entitlements to the Capitalisation Issue, rank pari passu in all respects with all the then existing Shares;

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 30 September 2016.

Yours faithfully
Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the accountants' report on the financial information of the Group for each of the three years ended 31 March 2016 and the six months ended 30 September 2016 (the "Track Record Period") (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set out 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 headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is for illustration only, and is set out in this appendix to illustrate the effect of the proposed public offer and placing of the Company's shares ("Offering") on the adjusted combined net tangible assets of the Group as at 30 September 2016, as if it had taken place on such date.

The unaudited pro forma adjusted combined net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 or any future date following the Offering.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma adjusted combined net tangible assets of the Group is prepared based on the audited combined net tangible assets of the Group attributable to the owners of the Company as at 30 September 2016 as shown in the Accountants' Report of the Group as set out in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of the Group attributable to the owners of the Company as at 30 September 2016	Estimated net proceeds from the proposed Offering	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 30 September 2016	Unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 30 September 2016 per Share	
	S\$	S\$	S\$	S\$	HK\$
	<i>(Note 1)</i>	<i>(Note 2)</i>		<i>(Note 3)</i>	<i>(Note 4)</i>
Based on Offer Price of HK\$0.50 per Share	<u>17,363,898</u>	<u>13,859,017</u>	<u>31,222,915</u>	<u>0.03</u>	<u>0.17</u>
Based on Offer Price of HK\$0.70 per Share	<u>17,363,898</u>	<u>20,036,911</u>	<u>37,400,809</u>	<u>0.04</u>	<u>0.21</u>

Notes:

- (1) The audited combined net tangible assets of the Group attributable to the owners of the Company is extracted from the Accountants' Report set out in Appendix I to this prospectus.
- (2) The estimated net proceeds from the issue of the New Shares pursuant to the proposed Offering are based on 175,000,000 New Shares at the Offer Price of lower limit and upper limit of HK\$0.50 and HK\$0.70 per New Share, respectively, after deduction of the associated underwriting commissions and fees and other related expenses, other than those expenses which had been recognised in profit or loss on or prior to 30 September 2016.

The calculation of such estimated net proceeds does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or the Over-allotment Option or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed "General Mandate to Issue Shares" or "General Mandate to Buy Back Shares" in this prospectus. The estimated net proceeds from the proposed Offering are converted from Hong Kong dollars into Singapore dollars at an exchange rate of S\$1.00 to HK\$5.4954. No representation is made that Hong Kong dollars amounts have been, could have been or could be converted to Singapore dollars, or vice versa, at that rate or at all.

- (3) The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 30 September 2016 per Share is calculated based on 1,000,000,000 Shares in issue immediately following Group Reorganisation and after the completion of the proposed Offering and the Capitalisation Issue. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Scheme or the Over-allotment Option or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares referred to in the sections headed “General Mandate to Issue Shares” or “General Mandate to Buy Back Shares” in this prospectus.

- (4) The unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 30 September 2016 per Share is converted from Singapore dollars into Hong Kong dollars at the rate of HK\$5.4954 to S\$1.00. No representation is made that the Singapore dollars amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate or at any other rates or at all.
- (5) No adjustment has been made to the unaudited pro forma adjusted combined net tangible assets of the Group attributable to the owners of the Company as at 30 September 2016 to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2016.
- (6) By comparing the valuation of the property located at 18 Kaki Bukit Place, Eunos Techpark, Singapore set out in the valuation report prepared by Roma Appraisals Limited dated 20 March 2017, the net valuation surplus is approximately S\$229,000 as compared to the carrying amounts of the property as at 31 December 2016, which has not been included in the above combined net tangible assets of the Group. The valuation surplus of the properties will not be incorporated in the Group’s financial statements in the future. If the valuation surplus were to be included in the combined financial statements, an additional annual depreciation charge of approximately S\$5,300 would be incurred.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this prospectus.

Deloitte.

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INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of SHIS Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of SHIS Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") prepared by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted combined net tangible assets as at 30 September 2016 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 20 March 2017 (the "Prospectus"). 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-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed public offer and placing of the shares of the Company (the "Offering") on the Group's financial position as at 30 September 2016 as if the proposed Offering had taken place at 30 September 2016. 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 each of the three years ended 30 September 2016, on which an accountants' report set out in Appendix I to the Prospectus has been published.

Directors' Responsibilities 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 (the "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 behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” 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 Accountants’ 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 accountants plan and perform 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 an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group 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 event or transaction at 30 September 2016 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

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 unaudited 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 accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, 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 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

20 March 2017

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this prospectus received from Roma Appraisals Limited, an independent property valuer, in connection with its valuation of the property held by the Group as at 31 December 2016.



Unit 3806, 38/F, China Resources Building,
26 Harbour Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
<http://www.romagroup.com>

20 March 2017

SHIS Limited.
18 Kaki Bukit Place,
Eunos Techpark,
Singapore 416196

Dear Sir/Madam,

Re: Property Valuation of 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196

In accordance with your instruction for us to value the property held by SHIS Limited (the “Company”) and/or its subsidiaries (together with the Company referred to as the “Group”) located in the Republic of Singapore (“Singapore”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 December 2016 (the “Date of Valuation”) for the purpose of incorporation in the prospectus of the Company dated 20 March 2017.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the property by the direct comparison approach assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

3. TITLE INVESTIGATION

We have carried out land searches at the Singapore Land Authority. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. We do not accept a liability of any interpretation which we have placed on such information which is more properly the sphere of your legal advisers.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, ages of building and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of the property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

valuation is prepared in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in accordance with the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Singapore Dollar (“SGD”).

Our Valuation Certificate is attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Dr. Alan W K Lee
BCom (Property) MFin PhD(BA)
MHKIS RPS(GP) AAPI CPV CPV(Business)
Director

Nancy Chan
BSc (Hons) RPS (GP) MHKIS MRICS
Senior Manager

Notes: Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 13 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

Ms. Nancy Chan is a Registered Professional Surveyor (General Practice) member of Hong Kong Institute of Surveyors and a member of the Royal Institution of Chartered Surveyors. She has over 7 years' experience in real estate industry and property and asset valuation in Hong Kong, Macau, the PRC, Singapore, United Kingdom and other overseas countries.

VALUATION CERTIFICATE

Property held by the Group for owner-occupation in Singapore

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 December 2016										
18 Kaki Bukit Place, Eunos Techpark, Singapore 416196	<p>The property comprises a parcel of land (Lot No. MK23-5497W) with a site area of approximately 644.8 sq.m. and a 7-storey industrial building erected thereon, which was completed in about 1996.</p> <p>According to the approved building plan (Drawing No. 030-SD-001 Rev. 0) dated December 2012, the property has a gross floor area ("GFA") of approximately 1,619.74 sq.m. (or about 17,435 sq.ft.). Area Breakdown of the property are as follows:–</p> <table border="1"> <thead> <tr> <th>Uses</th> <th>GFA (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Production</td> <td>830.57</td> </tr> <tr> <td>Ancillary</td> <td>460.17</td> </tr> <tr> <td>Workers dormitory</td> <td>329.00</td> </tr> <tr> <td>Total:</td> <td>1,619.74</td> </tr> </tbody> </table> <p>The property is held under a leasehold estate for a term of 60 years commencing from 20 November 1995 and expiring on 19 November 2055.</p>	Uses	GFA (sq.m.)	Production	830.57	Ancillary	460.17	Workers dormitory	329.00	Total:	1,619.74	The property is leased to SH Integrated Services Pte. Ltd., an indirect wholly-owned subsidiary of the Company for general offices, storage, dormitory or workshop uses. For details, refer to Notes 3 and 4.	SGD6,700,000
Uses	GFA (sq.m.)												
Production	830.57												
Ancillary	460.17												
Workers dormitory	329.00												
Total:	1,619.74												

Notes:

- The proprietor of the property is CSH Development Pte. Ltd., an indirect wholly-owned subsidiary of the Company vide IE/405976G registered on 12 April 2016.
- Pursuant to the Restriction I/26411P registered in the title search, the building should not be used in any way contrary to the approved use as a light industrial factory.
- Pursuant to a Grant of Written Permission (Temporary) (Decision Nos. P101212-05G2-E013 and P101212-05G2-E022) dated 16 July 2015 and 7 March 2017 issued by Urban Redevelopment Authority respectively, 3/F and 4/F of the property is permitted to use as ancillary workers' dormitory with occupancy loading of 74 persons for a period of 2 years commencing from 24 April 2015 and 24 April 2017 respectively. According to the latest decision, the ancillary workers' dormitory shall cease with effect from 24 April 2019. Upon expiry of the temporary permission for the temporary ancillary workers' dormitory, the property shall be used for industrial or warehouse proposes.
- The property is leased to SH Integrated Services Pte. Ltd., an indirect wholly-owned subsidiary of the Company, for a term of 3 years and 7 days commencing on 25 March 2016 and expiring on 31 March 2019 with a monthly rental of SGD46,000 exclusive of Good and Services Tax ("GST"), all charges of electricity, water, power, gas and air-conditioning supply and other utilities related to the property.
- The property lies within an area zoned "Business 2" under the Singapore Master Plan 2014 (approved amendments incorporated).

6. The property is subject to the following encumbrances:
 - a. A mortgage in favour of United Overseas Bank Limited vide IE/446174T registered on 12 April 2016; and
 - b. Restrictive Covenants contained in Restriction vide I/26411P registered on 7 October 2000.
7. The property is situated in Eunos Techpark, an industrial area located in the Eastern Singapore. Developments in the vicinity comprises a mixture of industrial buildings being head office of many high technologies companies and warehouse. Public transportation facilities such as buses and taxis are readily available along Eunos Link.
8. As advised by the Group, for the property tax, the annual value of the property is SGD272,000 and the current tax rate is 10%.
9. Our inspection was performed by Mr. Alan C.H.Chang, CPA with about 1 year valuation experience and Dr. Alan WK Lee in June 2016 and January 2017 respectively.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 May 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “**Companies Law**”). The Company’s constitutional documents consist of its memorandum of association (the “**Memorandum**”) and its articles of association (the “**Articles**”).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 5 January 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary

quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors*(i) Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every

Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate

allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the

Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the, among others, auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address, by advertisement in newspapers in accordance with the requirements of the Stock Exchange or placing it on the Company's website or the website of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) *Accounts and audit*

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which be those of a country or jurisdiction other than the Cayman Islands.. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution

dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be,

the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “**Court**”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company’s articles of association, so as to provide that such shares are to be or are liable to be so

redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 28 June 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(q) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(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, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Incorporation**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 May 2016 under the Companies Law. Our Company's registered office is at the office of Codan Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company has established a principal place of business in Hong Kong at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong, and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 13 June 2016. Ms. Chan So Fun, our company secretary, has been appointed as the authorised representative of our Company for the acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operation is subject to the laws of the Cayman Islands and its constitutive documents comprising the Memorandum and the Articles of Association. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each. The following alterations in the share capital of our Company have taken place since the date of its incorporation:

- (a) on 18 May 2016, one Share was allotted and issued in nil paid form to the initial subscriber, which was transferred to Mr. Chua on the same date at nil consideration;
- (b) on 29 December 2016, Mr. Chua transferred the one nil paid Share to Ruiheng Global at nil consideration;
- (c) on 29 December 2016, Mr. Chua transferred the entire issued share capital in SH Integrated to JinFeng Ventures, at the consideration of S\$2, which was settled by our Company allotting and issuing 898 new Shares to Ruiheng Global at the direction of Mr. Chua, all credited as fully paid;
- (d) on 29 December 2016, Mrs. Chua transferred the entire issued share capital in DRC Engineering to Innovative Plus, at the consideration of S\$1, which was settled by our Company allotting and issuing 99 new Shares to Ruiheng Global at the direction of Mrs. Chua, all credited as fully paid;
- (e) on 29 December 2016, Mr. Chua and Mrs. Chua transferred the entire issued share capital in CSH Development to Pine Vantage, at the consideration of S\$1, which was settled by our Company allotting and issuing 2 new Shares to Ruiheng Global at the directions of Mr. Chua and Mrs. Chua, all credited as fully paid;

- (f) pursuant to the written resolutions of our sole Shareholder dated 5 January 2017, our Company increased its authorised share capital from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 Shares; and
- (g) immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of any options which may be granted under the Over-allotment Option or the Share Option Scheme; and (ii) any Shares which may be allotted and issued or bought back by our Company under the Issue Mandate and the Buy-Back Mandate respectively), the authorised share capital of our Company will be HK\$50,000,000 divided into 5,000,000,000 Shares and the issued share capital will be HK\$10,000,000 divided into 1,000,000,000 Shares, all fully paid or credited as fully paid and 4,000,000,000 Shares will remain unissued. Other than the allotment and issue of Shares pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of our Shareholders in its general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid and as mentioned in the sections headed “Share capital” and “History, Reorganisation and corporate structure – Reorganisation” in this prospectus, there has been no other alteration in the share capital of our Company since the date of its incorporation.

3. Written resolutions of our sole Shareholder dated 5 January 2017 and 15 March 2017

Pursuant to the written resolutions of our sole Shareholder dated 5 January 2017 and 15 March 2017:

- (a) our Company approved and adopted the Memorandum and, with effect from the Listing Date, the Articles of Association;
- (b) the authorised share capital of our Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 Shares to rank *pari passu* with the existing Shares in all respects; and
- (c) conditional on the same conditions as stated in the section headed “Structure and conditions of the Share Offer – Conditions of the Share Offer” in this prospectus:
 - (i) the Share Offer was approved and our Directors were authorised to allot and issue the Offer Shares subject to the terms and conditions stated in this prospectus;
 - (ii) the Over-allotment Option was approved and our Directors were authorised to effect the same and to allot and issue the Shares upon the exercise of the Over-allotment Option;

- (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “D. Share Option Scheme” in this appendix, were approved and adopted and our Directors were authorised to implement the same, grant options to subscribe for shares thereunder and to allot, issue and deal with Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme including without limitation: (1) administering the Share Option Scheme; (2) modifying and/or amending the Share Option Scheme from time to time provided that such modifications and/or amendments are effected in accordance with the provisions of the Share Option Scheme relating to modifications and/or amendments and the requirements of the Listing Rules; (3) granting options under the Share Option Scheme and issuing and allotting from time to time any Shares pursuant to the exercise of the Over-allotment Option or the options that may be granted under the Share Option Scheme with an aggregate nominal value not exceeding 10% of the total nominal value of the share capital of our Company in issue on the Listing Date; and (4) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may thereafter from time to time be issued and allotted pursuant to the exercise of the Over-allotment Option or the options granted under the Share Option Scheme;
- (iv) conditional on the share premium account of our Company being credited as a result of the Share Offer, an amount of HK\$8,249,990 which will then be standing to the credit of the share premium account of our Company be capitalised and applied to pay up in full at par a total of 824,999,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on 5 January 2017 (or as they may direct) in proportion (as nearly as possible without involving fractions) to their respective then existing shareholdings in our Company, and our Directors were authorised to give effect to the Capitalisation Issue and such distribution and the Shares to be allotted and issued shall, save for the entitlements to the Capitalisation Issue, rank *pari passu* in all respects with all the then existing Shares;
- (v) a general unconditional mandate was given to our Directors to allot, issue and deal with (otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend on shares in accordance with the Articles of Association, or pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or under the Share Offer or the Capitalisation Issue) unissued Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue and as enlarged immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme) until the

conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest;

- (vi) a general unconditional mandate was given to our Directors authorising them to exercise all powers of our Company to buy back Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest; and
- (vii) conditional on the passing of the resolutions referred to in sub-paragraphs (v) and (vi) above, the general unconditional mandate mentioned in sub-paragraph (v) above was extended by the addition of the aggregate nominal value of the share capital of our Company which may be allotted, issued or dealt with by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company bought back by our Company pursuant to the mandate to buy back shares referred to in sub-paragraph (vi) above.

4. Reorganisation

The companies comprising our Group underwent the Reorganisation, pursuant to which our Company became the holding company of our Group. The Reorganisation involved the following major steps:

- (a) on 18 May 2016, our Company was incorporated in the Cayman Islands as an exempted company with limited liability, with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each, of which one Share was allotted and issued in nil paid form to the initial subscriber, which was transferred to Mr. Chua on the same date at nil consideration;
- (b) on 18 March 2016, JinFeng Ventures was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each. On 25 May 2016, one share in JinFeng Ventures was allotted and issued to our Company, credited as fully paid;

- (c) on 25 April 2016, Innovative Plus was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each. On 25 May 2016, one share in Innovative Plus was allotted and issued to our Company, credited as fully paid;
- (d) on 5 May 2016, Pine Vantage was incorporated in the BVI with limited liability, with an authorised share capital of 50,000 shares of a single class of par value of US\$1 each. On 14 June 2016, one share in Pine Vantage was allotted and issued to our Company, credited as fully paid;
- (e) on 29 December 2016, Mr. Chua transferred the one nil paid Share to Ruiheng Global at nil consideration;
- (f) on 29 December 2016, Mr. Chua transferred the entire issued share capital in SH Integrated to JinFeng Ventures, at the consideration of S\$2, which was settled by our Company allotting and issuing 898 new Shares to Ruiheng Global at the direction of Mr. Chua, all credited as fully paid;
- (g) on 29 December 2016, Mrs. Chua transferred the entire issued share capital in DRC Engineering to Innovative Plus, at the consideration of S\$1, which was settled by our Company allotting and issuing 99 new Shares to Ruiheng Global at the direction of Mrs. Chua, all credited as fully paid; and
- (h) on 29 December 2016, Mr. Chua and Mrs. Chua transferred the entire issued share capital in CSH Development to Pine Vantage, at the consideration of S\$1, which was settled by our Company allotting and issuing 2 new Shares to Ruiheng Global at the directions of Mr. Chua and Mrs. Chua, all credited as fully paid.

5. Changes in share capital of subsidiaries in our Company

Our subsidiaries are set out under the Accountants' Report set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in Appendix I to this prospectus, our Company has no other subsidiaries.

Save as disclosed in the paragraph headed "4. Reorganisation" above and in the section headed "History, Reorganisation and corporate structure" in this prospectus, there has been no other alteration in the share capital of any of the subsidiaries in our Company within the two years immediately preceding the date of this prospectus.

6. Buy-Back by our Company of its own securities

This section includes information relating to the buy-back of our Shares, including information required by the Stock Exchange to be included in this prospectus concerning such buy-back.

(a) *Relevant legal and regulatory requirements*

The Listing Rules permit our Shareholders to grant our Directors a general mandate to buy back our Shares that are listed on the Stock Exchange.

(b) *Shareholders' approval*

All proposed buy-backs of Shares (which must be fully paid up) must be approved in advance by an ordinary resolution of our Shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

The Buy-Back Mandate was granted to our Directors by our sole Shareholder pursuant to the written resolutions of our sole Shareholder dated 5 January 2017 authorising them to exercise all powers of our Company to buy back Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association or any applicable law to be held, or the passing of an ordinary resolution by our Shareholders in general meeting revoking or varying the authority given to our Directors, whichever is the earliest.

(c) *Source of funds*

Buy-backs must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of Hong Kong and the Cayman Islands and any other laws and regulations applicable to our Company. A listed company may not buy back its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the Listing Rules. Under the Cayman Islands law, any buy-backs of Shares by our Company may be made out of profits or share premium of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the buy-backs. Any premium payable on a redemption or purchase over the par value of the Shares to be bought back must be provided for out of the profits of our Company or from sums standing to the credit of the share premium account of our Company. Subject to the provisions of the Companies Law, any buy-backs of Shares may also be paid out of the share capital of our Company.

(d) *Trading restrictions*

Our Company may buy back up to 10% of the number of the issued Shares immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or any options which

may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of our Shares for a period of 30 days immediately following a buy-back of Shares without the prior approval of the Stock Exchange. Our Company is also prohibited from buying back our Shares on the Stock Exchange if the buy-back would result in the number of listed Shares which are in the hands of the public falling below the minimum percentage required by the Stock Exchange. In addition, our Company is prohibited from buying back our Shares on the Stock Exchange if the purchase price is 5% or more than the average closing price for the five consecutive preceding trading days on which our Shares were traded on the Stock Exchange. The broker appointed by our Company to effect a buy-back of our Shares is required to disclose to the Stock Exchange any information with respect to a Share buy-back as the Stock Exchange may require.

(e) Status of bought back Shares

All Shares bought back (whether on the Stock Exchange or otherwise) will be cancelled and the certificates for those Shares must be cancelled and destroyed. Under the Cayman Islands law, a company's shares bought back may be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate nominal value of the shares bought back accordingly although the authorised share capital of the company will not be reduced.

(f) Suspension of buy-back

Buy-backs of Shares are prohibited after a price-sensitive development has occurred or has been the subject of a decision until such time as the price-sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (aa) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the results of our Company for any year, half-year or quarter-year period or any other interim period (whether or not reported under the Listing Rules); and (bb) the deadline for our Company to announce its results for any year, half-year or quarter-year period under the Listing Rules or any other interim period (whether or not required under the Listing Rules), our Company may not buy back its securities on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange reserves the right to prohibit buy-backs of Shares on the Stock Exchange if our Company has breached the Listing Rules.

(g) Reporting requirements

Certain information relating to buy-back of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, our Company's annual report and accounts are required to disclose details regarding buy-backs of Shares made during the financial year under review, including the number of Shares bought back each month (whether on the Stock Exchange or otherwise) and the purchase price per Share or the highest

and lowest prices paid for all such buy-backs, where relevant, and the aggregate prices paid. The Directors' report is also required to contain reference to the buy-backs made during the year and the Directors' reasons for making such buy-backs.

(h) Connected persons

According to the Listing Rules, a company is prohibited from knowingly buying back securities on the Stock Exchange from a "core connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or any of their close associates and a core connected person shall not knowingly sell his/her/its securities to our Company on the Stock Exchange.

(i) Reasons for buy-backs

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 buy back Shares in the market. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of our Company and/or earnings per Share and will only be made when our Directors believe that such buy-backs will benefit our Company and our Shareholders.

(j) Funding of buy-backs

In buying back Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of Hong Kong and the Cayman Islands and any other laws and regulations applicable to our Company.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Buy-Back Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. Our Directors do not propose to exercise the Buy-Back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

(k) General

The exercise in full of the Buy-Back Mandate, on the basis of 1,000,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme; and (ii) any Shares which may be allotted and issued or bought back by our Company under the Issue Mandate or the Buy-Back Mandate respectively), would result in up to 100,000,000 Shares being bought back by our Company during the period in which the Buy-Back Mandate remains in force.

None of our Directors nor, to the best of their knowledge having made all reasonable inquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-Back Mandate in accordance with the Memorandum and Articles of Association, the Listing Rules and the applicable laws and regulations of Hong Kong and the Cayman Islands and any other laws and regulations applicable to our Company.

If, as a result of a buy-back of Shares, 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. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not presently aware of any consequences which would arise under the Takeovers Code as a consequence of any buy-backs pursuant to the Buy-Back Mandate immediately after the Listing.

No core connected person has notified our Company that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Buy-Back Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

1. Summary of material contracts

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years immediately preceding the date of this prospectus, and are or may be material:

- (a) the option to purchase dated 4 January 2016 and the acceptance dated 12 January 2016, pursuant to which SH Integrated offered to sell and CSH Development agreed to purchase a property located at 18 Kaki Bukit Place, Eunos Techpark, Singapore 416196, at the consideration of S\$6,700,000;
- (b) the share purchase agreement dated 29 December 2016 and entered into among Mr. Chua as vendor, JinFeng Ventures as purchaser, and our Company, pursuant to which Mr. Chua agreed to transfer the entire issued share capital in SH Integrated to JinFeng Ventures, at the consideration of S\$2, which was settled by our Company (i) allotting and issuing 898 new Shares to Ruiheng Global at the direction of Mr. Chua, all credited as fully paid; and (ii) crediting as fully paid the one nil paid Share registered in the name of Ruiheng Global, which was transferred from Mr. Chua at nil consideration on the same day;
- (c) the share purchase agreement dated 29 December 2016 and entered into among Mrs. Chua as vendor, Innovative Plus as purchaser, and our Company, pursuant to which Mrs. Chua agreed to transfer the entire issued share capital in DRG



Engineering to Innovative Plus, at the consideration of S\$1, which was settled by our Company allotting and issuing 99 new Shares to Ruiheng Global at the direction of Mrs. Chua, all credited as fully paid;

- (d) the share purchase agreement dated 29 December 2016 and entered into among Mr. Chua and Mrs. Chua as vendors, Pine Vantage as purchaser, and our Company, pursuant to which Mr. Chua and Mrs. Chua agreed to transfer the entire issued share capital in CSH Development to Pine Vantage, at the consideration of S\$1, which was settled by our Company allotting and issuing 2 new Shares to Ruiheng Global at the directions of Mr. Chua and Mrs. Chua, all credited as fully paid;
- (e) the Deed of Indemnity;
- (f) the Deed of Non-competition; and
- (g) the Public Offer Underwriting Agreement.

2. Intellectual property rights

(a) Trademark

As at the Latest Practicable Date, our Group had registered the following trademark in Hong Kong:

Trademark	Trademark number	Registered owner	Class(es)	Registration date	Expiry date
	303761479	SH Integrated	35, 37	29 April 2016	28 April 2026
					

(b) Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain name	Registered owner	Registration date	Expiry date
shilimited.com	SH Integrated	21 April 2016	21 April 2018

C. FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

1. Interests and short positions of Directors and the chief executives of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations

So far as is known to our Directors, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, and (ii) any Shares which may be allotted and issued or bought back by our Company under the Issue Mandate or the Buy-Back Mandate respectively), the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares or debentures of our Company and its associated corporations (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required pursuant to section 352 of the SFO to be entered in the register referred to therein, or which will be required to notify to our Company and the Stock Exchange pursuant to Appendix 10 of the Listing Rules, will be as follows:

(a) Long position in our Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held	Position	Percentage of issued share capital
Mr. Chua	Interest in controlled corporation	750,000,000 <i>(Note)</i>	Long	75%

Note: These Shares are held by Ruiheng Global. The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua. Mr. Chua is deemed to be interested in the Shares in which Ruiheng Global is interested in under Part XV of the SFO.

(b) Long position in the shares of Ruiheng Global, an associated corporation of our Company

Name of Director	Capacity/ Nature of interest	Number of shares held in Ruiheng Global	Percentage of issued share capital in Ruiheng Global	Number of Shares held by Ruiheng Global	Percentage of issued share capital in the Company
Mr. Chua <i>(Note)</i>	Beneficial owner	9	90%	750,000,000	75%

Note: The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua. Mr. Chua is deemed to be interested in the Shares in which Ruiheng Global is interested in under Part XV of the SFO.

2. Interests and/or short positions of substantial shareholders in the Shares, and underlying Shares of our Company and its associated corporations

So far as is known to our Directors, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, and (ii) any Shares which may be allotted and issued or bought back by our Company under the Issue Mandate or the Buy-Back Mandate respectively), the following persons (not being a Director or chief executive of our Company) will have an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

Name	Capacity/ Nature of interest	Number of Shares held	Position	Percentage of issued share capital
Ruiheng Global	Beneficial owner	750,000,000 <i>(Note 1)</i>	Long	75%
Mrs. Chua	Interest of spouse	750,000,000 <i>(Note 2)</i>	Long	75%

Notes:

- 1 The issued share capital of Ruiheng Global is legally and beneficially owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua. Mr. Chua is deemed to be interested in the Shares in which Ruiheng Global is interested in under Part XV of the SFO.
- 2 Mrs. Chua is the spouse of Mr. Chua. Mrs. Chua is deemed to be interested in the Shares in which Mr. Chua is interested in under Part XV of the SFO.

3. Particulars of service agreements

Each of Mr. Chua and Mr. Joe Lim, all being our Executive Directors, will enter into a service agreement with our Company for an initial term of three years commencing from the Listing Date, and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of our Executive Directors is entitled to their respective basic salary set out below (subject to an annual increment, which will be made one year after the commencement date of the service agreement at the discretion of our Directors).

Each of our Independent Non-Executive Directors will enter into a letter of appointment with our Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of our Independent Non-Executive Directors is appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Save as aforesaid, none of our Directors has or is proposed to have a service agreement with our Company or any of our subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

Each of the above remunerations is determined by our Company with reference to duties and level of responsibilities of each Director and the remuneration policy of our Company and the prevailing market conditions.

The appointments of our Executive Directors and our Independent Non-Executive Directors are subject to the provisions of retirement and rotation of Directors under the Articles.

4. Directors' emoluments

- (i) For the three years ended 31 March 2016 and the six months ended 30 September 2016, the aggregate emoluments paid and benefits in kind granted by our Group to our Directors were approximately S\$900,000, S\$1,100,000, S\$1,300,000 and S\$300,000, respectively.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 March 2017 is expected to be approximately S\$616,000.
- (iii) None of our Directors or any past directors of any member of our Group has been paid any sum of money during the Track Record Period, (1) as an inducement to join or upon joining our Company or (2) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.
- (iv) There has been no arrangement under which a Director has waived or agreed to waive any emoluments during the Track Record Period.

- (v) Under the arrangements currently proposed, conditional upon the Listing, the basic annual emoluments (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:

S\$

Executive Directors

Mr. Chua	360,000
Mr. Joe Lim	240,000

Independent Non-Executive Directors

Ms. Ng Peck Hoon	21,000
Mr. Toh Soo Bock, Bob	21,000
Mr. Sim Choon Hong	21,000

- (vi) Each of our Executive Directors and Independent Non-Executive Directors is entitled to reimbursement of all necessary and reasonable out-of-pocket expenses properly incurred in relation to all business and affairs carried out by our Group from time to time or in discharge of his/her duties to our Group under his/her service contract.

5. Agency fees or commissions received

Save as disclosed in the section headed “Underwriting – Underwriting arrangement and expenses – Commission, fees and expenses” in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries.

6. Related party transactions

Save for the transactions conducted in connection with the Reorganisation or as disclosed in note 28 to the accountants’ report set out in Appendix I to this prospectus, our Group has not engaged in any other material related party transactions during the Track Record Period.

7. Disclaimers

Save as disclosed in this prospectus:

- (i) without taking into account (i) any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, and (ii) any Shares which may be allotted and issued or bought back by our Company under the Issue Mandate and the Buy-Back Mandate, our Directors are not aware of any person who immediately following the completion of the Share Offer will have an

interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group;

- (ii) none of our Directors has for the purpose of Divisions 7 and 8 of Part XV of the SFO or the Listing Rules, nor is any of them taken to or deemed to have under Divisions 7 and 8 of Part XV of the SFO, any interests and short positions in the Shares, underlying Shares, and debentures of our Company or any associated corporations (within the meaning of the SFO) or any interests which will have to be entered in the register to be kept by our Company pursuant to section 352 of the SFO or which will be required to be notified to our Company and the Stock Exchange pursuant to Appendix 10 of the Listing Rules, once the Shares are listed on the Stock Exchange;
- (iii) none of our Directors or the experts named in the paragraph headed “E. Other information – 6. Qualifications of experts” in this appendix has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group, nor will any Director apply for the Offer Shares either in his/her own name or in the name of a nominee;
- (iv) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and
- (v) none of the experts named in the paragraph headed “E. Other information – 6. Qualifications of experts” in this appendix has any shareholding in any company in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any company in our Group.

D. SHARE OPTION SCHEME**1. Summary of the terms of the Share Option Scheme***(i) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to provide an incentive or a reward to eligible persons for their contribution to our Company and our subsidiaries and/or to enable our Group to recruit and retain high-calibre employees and attract human resources that are valuable to our Group or any entity in which our Group holds any equity interest (“**Invested Entity**”).

(ii) Who may join

Subject to the provisions in the Share Option Scheme, the Board shall be entitled at any time and from time to time within the period of ten (10) years after the date of adoption of the Share Option Scheme to make an offer to any of the following classes of persons (“**Eligible Participant(s)**”):

- (1) any employee (whether full-time or part-time) of our Company, any of our subsidiaries and any Invested Entity;
- (2) any director (including executive, non-executive and independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;
- (3) any supplier of goods or services to any member of our Group or any Invested Entity;
- (4) any customer of our Group or any Invested Entity;
- (5) any consultant, adviser, manager, officer or entity that provides research, development or other technological support to our Group or any Invested Entity; or
- (6) any person who, in the sole discretion of the Board, has contributed or may contribute to our Group or any Invested Entity eligible for options under the Share Option Scheme.

(iii) Maximum number of shares

- (1) Notwithstanding anything to the contrary herein, the maximum number of Shares which may be issued upon the 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, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

- (2) The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed 100,000,000 Shares, being 10% of the total number of Shares (assuming the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme) in issue as at the Listing Date unless our Company obtains the approval of our Shareholders in general meeting for renewing the 10% limit (“**Scheme Mandate Limit**”) under the Share Option Scheme provided that options 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 whether the Scheme Mandate Limit has been exceeded.
- (3) Our Company may seek approval of our Shareholders in general meeting to renew the Scheme Mandate Limit such that the total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company as “renewed” shall not exceed 10% (“**Renewal Limit**”) of the total number of Shares (assuming the Over-allotment Option is not exercised and no options are granted under the Share Option Scheme) in issue as at the date of the approval of our Shareholders on the renewal of the Scheme Mandate Limit, provided that options previously granted under the Share Option Scheme or any other share option schemes of our Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company or exercised) will not be counted for the purpose of calculating the Renewal Limit.

For the purpose of seeking the approval of our Shareholders for the Renewal Limit, a circular containing the information and the disclaimer as required under the Listing Rules must be sent to our Shareholders.

- (4) Our Company may seek separate approval of our Shareholders in general meeting for granting options beyond the Scheme Mandate Limit provided that the proposed grantee(s) of such option(s) must be specifically identified by the company before such approval is sought. For the purpose of seeking the approval of our Shareholders, our Company must send a circular to our Shareholders containing a generic description of the specified proposed grantees of such options, the number and terms of the options to be granted, the purpose of granting such options to the proposed grantees with an explanation as to how the terms of options serve such purpose and the information as required under the Listing Rules.

(iv) Maximum entitlement of each Eligible Participant

No option shall be granted to any Eligible Participant if any further grant of options would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including such further grant exceeding 1% of the total number of Shares in issue, unless:

- (1) such further grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules, by resolution of our Shareholders in general meeting at which the Eligible Participant and his/her/its associates shall abstain from voting;
- (2) a circular regarding the further grant has been despatched to our Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules (including the identity of the Eligible Participant, the number and terms of the options to be granted and options previously granted to such Eligible Participant); and
- (3) the number and terms (including the subscription price) of such option are fixed before the general meeting of our Company at which the same are approved.

(v) Grant of options to connected persons

- (1) The grant of options to a Director, chief executive or substantial Shareholder of our Company or any of his/her/its respective associates (including discretionary trust in which any connected persons are beneficiary) requires the approval of all our Independent Non-Executive Directors (excluding any Independent Non-Executive Director who is a prospective grantee of the option) and shall comply with the relevant provisions of Chapter 17 of the Listing Rules.
- (2) Where an option is to be granted to a substantial Shareholder or an Independent Non-Executive Director (or any of his/her/its respective associates), and such grant will result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (a) exceeding 0.1% of the total number of Shares in issue at the relevant time of grant; and

- (b) exceeding an aggregate value (based on the closing price of the Shares on the Stock Exchange on the date of each grant) of HK\$5.0 million, such grant shall not be valid unless:
- I. a circular containing the details of the grant has been despatched to our Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules, including, in particular, (i) details of the number and terms (including subscription price) of our options to be granted to each connected person of the Company, which must be fixed before the Shareholders' meeting and the date of the Board meeting for proposing such further grant is to be taken as the date of grant for the purposes of calculating the subscription price, and (ii) a recommendation from the Independent Non-Executive Directors (excluding the Independent Non-Executive Director who is the prospective grantee of the option) to the independent Shareholders as to voting; and
 - II. the grant has been approved by the Shareholders in general meeting (taken on a poll) at which all connected persons of the Company shall abstain from voting in favour of the grant.

(vi) Time of acceptance and exercise of an option

An offer of grant of an option may be accepted by an Eligible Participant within the date as specified in the offer letter issued by the Company, being a date not later than 21 Business Days from the date upon which it is made, by which the Eligible Participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than ten (10) years after the date of adoption of the Share Option Scheme.

A consideration of S\$1 is payable on acceptance of the offer of grant of an option. Such consideration shall in no circumstances be refundable. An option may be exercised in whole or in part by the grantee (or his personal representative(s)) at any time before the expiry of the period to be determined and notified by our Board to the grantee which in any event shall not be longer than ten (10) years commencing on the date of the offer letter and expiring on the last day of such ten (10)-year period subject to the provisions for early termination as contained in the Share Option Scheme.

(vii) Performance targets

There is no performance target that has to be achieved before the exercise of any option.

(viii) Subscription price for shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price determined by our Board in its absolute discretion and notified to an Eligible Participant, and shall be at least the higher of: (1) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date (as defined below), (2) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive Business Days immediately preceding the Offer Date, and (3) the nominal value of a Share on the Offer Date.

Where an option is to be granted to an Eligible Participant, the date of the Board meeting at which the grant was proposed shall be taken to be the date of the offer of such option, which must be a Business Day ("**Offer Date**"). For the purpose of calculating the subscription price, where an option is to be granted fewer than five Business Days after the listing of the Shares on the Stock Exchange, the Offer Price shall be used as the closing price for any Business Day falling within the period before the Listing.

(ix) Ranking of Shares

The Shares to be issued and allotted upon the exercise of an option shall be subject to the Memorandum and Articles of Association of our Company for the time being in force and shall rank *pari passu* in all respects with the fully-paid Shares in issue of our Company as at the date of allotment and issue ("**Exercise Date**"), and will entitle the holders to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date.

(x) Restrictions on the time of grant of options

No option shall be granted after a price-sensitive development concerning our Company or any subsidiary has occurred or a price-sensitive matter concerning our Company or any subsidiary has been the subject of a decision of our Group until such price-sensitive information has been announced pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

- (1) the date of the meeting of our Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (2) the deadline for our Company to publish an announcement of our results for any year or half-year, quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no option shall be granted.

(xi) Period of the Share Option Scheme

Subject to any prior termination by the company in a general meeting or by our Board, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of adoption of the Share Option Scheme (“**Option Period**”), after which period no further option shall be granted but in respect of all options which remain exercisable at the end of such period, the provisions of the Share Option Scheme shall remain in full force and effect.

(xii) Rights on cessation of employment

Where the grantee of an outstanding option 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 (xxi)(e), the option shall lapse on the date of cessation (to the extent not already exercised) and not be exercisable unless our Board otherwise determines to grant an extension (to the extent which has become exercisable and not already exercised) and subject to any other terms and conditions decided at the discretion of our Board. For the avoidance of doubt, such period of extension (if any) shall be granted within and in any event ended before the expiration of the period of one month following the date of his cessation to be an employee of our Group.

(xiii) Rights on death

Where the grantee of an outstanding option dies before exercising the option in full or at all, and none of the events specified in (xxi)(e) which would be a ground for termination of his/her employment or engagement arises, the option may be exercised in full or in part (to the extent not already exercised) by his/her personal representative(s) within 12 months following the date of his/her death or such longer period as our Board may at its absolute discretion determine from the date of death to exercise the option up to the entitlement of such grantee as at the date of death (to the extent which has become exercisable and not already exercised).

(xiv) Rights on a general offer

In the event of a general or partial offer (whether by way of take-over offer, share buy-back offer or scheme of arrangement or otherwise in like manner) being made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, and if such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his/her/its option (to the extent not already exercised) to its full extent or to the extent specified in the grantee’s notice to the Company in exercise of his/her/its option within one month after the date on which the offer becomes or is declared unconditional.

(xv) Rights on winding-up

In the event that a notice is given by our Company to our Shareholders to convene a general meeting for the purposes of considering and, if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall, on the same date as or soon after it despatches such notice to each shareholder, give notice thereof to all grantees (together with a notice of existence of this provision) and thereupon, each grantee (or his/her personal representative(s)) shall, subject to the provisions of all applicable laws, be entitled to exercise all or any of his/her/its options (to the extent which has become exercisable and not already exercised) 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 exercise 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 and issue the relevant Shares to the grantee credited as fully paid, which Shares shall rank *pari passu* with all other Shares in issue on the date prior to the passing of the resolution to wind-up our Company to participate in the distribution of assets of our Company available in liquidation.

(xvi) Rights on scheme of arrangement

In the event of a general or partial offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the grantee (or his/her personal representative(s)) may thereafter (but only until such time as shall be notified by our Company, after which it shall lapse) exercise the option (to the extent which has become exercisable and not already exercised) to its full extent or to the extent specified in the grantee's notice to our Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(xvii) Rights on compromise or arrangement between our Company and our creditors

In the event of a compromise or arrangement between our Company and our creditors (or any class of them) or between our Company and our Shareholders (or any class of them) in connection with a scheme for the reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to our Shareholders or creditors to consider such a compromise or arrangement, and thereupon any grantee (or his/her personal representative(s)) may by notice in writing to our Company accompanied by the remittance of the subscription price in respect of the relevant option (such notice to be received by our Company not later than two Business Days before the proposed meeting) exercise any of his/her/its options (to the extent which has become exercisable and not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court of competent jurisdiction and becoming effective. 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 meeting referred to above, allot and issue

such number of Shares to the grantee which may fall to be issued on such exercise credited as fully paid and register the grantee as holder of such Shares. Upon such compromise or arrangement becoming effective, all options shall lapse except insofar as previously exercised under the Share Option Scheme. Our Company may require the grantee (or his/her personal representative(s)) to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such shares been subject to such compromise or arrangement.

(xviii) Reorganisation of capital structure

In the event of any alteration in the capital structure of our Company whilst any option has been granted and remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction), our Company shall (if applicable) make corresponding alterations (if any), in accordance with the Listing Rules and any applicable guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time (including but not limited to the supplementary guidance issued on 5 September 2005), to:

- (1) the number and/or nominal amount of Shares subject to the options already granted so far as they remain exercisable; and/or
- (2) the subscription price; and/or
- (3) the maximum number of Shares referred to in sub-paragraphs (iii) and (iv) above provided that:
 - (aa) no such alteration shall be made in respect of an issue of Shares or other securities by our Company as consideration in a transaction;
 - (bb) any such alterations must be made so that each grantee is given the same proportion of the equity capital of our Company as that to which he/she/it was previously entitled;
 - (cc) no such alterations shall be made which would result in the subscription price for a Share being less than its nominal value; and
 - (dd) any such alterations, save those made on a capitalisation issue, shall be confirmed by an independent financial adviser or the auditors in writing to the Directors, to be in their opinion fair and reasonable, as satisfying the requirements of provisions referred to in sub-paragraphs (bb) and (cc) above.

(xix) Cancellation of options

Our Board may, with the consent of the relevant grantee, at any time at its absolute discretion cancel any option granted but not exercised. Where our Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the Scheme Mandate Limit approved by the Shareholders.

(xx) Termination of the Share Option Scheme

Our Company, by resolution in general meeting, or our Board may at any time terminate the operation of the Share Option Scheme and in such event no further option will be offered but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options granted prior to such termination and not then exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme and the Listing Rules.

(xxi) Rights are personal to grantee

An option shall be personal to the grantee and shall not be assignable nor transferable, and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (whether legal or beneficial) in favour of any third party over or in relation to any option or enter into any agreement to do so. Any breach of the foregoing by the grantee shall entitle our Company to cancel any option or part thereof granted to such grantee (to the extent not already exercised) without incurring any liability on the part of our Company.

(xxii) Lapse of option

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period (subject to the provision referred to in sub-paragraph (xx));
- (b) the expiry of the periods referred to in sub-paragraphs (xii), (xiii) or (xvii), where applicable;
- (c) subject to the court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining Shares in the offer, the expiry of the period referred to in sub-paragraph (xiv);
- (d) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in sub-paragraph (xvi);

- (e) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his/her/its employment or engagement on the grounds that he/she/it has been guilty of misconduct, or has been in breach of a material term of the relevant employment contract or engagement contract, or appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has committed any act of bankruptcy, or has become insolvent, or has been served a petition for bankruptcy or winding-up, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence or (if so determined by our Board, the board of the relevant subsidiary or the board of the relevant associated company of our Company, as the case may be) on any other ground on which an employer or a sourcing party would be entitled to terminate his employment or engagement at common law or pursuant to any applicable laws or under the grantee's service contract or supply contract with our Company, the relevant subsidiary or the relevant associated company of our Company (as the case may be);
- (f) the date of the commencement of the winding-up of our Company referred to in sub-paragraph (xv);
- (g) the date on which the grantee commits a breach of sub-paragraph (xxi); or
- (h) the date on which the option is cancelled by our Board as set out in sub-paragraph (xix).

(xxiii) Alterations to the Share Option Scheme

- (1) The Share Option Scheme may be amended or altered in any respect to the extent allowed by the Listing Rules by resolution of our Board except that the following alterations must be approved by a resolution of our Shareholders in general meeting:
 - (aa) any changes to the definitions of Eligible Participant, grantee and option period;
 - (bb) any changes to the terms and conditions of the Share Option Scheme to the advantage of the grantees of the options;
 - (cc) any alterations to the terms and conditions of the Share Option Scheme which are of a material nature;
 - (dd) any changes to the terms of options granted; and
 - (ee) any changes to the authority of our Board in relation to any alteration to the terms of the Share Option Scheme except where such alterations take effect automatically under the existing terms of the Share Option Scheme, provided that: (aa) the amended terms of the Share Option Scheme or the options must comply with Chapter 17 of the Listing

Rules; and (bb) no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction in writing of such number of grantees as shall together hold options in respect of not less than three-fourths in nominal value of all Shares then subject to the option granted under the Share Option Scheme.

- (2) Notwithstanding the other provisions of the Share Option Scheme, the Share Option Scheme may be amended or altered in any respect by resolution of our Board without the approval of our Shareholders or the grantee(s) to the extent such amendment or alteration is required by the Listing Rules or any guidelines issued by the Stock Exchange from time to time.
- (3) Our Company must provide to all grantees all details relating to changes in the terms of the Share Option Scheme during the life of the Share Option Scheme immediately upon such changes taking effect.

(xxiv) Conditions

The Share Option Scheme is conditional on:

- (aa) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalisation Issue, the Share Offer and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option or any options under the Share Option Scheme;
- (bb) the obligations of the Underwriter under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and
- (cc) the commencement of dealings in the Shares on the Stock Exchange.

2. Present status of the Share Option Scheme

(i) Approval and adoption of the rules of the Share Option Scheme

The rules of the Share Option Scheme were approved and adopted by the sole Shareholder on 5 January 2017.

(ii) Approval of the Stock Exchange required

The Share Option Scheme is conditional, among other matters, on the Stock Exchange granting the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of the Over-allotment Option or the options under the Share Option Scheme up to the 10% of the Shares in issue as at the Listing Date.

(iii) Application for listing

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme. The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of our Company shall not exceed 100,000,000 Shares, being 10% of the total number of Shares in issue as at the Listing Date unless our Company obtains the approval of our Shareholders in general meeting for renewing the said 10% limit under the Share Option Scheme provided that options 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 10% limit mentioned above.

(iv) Grant of option

As at the Latest Practicable Date, no options have been granted or agreed to be granted under the Share Option Scheme.

(v) Value of options

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

E. OTHER INFORMATION**1. Tax and other indemnities**

Our Controlling Shareholders will enter into the Deed of Indemnity with and in favour of our Company (for ourselves and as trustee for and on behalf of our subsidiaries) (being the material contract (e) referred to in the paragraph headed “B. Further information about the business of our Group – 1. Summary of material contracts” in this appendix) to provide indemnities in respect of, among other matters, any liability which might be incurred by any member of our Group as a direct or indirect result of or in consequence of any claim relating to the amount of any and all taxation falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring or deemed to occur as well as any liability of our Group as a result of or in connection with regulatory and legal non-compliance by any members of our Group for matters in existence on or before the Listing Date as disclosed in the section headed “Business” in this prospectus.

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group in the Cayman Islands or BVI.

2. Litigation

Save as disclosed in the section headed “Business – Litigation and claims” in this prospectus, as at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance, and no litigation or claim of material importance was known to our Directors to be pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme, on the Stock Exchange.

The Sole Sponsor satisfies the independence criteria applicable to sponsors under Rule 3A.07 of the Listing Rules. The Sole Sponsor is entitled to the sponsor’s fee in the amount of HK\$4,000,000.

4. Preliminary expenses

The preliminary expenses of our Company are approximately HK\$43,000 and are payable by our Company.

5. Promoter

- (a) Our Company has no promoter for the purpose of the Listing Rules.
- (b) Save as disclosed herein, within the two years immediately preceding the date of this prospectus, no cash, securities, amount or other benefit has been paid or given to the promoter in connection with the Share Offer or the related transactions described in this prospectus.

6. Qualifications of experts

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name:	Qualifications
Dakin Capital Limited	licensed corporation holding a licence to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Deloitte Touche Tohmatsu	Certified Public Accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
LPP Law Corporation	Legal advisers as to Singapore law
Roma Appraisals Limited	Independent property valuer
Ipsos Pte Ltd	Independent market research expert
Axcel Safety Audit Pte Ltd	Independent safety adviser

7. Consents of experts

Each of the experts named in the paragraph headed “E. Other information – 6. Qualifications of experts” in this appendix has given and has not withdrawn its respective written consent to the issue of this prospectus with copies of its reports and/or letters and/or opinions and/or the references to its name included herein in the form and context in which they are respectively included.

None of the experts named in the paragraph headed “E. Other information – 6. Qualifications of experts” in this appendix has any shareholding interests 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.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the CWUMPO so far as applicable.

9. Particulars of the Selling Shareholder

The particulars of the Selling Shareholder are set out as follows:

Name:	Ruiheng Global
Place of incorporation:	the BVI
Date of incorporation:	1 February 2016
Registered office:	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands
Number of Sale Shares to be sold:	75,000,000 Shares

The Selling Shareholder is engaged in investment holding and is owned as to 90% by Mr. Chua and as to 10% by Mrs. Chua.

10. Share registrar

Our Company's principal register of members will be maintained in the Cayman Islands by our Principal Share Registrar, Codan Trust Company (Cayman) Limited, and a register of members will be maintained in Hong Kong by our Hong Kong Share Registrar, Boardroom Share Registrars (HK) Limited. Unless our Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by our share registrar in Hong Kong and may not be lodged in the Cayman Islands.

11. Bilingual prospectus

The English language and Chinese language versions of this prospectus and the Application Forms are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version of this prospectus and the Application Forms, the English language version shall prevail.

12. 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 of any of our subsidiaries has been issued, agreed to be issued or is proposed 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 in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
- (iii) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and
- (iv) no founder, management or deferred shares or any debentures in our Company or any of its subsidiaries have been issued or agreed to be issued;
- (b) no share, warrant or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (d) all necessary arrangements have been made enabling the shares to be admitted into CCASS;
- (e) our Company has no outstanding convertible debt securities;
- (f) our Directors confirm that none of them shall be required to hold any shares by way of qualification and none of them has any interest in the promotion of our Company;
- (g) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 30 September 2016 (being the date to which the latest audited combined financial statements of our Group were made up);
- (h) 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; and
- (i) there is no restriction affecting the remittance of profits or repatriation of capital into Hong Kong and from outside Hong Kong.

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE** and **YELLOW** Application Forms;
- (b) a copy of each of the material contracts referred to in the paragraph headed “B. Further information about the business of our Group – 1. Summary of material contracts” in Appendix V to this prospectus;
- (c) the written consents referred to in the paragraph headed “E. Other information – 7. Consents of experts” in Appendix V to this prospectus;
- (d) a copy of statement of adjustments relating to the accountants’ report set out in Appendix I to this prospectus prepared by Deloitte Touche Tohmatsu; and
- (e) a copy of a statement of particulars of the Selling Shareholder (including its name, description and address).

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Michael Li & Co., at 19th Floor, Prosperity Tower, 39 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 of Association and the Articles of Association;
- (b) the accountants’ report on financial information of our Group for the three years ended 31 March 2016 and the six months ended 30 September 2016 prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I to this prospectus, together with the related statement of adjustments;
- (c) the audited financial statements of SH Integrated and DRC Engineering prepared in accordance with IFRS for each of the two years immediately preceding the issue of this prospectus;
- (d) the report on unaudited pro forma financial information of our Group prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- (e) the letter, summary of values and valuation certificates prepared by Roma Appraisals Limited, the text of which is set out in Appendix III to this prospectus;

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION

- (f) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Islands company law referred to in Appendix IV to this prospectus;
- (g) the Companies Law;
- (h) the rules of the Share Option Scheme;
- (i) the material contracts referred to in the paragraph headed “B. Further information about the business of our Group – 1. Summary of material contracts” in Appendix V to this prospectus;
- (j) the written consents referred to in the paragraph headed “E. Other information – 7. Consents of experts” in Appendix V to this prospectus;
- (k) the service agreements and letters of appointment referred to in the paragraph headed “C. Further information about Directors, management, staff and experts – 3. Particulars of service agreements” in Appendix V to this prospectus;
- (l) the Singapore legal opinion issued by LPP Law Corporation;
- (m) the industry report prepared by Ipsos Pte Ltd referred to in the section headed “Industry overview” in this prospectus;
- (n) the report prepared by Axcel Safety Audit Pte Ltd; and
- (o) the statement of particulars of the Selling Shareholder (including its name, description and address).

SHIS Limited