

SUMMARY

This summary aims to give you an overview of the information contained in this document and therefore does not contain all the information which may be important to you. You should read this document in its entirety before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors” of this document. You should read that section carefully before you decide to invest in the [REDACTED]. Various expressions used in this section are defined in the sections headed “Definitions” and “Glossary” of this document.

OVERVIEW

We are an established subcontractor in Singapore. Our business specialises in providing reinforced concrete works. Since we established our business in 1996, we have been providing mainly steel reinforcement works. Expansion took place in 2005 when we broadened our scope of services to provide reinforced concrete works comprising steel reinforcement works, formwork erection and concrete works. We may provide such services individually or as a total package comprising all three, depending on our customers’ requirements.

Our Group actively participates as a subcontractor for reinforced concrete works in large-scale general building and civil engineering projects. During the Track Record Period, our Group had recognised revenue from 25 projects. Our Group had completed 18 general building projects and one civil engineering project as a subcontractor. Subsequent to the Track Record Period and up to the Latest Practicable Date, we had completed one general building project and one civil engineering project, and commenced one general building project. As at the Latest Practicable Date, we had five general building projects and one civil engineering project on hand with aggregate contract sums of approximately S\$64.7 million and S\$38.0 million, respectively, while their outstanding contract values were approximately S\$41.7 million and S\$25.4 million, respectively as at 31 August 2017.

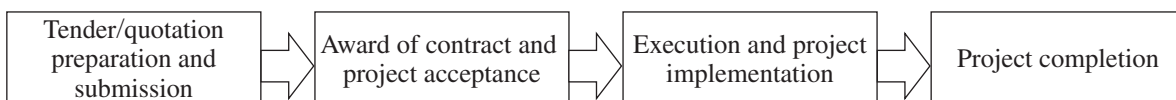
Our Group is involved in both public sector and private sector projects. We had completed five public sector projects and 15 private sector projects during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, we had four public sector projects and two private sector projects on hand with aggregate contract sums of approximately S\$93.3 million and S\$9.4 million, respectively, while their outstanding contract values aggregated at approximately S\$59.3 million and S\$7.8 million, respectively as at 31 August 2017.

Our revenue for the two years ended 31 December 2016 and each of the four months ended 30 April 2016 and 2017 was approximately S\$29.9 million, S\$30.1 million, S\$8.1 million and S\$12.2 million, respectively. For the two years ended 31 December 2016 and each of the four months ended 30 April 2016 and 2017, we achieved profit for the year of approximately S\$2.5 million, S\$3.0 million, S\$0.6 million and S\$1.1 million, respectively.

OUR PRINCIPAL BUSINESS ACTIVITIES

Our Group engages in different types of general building and civil engineering projects, including residential housing, offices, commercial, industrial and institutional developments, special purposes constructions, MRT stations and infrastructure. We specialise in providing reinforced concrete works, comprising steel reinforced works, formwork erection and concrete works.

The diagram below illustrates our operation process, which involves four major phases:



For further details, please refer to the section headed “Business — Operation Process” of this document.

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OUR PROJECTS

The following table sets out our projects on hand as at the Latest Practicable Date and projects completed during the Track Record Period and up to the Latest Practicable Date.

Projects on hand

As at the Latest Practicable Date, we had six projects on hand, details of which are set out as follows:

No. of project ⁽¹⁾	Name of project ⁽¹⁾	Location of project	Nature of project	Customer	Type of services offered	Contract sum ⁽²⁾ S\$'000	Commencement date ⁽³⁾	Expected completion date ⁽⁴⁾	Revenue recognised for the year ended 31 December 2015 S\$'000	Revenue recognised for the four months ended 30 April 2017 S\$'000	Cumulative revenue recognised since commencement date up to the end of the Track Record Period ⁽⁴⁾ S\$'000	Percentage of completion as at 30 April 2017 %	Cumulative revenue recognised since commencement date up to 31 August 2017 S\$'000 (Unaudited)	Outstanding contract value as at 31 August 2017 S\$'000	Expected revenue recognised for the four months ending 31 December 2017 ⁽⁵⁾ S\$'000	Expected revenue recognised for the year ending 31 December 2018 S\$'000	Expected revenue recognised for the year ending 31 December 2019 ⁽⁶⁾ S\$'000
1	Project Pava Lebar Central	Pava Lebar Road, Singapore	Mixed development (private – general building)	JDC	Steel reinforcement works	1,897	September 2016	January 2018	–	223	379	20.0	702	1,095	1,115	80	–
2	Project Otranz Community Hospital	Jalan Bukit Merah, Singapore	Hospital (public – general building)	Penis-Ocean	Steel reinforcement works	23,982	August 2016	July 2018	–	4,671	8,337	34.9	14,570	9,412	3,806	5,526	–
3	Project New State Courts	Havelock Square, Singapore	Courts (public – general building)	Samsung	Reinforced concrete works	23,544	June 2016	October 2018	–	1,992	4,135	17.7	6,901	16,645	5,743	10,900	–
4	Project Orchard Station	Orchard Station & tunnels for Thomson-East Coast Line	MRT station (public – civil engineering)	Penis-Bachy Joint Venture	Reinforced concrete works	37,977	October 2015	October 2019	529	6,815	8,874	23.4	12,548	25,429	3,811	14,348	7,275
5	Project Tanjung Pejuru	Tanjung Pejaram, Singapore	Industrial building (private – general building)	Customer J	Main contract	7,518	May 2017	January 2018	–	–	–	N/A	901	6,617	5,672	945	–
6	Project Woodlands ⁽⁶⁾	Woodlands Drive, Singapore	Hospital (public – general building)	Penis-Ocean	Steel reinforcement works and framework erection	7,793	November 2017	March 2018	–	–	–	N/A	–	7,793 ⁽⁶⁾	3,415	4,378	–
Total						102,711			529	13,785	21,725		35,623	67,089	23,642	36,172	7,275

Notes: Please refer to the explanation to notes to this table in the section headed "Business – Our Projects on hand" in this document.

Up to 31 August 2017, approximately S\$0.9 million had been recognised as revenue for Project Tanjung Pejuru. This project commenced work in May 2017 and is expected to complete in around January 2018. No revenue had been recognised for Project Woodlands as at the Latest Practicable Date as it was awarded to us in September 2017 and is expected to commence in around November 2017.

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Projects completed

During the Track Record Period and up to the Latest Practicable Date, we completed the following projects with initial contract value of over S\$300,000⁽¹⁾:

No.	Name of project ⁽²⁾	Location of project	Nature of project	Customer	Type of services offered	Duration of project ⁽³⁾	Contract sum ⁽⁴⁾ S\$'000	Revenue recognised for the year ended 31 December 2015 S\$'000	Revenue recognised for the year ended 30 April 2017 S\$'000	Revenue recognised during the four months ended 30 April 2017 S\$'000	Cumulative revenue recognised during the Track Record Period ⁽⁵⁾ S\$'000	Cumulative revenue recognised since commencement date up to 31 August 2017 S\$'000 (Unaudited)	Overall gross profit margin %
1	Project Tajjong Pagar Mixed Development ⁽⁶⁾	Peck Seah Street/Choon Guan Street, Singapore	Mixed development (private — general building)	Samsung	Reinforced concrete works	September 2013 to June 2016	27,908 ⁽⁶⁾	8,505 ⁽⁶⁾	1,043 ⁽⁶⁾	—	9,548 ⁽⁶⁾	27,908	11.0
2	Project Micron	Admiralty, Singapore	Industrial building (private — general building)	IDC	Reinforced concrete works	around May 2015 to November 2016	7,135	4,096	3,039	—	7,135	7,135	11.8
3	Project Tajjong Pagar Hotel	Peck Seah Street/Choon Guan Street, Singapore	Hotel (private — general building)	Samsung	Reinforced concrete works	July 2014 to June 2016	6,934	4,795	1,754	—	6,549	6,934	0.9
4	Project Jalan Pemimpin	Jalan Pemimpin, Singapore	Industrial building (private — general building)	IDC	Reinforced concrete works	April 2014 to October 2016	4,600	1,804	—	—	1,804	4,600	4.3
5	Project Amkor	Science Park Drive, Singapore	Industrial building (private — general building)	Customer D/Supplier C/ Subcontractor A	Steel reinforcement works and formwork erection	July 2014 to January 2016	4,227	3,233	150	—	3,383	4,227	9.3
6	Project Sengkang General Hospital 1 — ground floor and above	Sengkang East Road, Singapore	Hospital (public — general building)	Penta-Ocean	Steel reinforcement works	October 2014 to May 2015	2,746	2,233	—	—	2,233	2,746	8.1
7	Project Jurong Island	Merlimau Road, Singapore	Industrial building (private — general building)	IDC	Steel reinforcement works	October 2010 to May 2015	2,730	759	—	—	759	2,730	22.8
8	Project Jalan Buroh	Jalan Buroh, Singapore	MRT station (public — civil engineering)	Customer E	Steel reinforcement works	November 2014 to June 2015	679	540	—	—	540	679	2.0
9	Project SICC	Sime Road, Singapore	Buggy track (private — civil engineering)	Customer G	Main contract	November 2016 to June 2017	1,914	—	1,394	378	1,772	1,914	18.8
10	Project Sengkang General Hospital 2 — basement level	Sengkang East Road, Singapore	Hospital (public — general building)	Penta Ocean	Steel reinforcement works	September 2015 to June 2017	15,791	3,168	8,045	3,935	15,148	15,791	36.3
	Total						74,664	29,133	15,425	4,313	48,871	74,664	

Notes: Please refer to the explanation to notes to this table in the section headed "Business — Our Projects — Completed projects" in this document.

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Tender and quotation success rates

The following tables set out the success rate of our tender/quotation submissions for our subcontractor projects and our main contractor projects during the Track Record Period and further to the Latest Practicable Date:

	For the year ended 31 December		For the four months ended 30 April 2017	For the period from 1 May 2017 to the Latest Practicable Date
	2015	2016	2017	N/A ⁽²⁾
Subcontractor projects				
Number of quotation invitations ⁽¹⁾	22	15	2	4
Number of quotations submitted	22	15	2	4
Number of successful quotation submissions	4	3	N/A ⁽²⁾	N/A ⁽²⁾
Quotation success rate (%)	18.2%	20.0%	N/A ⁽²⁾	N/A ⁽²⁾
Main contractor projects				
<i>(i) Through tendering</i>				
Number of tender invitations ⁽¹⁾	N/A	3	2	0
Number of project bids	N/A	3	2	0
Number of successful project bids	N/A	1	1	N/A
Tender success rate (%)	N/A	33.3%	50.0%	N/A
<i>(ii) Through quotations</i>				
Number of quotation invitations ⁽¹⁾	N/A	1	0	0
Number of quotations submitted	N/A	1	0	0
Number of successful quotation submissions	N/A	0	N/A	N/A
Quotation success rate (%)	N/A	0%	N/A	N/A

Notes:

- Only tenders or quotations with intended project sum exceeding S\$1 million are included.
- The results of the quotation submissions we made during the period were pending as at the Latest Practicable Date.

All of our tender or quotation submissions are made in response to invitation. We generally submit tenders or quotations when invited to do so, as a matter of respect for our customers. Depending on our inclination to clinch the projects and taking into account the nature of work and risks involved, we may factor in slightly higher profit margins. As a result, we may not undertake all the construction projects for which we submit tenders or quotations. Our quotation success rate for subcontractor projects increased from approximately 18.2% for the year ended 31 December 2015 to approximately 20.0% for the year ended 31 December 2016. We submitted two quotations for the four months ended 30 April 2017 and four quotations for the period from 1 May 2017 up to the Latest Practicable Date for subcontractor projects, respectively. The results of these submissions during these periods had not yet been released as at the Latest Practicable Date. In addition, our tender success rate for main contractor projects increased from 33.3% for the year ended 31 December 2016 to 50.0% for the four months ended 30 April 2017. Our Group did not receive any tender invitations for main contractor projects for the period from 1 May 2017 up to the Latest Practicable Date. As for main contractor projects through quotations, our success rate was nil for the year ended 31 December 2016. We had not received any quotation invitations for main contractor projects for the four months ended 30 April 2017 and for the period from 1 May 2017 up to the Latest Practicable Date. For details of the success rate of our Group’s tender/quotation submissions, please refer to the section headed “Business — Tenders and quotations submitted during the Track Record Period and up to the Latest Practicable Date” of this document.

OUR COMPETITIVE STRENGTHS

We believe that our Group possesses the following competitive strengths:

- Our proven track record has established a reputation in the construction industry
- We maintain good relationships with our customers and our subcontractors
- We have the ability to secure skilled and efficient labour force for our projects
- We have an experienced management team
- We are committed to delivering timely quality works

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For details, please refer to the section headed “Business — Our competitive strengths” of this document.

OUR BUSINESS STRATEGIES

To achieve our Group’s objective of strengthening a market share in the construction industry in Singapore, we have the following business strategies:

- Upgrade our licences so as to expand our business through bidding for larger public sector projects
- Set up our dormitory and cut and bend factory
- Strengthen our manpower in managerial and technical expertise

For details, please refer to the section headed “Business — Our business strategies” of this document.

OUR PRICING STRATEGY

Our tender or quotation pricing is usually determined by the project size based on the quantum of works involved and complexity of the project as well as the site environment.

MAIN QUALIFICATIONS, LICENCES AND CERTIFICATIONS

As a subcontractor in Singapore carrying out steel reinforcement works, formwork erection and concrete works, we do not require any specific licences, including GB1 licence, for carrying out such works for our projects. To facilitate our business growth, we have applied for and obtained various licences since 2014.

Our Group currently holds a GB1 licence issued by the BCA under the BLS, which enables us to undertake contracts for general building works. A GB1 licence is required to carry out private sector building works and public sector building works. In addition, we are registered with the BCA under the CRS and currently we operate under the C1 Grade for both workhead for “General Building” (CW01) and workhead for “Civil Engineering” (CW02), which enable us to tender for public sector building works with a tendering limit of S\$4 million as at the Latest Practicable Date. Also, being an approved scaffold contractor, we are qualified to provide scaffolding works without having to outsource them to third parties when providing our subcontracting works. For details, please refer to the section headed “Business — Main qualifications, licences and certifications” of this document.

CUSTOMERS

Our direct customers are primarily the main contractors of various types of general building or civil engineering projects in Singapore, which comprise main contractors engaged by government bodies and project developers. During the Track Record Period and up to the Latest Practicable Date, our Group was awarded two projects in which we acted as a main contractor and hence these two customers were project developers. For the two years ended 31 December 2016 and the four months ended 30 April 2017, revenue from our largest customer, namely, Samsung, Penta-Ocean and Penta-Ocean, accounted for approximately 44.4%, 42.3% and 62.5% of our revenue, respectively. Revenue from our five largest customers for the corresponding periods accounted for approximately 97.3%, 96.6% and 97.7% of our revenue, respectively. For the two years ended 31 December 2016 and the four months ended 30 April 2017, the percentage of our Group’s aggregate revenue attributable to our largest customer and its affiliates, in terms of revenue, was approximately 44.4%, 65.0% and 75.1%, respectively, for the corresponding periods, respectively, while the percentage of our Group’s aggregate revenue attributable to our five largest customers and its affiliate, in terms of revenue, was approximately 99.1%, 96.6% and 97.7% respectively. For details, please refer to the section headed “Business — Customers” of this document.

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SUPPLIERS

Our suppliers mainly supply the following to us: (i) accommodation for the foreign workers we employ; (ii) construction materials and consumables such as steel, timber, metal formwork as well as metal ware products. We maintain a list of approved suppliers, which is reviewed and updated regularly. For the two years ended 31 December 2016 and the four months ended 30 April 2017, supplies of accommodation or foreign workers and construction materials and consumables from our largest supplier (excluding our subcontractors) accounted for 15.8%, 33.4% and 67.7% of our total supplies, respectively. Supplies from our five largest suppliers (excluding our subcontractors) for the corresponding periods accounted for 44.7%, 80.5% and 85.1% of our total supplies, respectively. For details, please refer to the section headed “Business — Suppliers” of this document.

SUBCONTRACTORS

We may engage subcontractors in our construction projects. The works we typically subcontract to our subcontractors include the labour intensive tasks and works not within our specialisation. Our subcontractors include sole proprietors as well as limited liability companies. During the Track Record Period, we had engaged 22, 16 and 14 subcontractors, respectively. For the two years ended 31 December 2016 and the four months ended 30 April 2017, subcontracting charges incurred by our largest subcontractor accounted for approximately 27.7%, 24.9% and 25.3% of our Group’s total subcontracting charges, respectively, and approximately 6.6%, 5.7% and 2.6%, respectively of our Group’s total direct costs for the corresponding periods. Subcontracting charges incurred by our five largest subcontractors for the corresponding periods accounted for approximately 75.6%, 81.6% and 79.2% of our total subcontracting charges, respectively, and approximately 18.1%, 18.6% and 8.1%, respectively of our Group’s total direct costs for the corresponding periods.

COMPETITION

According to the Euromonitor Report, the construction industry in Singapore is a highly fragmented market. As of September 2017, 1,871 companies were registered under the General Building workhead of BCA’s CRS. There were also a substantial number of 983 companies registered under the Civil Engineering category. Within the General Building workhead, 15.7% of the companies (i.e. 294 companies) qualified for A1, A2, B1 and B2 Grades, which allow them to bid on projects valued at S\$13 million or more. Hence, the General Building sector has a broad-based structure with a large number of small players; 59.9% belonging to the C3 Grade, leading to intense competition among these players. The distribution of companies is similar for the Civil Engineering workhead, where 55.8% of the 983 companies under this workhead qualified for C3 Grade, while only 19.2% qualified for A1, A2, B1 or B2 Grades.

SHAREHOLDER INFORMATION

After completion of the [REDACTED] and the [REDACTED], without taking into account any Shares which may be issued upon the exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme, Amber Capital will control approximately [REDACTED] of our Company’s Shares in issue. Amber Capital is held as to 96.77% by Mr. Goh, the chairman and our executive Director, and 3.23% by Ms. Tan, the spouse of Mr. Goh and our executive Director. Accordingly, Amber Capital, Mr. Goh and Ms. Tan will become our Controlling Shareholders upon completion of the [REDACTED] and the [REDACTED]. Please refer to the section headed “Relationship with Controlling Shareholders” of this document.

SUMMARY OF HISTORICAL FINANCIAL PERFORMANCE

The tables below set out a summary of the audited consolidated financial information of our Group for the two years ended 31 December 2016 and the four months ended 30 April 2017, which is extracted from the Accountants’ Report set out in Appendix I to this document. You should read this summary in conjunction with our consolidated financial information included in the Accountants’ Report set out in Appendix I to this document and the section headed “Financial Information” of this document.

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Highlights of combined statements of profit or loss and other comprehensive income

Combined statements of profit or loss and other comprehensive income

	For the year ended 31 December		For the four months ended 30 April	
	2015	2016	2016	2017
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	29,942	30,068	8,090	12,155
Direct costs	(24,122)	(24,286)	(6,665)	(8,120)
Gross profit	5,820	5,782	1,425	4,035
Profit before taxation	2,877	3,282	553	1,632
Profit for the year/period	2,503	2,974	571	1,113

Revenue

Our revenue was principally derived from providing reinforced concrete works, which cover the main areas of steel reinforcement works, formwork erection and concrete works, in Singapore. During the Track Record Period, 25 projects in total had recognised revenue, of which 19 projects were completed and six were still ongoing as at 30 April 2017. For the completed projects, 18 projects were related to general building works and one project was related to civil engineering works. As our Group recognises revenue from construction contracts using the percentage of completion method in accordance with applicable accounting standards, contract revenue is matched with the costs incurred in reaching the stage of completion whereas stage of completion is determined by contract costs incurred for work performed to the estimated total contract costs.

The following table sets out our revenue generated from projects related to general building works and civil engineering works:

	For the year ended 31 December						For the four months ended 30 April					
	2015		2016		2016		2017					
No. of projects handled (Note)	S\$'000	%	No. of projects handled (Note)	S\$'000	%	No. of projects handled (Note)	S\$'000	%	No. of projects handled (Note)	S\$'000	%	
Revenue												
General building projects	13	28,873	96.4	15	21,859	72.7	12	6,426	79.4	6	10,247	84.3
Civil engineering projects	2	1,069	3.6	2	8,209	27.3	1	1,664	20.6	2	1,908	15.7
	<u>15</u>	<u>29,942</u>	<u>100.0</u>	<u>17</u>	<u>30,068</u>	<u>100.0</u>	<u>13</u>	<u>8,090</u>	<u>100.0</u>	<u>8</u>	<u>12,155</u>	<u>100.0</u>

Note: The number of projects handled as shown in the above table is counted based on the revenue recognised in a particular financial year/period during the Track Record Period.

During the Track Record Period, our Group engaged in construction projects from both public and private sectors. Public sector projects refer to projects where the ultimate employer(s) are Singapore government departments and statutory bodies while private sector projects refer to projects where the ultimate employer(s) are corporate property developer(s) and land owner(s). The following table sets forth the revenue generated from the sector where our ultimate project employers belong to:

	For the year ended 31 December						Four months ended 30 April					
	2015		2016		2016		2017					
No. of projects handled (Note)	S\$'000	%	No. of projects handled (Note)	S\$'000	%	No. of projects handled (Note)	S\$'000	%	No. of projects handled (Note)	S\$'000	%	
Revenue												
Public sector projects	5	6,540	21.8	6	21,790	72.5	4	4,514	55.8	4	11,123	91.5
Private sector projects	10	23,402	78.2	11	8,278	27.5	9	3,576	44.2	4	1,032	8.5
	<u>15</u>	<u>29,942</u>	<u>100.0</u>	<u>17</u>	<u>30,068</u>	<u>100.0</u>	<u>13</u>	<u>8,090</u>	<u>100.0</u>	<u>8</u>	<u>12,155</u>	<u>100.0</u>

Note: The number of projects handled as shown in the above table is counted based on the revenue recognised in a particular financial year/period during the Track Record Period.

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The type of projects we undertake depends on the projects we receive from our customers which may be public or private. According to the Euromonitor Report, the public sector construction demand accounted for approximately 31.0% in 2012 and increased to approximately 60.5% in 2016. Our Group leveraged this trend by engaging in more public sector projects during the Track Record Period.

The following table sets forth our revenue derived from our projects at different completion stages during the Track Record Period:

	For the year ended 31 December				Four months ended 30 April							
	2015		2016		2016		2017					
No. of projects handled (Note)	S\$'000	No. of projects handled (Note)	%	S\$'000	%	(Note)	S\$'000	%	(Note)	S\$'000	%	
Revenue												
Revenue derived from projects brought forward	8	21,954	73.3	9	21,193	70.5	9	7,880	97.4	7	12,005	98.8
Revenue derived from new projects commenced	7	7,988	26.7	8	8,875	29.5	4	210	2.6	1	150	1.2
	<u>15</u>	<u>29,942</u>	<u>100.0</u>	<u>17</u>	<u>30,068</u>	<u>100.0</u>	<u>13</u>	<u>8,090</u>	<u>100.0</u>	<u>8</u>	<u>12,155</u>	<u>100.0</u>

Note: The number of projects handled as shown in the above table is counted based on the revenue recognised in a particular financial year/period during the Track Record Period.

For the two years ended 31 December 2016 and each of the four months ended 30 April 2016 and 2017, we recorded revenue of approximately S\$29.9 million, S\$30.1 million, S\$8.1 million and S\$12.2 million, respectively. The increase in our revenue for the year ended 31 December 2016 was mainly attributable to (i) the increase in revenue recognised for Project Sengkang General Hospital 2 and Project Orchard Station as a result of greater portions of works performed during the year ended 31 December 2016; and (ii) the commencement of Project Outram Community Hospital during the year ended 31 December 2016. The effect was partially offset by (i) the decrease in revenue recognised for Project Tanjong Pagar Mixed Development, Project Amkor and Project Tanjong Pagar Hotel resulting from lesser portions of works being performed during the year ended 31 December 2016 as they were substantially completed as at 31 December 2015; and (ii) no revenue being recognised for Project Sengkang General Hospital 1 during the year ended 31 December 2016 as it was completed during the year ended 31 December 2015.

The increase in our revenue for the four months ended 30 April 2017 was mainly attributable to (i) the increase in revenue recognised for our existing projects such as Project Sengkang General Hospital 2 as a result of a greater portion of works performed during the four months ended 30 April 2017; and (ii) the additional revenue recognised for our new projects such as Project New State Courts and Project Outram Community Hospital, respectively, which commenced in June and August 2016, respectively, and thus, no revenue was recognised for these projects during the four months ended 30 April 2016. The effect was partially offset by the decrease in revenue recognised for Project Tanjong Pagar Mixed Development, Project Micron and Project Tanjong Pagar Hotel, which were completed in June 2016, November 2016 and June 2016, respectively, and thus, no revenue was recognised for these projects during the four months ended 30 April 2017.

Please refer to the tables under the paragraphs headed “Projects on hand” and “Projects completed” in this section for further details of our projects involving general building and civil engineering projects.

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Direct costs

The following table sets out the breakdown of our direct costs during the Track Record Period:

	For the year ended 31 December 2015		For the year ended 31 December 2016		For the four months ended 30 April 2016		For the four months ended 30 April 2017	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Cost of construction materials and consumables	2,310	9.6	6,482	26.7	1,347	20.2	3,036	37.4
Direct labour	12,932	53.6	10,185	41.9	2,813	42.2	3,594	44.3
Subcontracting charges	5,771	23.9	5,533	22.8	1,692	25.4	826	10.2
Accommodation expenses	1,081	4.5	746	3.1	268	4.0	159	2.0
Other direct costs	2,028	8.4	1,340	5.5	545	8.2	505	6.1
	<u>24,122</u>	<u>100.0</u>	<u>24,286</u>	<u>100.0</u>	<u>6,665</u>	<u>100.0</u>	<u>8,120</u>	<u>100.0</u>

Our cost of construction materials and consumables increased by approximately S\$4.2 million, or 182.6%, from approximately S\$2.3 million for the year ended 31 December 2015 to approximately S\$6.5 million for the year ended 31 December 2016, representing approximately 9.6% and 26.7% of our direct costs for the same years. Such increase in our cost of construction materials and consumables was mainly due to the commencement of Project Outram Community Hospital, which we are required to purchase steel reinforcing bars. For other projects, except for Project Micron, which was undertaken in both 2015 and 2016, steel reinforcing bars were provided by our customers. During the Track Record Period, we provided steel reinforcing bars in Project Micron and Project Outram Community Hospital to our customers under the contra charge arrangements pursuant to our contracts. Purchases of steel reinforcing bars for these projects during the Track Record Period were recorded in our cost of construction materials as part of our direct costs, while no such amounts were recorded in our direct costs for other projects where the steel reinforcing bars were provided by our customers. Project Micron was completed in November 2016 and Project Outram Community Hospital is expected to be completed in July 2018. Purchases of steel reinforcing bars for Project Micron under the contra charge arrangement during the two years ended 31 December 2016 were recorded as our cost of construction materials during the same years, whilst purchases of steel reinforcing bars for Project Outram Community Hospital under the contra charge arrangement during the year ended 31 December 2016 and the four months ended 30 April 2017 were recorded as our cost of construction materials during the same periods.

Our subcontracting charges decreased by approximately S\$0.9 million, or approximately 52.9%, from approximately S\$1.7 million for the four months ended 30 April 2016 to approximately S\$0.8 million for the four months ended 30 April 2017, representing approximately 25.4% and 10.2% of our direct costs for the same periods. Such decrease in our subcontracting charges was mainly due to the completion of Project Tanjong Pagar Mixed Development and Project Tanjong Pagar Hotel both in June 2016, for which we engaged subcontractors to perform substantial portion of formwork for these projects.

Gross profit and gross profit margin

The following tables set forth our gross profits and gross profit margins by business type and business sector for the Track Record Period:

	For the year ended 31 December 2015		For the year ended 31 December 2016		For the four months ended 30 April 2016		For the four months ended 30 April 2017	
	Gross profit margin S\$'000	%	Gross profit margin S\$'000	%	Gross profit margin S\$'000	%	Gross profit margin S\$'000	%
General building projects	5,225	18.1	4,185	19.1	1,096	17.1	3,739	36.5
Civil engineering projects	595	55.7	1,597	19.5	329	19.8	296	15.5
	<u>5,820</u>	<u>19.4</u>	<u>5,782</u>	<u>19.2</u>	<u>1,425</u>	<u>17.6</u>	<u>4,035</u>	<u>33.2</u>

SUMMARY

	For the year ended 31 December				For the four months ended 30 April		For the four months ended 30 April	
	2015		2016		2016		2017	
	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>	<i>Gross profit</i>
	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>	<i>margin</i>
	<i>SS'000</i>	<i>%</i>	<i>SS'000</i>	<i>%</i>	<i>SS'000</i>	<i>%</i>	<i>SS'000</i>	<i>%</i>
Public sector projects	1,635	25.0	4,986	22.9	1,299	28.8	3,662	32.9
Private sector projects	<u>4,185</u>	17.9	<u>796</u>	9.6	<u>126</u>	3.5	<u>373</u>	36.1
	<u>5,820</u>	19.4	<u>5,782</u>	19.2	<u>1,425</u>	17.6	<u>4,035</u>	33.2

Our gross profit remained stable at approximately S\$5.8 million and S\$5.8 million for the two years ended 31 December 2016, respectively. The gross profit increased in line with the increase in our revenue. Our gross profit margin remained relatively stable at approximately 19.4% and 19.2% for the two years ended 31 December 2016, respectively.

Our gross profit increased by approximately S\$2.6 million, or approximately 185.7%, from approximately S\$1.4 million for the four months ended 30 April 2016 to approximately S\$4.0 million for the four months ended 30 April 2017, which was mainly attributable to an increase in gross profit for Project Sengkang General Hospital 2 of approximately S\$1.5 million. Meanwhile, our gross profit margin increased from approximately 17.6% for the four months ended 30 April 2016 to approximately 33.2% for the four months ended 30 April 2017.

For details of the fluctuations of our gross profit margin during the Track Record Period, please refer to the paragraph headed “Gross profit and gross profit margin” in the section headed “Financial Information” in this document.

Profit for the year/period and net profit margin

As a result of the foregoing, our profit for the year increased by approximately S\$0.5 million, or approximately 20.0%, from approximately S\$2.5 million for the year ended 31 December 2015 to S\$3.0 million for the year ended 31 December 2016.

Our net profit margin also slightly increased from approximately 8.4% for the year ended 31 December 2015 to approximately 9.9% for the year ended 31 December 2016. The increase in net profit margin for the year was mainly attributable to (i) net other income being recognised for the year ended 31 December 2016, whereas net other expenses were recognised for the year ended 31 December 2015; and (ii) a decrease in income tax expense for the year.

Our profit for the period increased by approximately S\$0.5 million, or approximately 83.3%, from approximately S\$0.6 million for the four months ended 30 April 2016 to approximately S\$1.1 million for the four months ended 30 April 2017.

Our net profit margin increased from approximately 7.1% for the four months ended 30 April 2016 to approximately 9.2% for the four months ended 30 April 2017. The increase in net profit margin for the period was primarily due to the increase in our gross profit, which primarily resulted from the increase in the gross profit margin of Project Sengkang General Hospital 2. The effect was partially offset by the increase in administrative expenses, mainly resulting from the incurrence of [REDACTED] expenses.

SUMMARY

Highlights of combined statements of financial position

	At 31 December		At 30 April
	2015	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Total non-current assets	5,448	6,715	7,677
Total current assets	18,378	19,592	19,627
Total current liabilities	14,197	16,327	16,274
Total liabilities	14,503	16,510	16,394
Total assets less current liabilities	9,629	9,980	11,030
Net current assets	4,181	3,265	3,353
Net assets	9,323	9,797	10,910

Highlights of combined statements of cash flows

	Years ended		Four months ended	
	31 December		30 April	
	2015	2016	2016	2017
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
			(Unaudited)	
Operating cash flows before movements in working capital	3,576	3,591	624	1,746
Net cash generated from/(used in) operating activities	2,907	7,891	1,512	(2,664)
Net cash (used in)/generated from investing activities	(286)	(96)	48	(32)
Net cash used in financing activities	(1,329)	(5,032)	(2,942)	(106)
Net increase/(decrease) in cash and cash equivalents	1,292	2,763	(1,382)	(2,802)
Cash and cash equivalents at the end of year	4,252	7,015	2,870	4,213

SUMMARY OF KEY FINANCIAL RATIOS

The following sets out our key financial ratios during the Track Record Period:

	As at 31 December		As at 30 April	
	2015	2016	2017	
Profitability ratios				
Return on equity (%)	26.8	30.4	75.6	
Return on total assets (%)	10.5	11.3	30.2	
Liquidity ratios				
Current ratio (times)	1.3	1.2	1.2	
Capital adequacy ratios				
Gearing ratio (%)	25.0	21.4	18.4	
Interest coverage ratio (times)	126.1	89.7	249.5	

For details of these ratios, please refer to the section headed “Financial Information — Summary of key financial ratios” of this document.

RECENT DEVELOPMENT OF OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD

Recent developments in relation to our business

In April 2017, our Group was granted a letter of award in relation to construction of an industrial building as main contractor for Project Tanjong Penjuru. The contract sum of Project Tanjong Penjuru was approximately S\$7.5 million. This project commenced its construction work in around May 2017 and is expected to complete in around January 2018.

SUMMARY

In addition, our Group was granted a letter of award in relation to construction of a hospital as a subcontractor, namely, Project Woodlands, which involved steel reinforcement works and formwork erection. The contract sum of Project Woodlands was approximately S\$7.8 million. This project is expected to commence in around November 2017 and to be completed in around March 2018.

The MOM imposes the FWL for foreign workers (subject to changes as and when announced by the government of Singapore) whereby the FWL for basic skilled workers under the construction sector who are on MYE increased to S\$650 from 1 July 2016 and was further increased to S\$700 from 1 July 2017. Any increase in the FWL in the future will increase our operating expenses, thereby affecting the financial performance of our Group.

Impact of [REDACTED] expenses

Our estimated [REDACTED] expenses primarily consist of [REDACTED] commissions in addition to professional fees paid to the Sole Sponsor, the legal advisers and the reporting accountant for their services rendered in relation to the [REDACTED]. Assuming the [REDACTED] is not exercised and assuming an [REDACTED] of [REDACTED] per Share, being the mid-point of our indicative price range for the [REDACTED] stated in this document, the total [REDACTED] expenses will be approximately [REDACTED] (equivalent to [REDACTED]), of which approximately [REDACTED] (equivalent to [REDACTED]) is directly attributable to the [REDACTED] and is expected to be capitalised after the [REDACTED]. The remaining amount of approximately [REDACTED] (equivalent to [REDACTED]) is expected to be charged to our Company's combined statements of comprehensive income, of which approximately [REDACTED] (equivalent to [REDACTED]) have been charged for the four months 30 April 2017 and approximately [REDACTED] (equivalent to [REDACTED]) is expected to be incurred for the eight months ending 31 December 2017.

In view of the above, prospective investors should note that the financial results of our Group for the year ending 31 December 2017 will be materially and adversely affected by the non-recurring expenses in relation to the [REDACTED]. Prospective investors are specifically warned that given the aforesaid expenses, our Group's consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2017 may show a decline as compared to that for the previous financial year. Our Directors wish to emphasise that the aforesaid amount of [REDACTED] expenses is a current estimate for reference only and the final amount to be recognised in equity and our Group's consolidated statements of profit or loss and other comprehensive income for the year ending 31 December 2017 is subject to actual situation.

Financial updates

Based on our projects on hand as at the Latest Practicable Date, our Directors estimated that our revenue will increase for the year ending 31 December 2017 when compared with our revenue for the year ended 31 December 2016. Our Directors estimated that our net profit margin for the year ending 31 December 2017 is expected to increase when compared with our net profit margin for the year ended 31 December 2016. Such expected increase in net profit margin for the year ending 31 December 2017 is expected to be mainly attributable to the expected increase in our gross profit.

DIVIDENDS

During the Track Record Period, no dividend had been paid or declared by our Company. IEPL declared and paid dividends of approximately S\$1.1 million and S\$2.5 million to the then shareholders for the two years ended 31 December 2016, respectively. During the four months ended 30 April 2017, IEPL proposed a special dividend of approximately S\$4.5 million, which was settled on 13 October 2017 by setting off against the amount due from Mr. Goh. Our Directors consider that there has not been any material adverse impact on our Group's financial and liquidity position arising out of the dividend payment as our Group continues to maintain net current assets and net assets positions after such payment.

SUMMARY

We currently do not have a dividend policy. There is no expected or predetermined dividend payout ratio after the [REDACTED]. The payment and the amount of any future dividends will be at the discretion of our Directors and will depend upon our Group’s future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. Any final dividend for a financial year will be subject to Shareholders’ approval. Holders of our Shares will be entitled to receive such dividends pro rata according to the amounts paid up on our Shares.

Dividends may be paid only out of our Company’s distributable profits as permitted under the relevant laws. There can be no assurance that our Company will be able to declare or distribute in the amount set out in any plan of our Board or at all. The past dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by our Company in the future.

REASONS FOR [REDACTED]

Our Directors believe that our Company and its Shareholders will benefit as a whole from the [REDACTED] for the following reasons:

(i) Accelerate the implementation of our corporate strategies

Our Group is operating in a labour-intensive and capital-intensive environment, and we have spent considerable efforts in managing our financial and human resources. Most of the [REDACTED] from the [REDACTED] are expected to be dedicated to the implementation of our corporate strategies. As part of our expansion plan, we intend to take on additional projects in the forthcoming years. In the event that we undertake more large-scale projects, we may need to inject more capital resources, which would mean that we have a genuine need to seek additional sources of funding to finance our forthcoming projects. The [REDACTED] grants our Group access to a larger investor base and additional fund-raising channels where we can promptly raise new capital from time to time, and accelerates our pace of achieving our business objective. In addition, we intend to implement our future plans as detailed in the sections headed “Future plans and use of [REDACTED]” in this document, which our directors believe the success of our future plans would benefit our international investors by creating long term growth of our Company.

(ii) Promote our corporate profile and reputation

Our Group has been contemplating the growth and expansion of our business and accordingly, [REDACTED] has been considered. Our Company has never applied for [REDACTED] of our Shares in other jurisdictions including the Singapore Stock Exchange. Our Group explored other platforms and concluded that the Stock Exchange is a suitable platform given its level of internationalism, maturity in the global financial world and sufficient institutional capital and funds following listed companies in Hong Kong. Our Directors are of the view that Hong Kong is well-established worldwide as an international financial hub capable of attracting international investors, which may allow our Group to gain better access to international financing. Furthermore, given the level of information disclosure and transparency required by the Stock Exchange, our Directors recognised that our Group can enhance its presence and visibility in the capital market in Hong Kong as well as among potential international investors.

Our Directors believe that the [REDACTED] on the Stock Exchange will provide an indirect complimentary advertising to raise our Group’s brand awareness and publicity on an international level, making our Company’s range of services known to new potential local and international customers for their projects in Singapore, in the hope of leading to an increase in our Company’s market share. Being a publicly traded company, the flow of information is established towards different stakeholders, including Shareholders, customers, suppliers, subcontractors and our employees. The [REDACTED] status and the public disclosure of our information will allow these parties to know ourselves better and, hence, are an effective way to promote our corporate profile as well as enhance our Group’s reputation.

SUMMARY

In addition, our Directors believe that customers may prefer contractors who are listed given that a listed company is subject to ongoing regulatory compliance for announcements, public financial disclosures and general regulatory supervision by relevant regulatory bodies. Our Directors further believe that our Group may be considered more favourably by our customers when we tender for projects as a main contractor given our reputation and [REDACTED] status. Given the continuing expansion plans of our Group, the [REDACTED] would give us an additional fund raising option by issuance of Shares. Therefore, although our Group has a strong financial position during the Track Record Period, the publicity from the [REDACTED] would be beneficial to our Group. Our Directors believe that to the best of their knowledge and belief, our Company would be eligible to apply for [REDACTED] on, if we were to list on, the Singapore Stock Exchange.

(iii) Facilitate capital structure’s optimisation

In choosing between debt financing and equity financing, our Directors have taken into account (i) the nature of construction industry, especially the reinforced concrete works industry in which our Group operates, where upfront cash outflow is often incurred in the early phase of our project. The early cash outflow is also expected to be in place quickly after our customer has engaged us, which would mean equity financing is a more appropriate source since funds raised from the issue of equity are a committed source of fund and does not entail a maturity date. Moreover, our Directors consider that additional capital resources from the [REDACTED] will enable our Group to increase its profitability with less finance cost burden; (ii) debt financing from banks or financial institutions normally require the pledge of properties or other significant assets, which our Group lacks or does not require for our operation; and (iii) debt financing and equity financing are not mutually exclusive, but our Group is expected to have a better position to negotiate with banks and financial institutions if we are a [REDACTED] company with enlarged equity and financial capital base. Our Directors further believe that the [REDACTED] would broaden our shareholder base and enhance the liquidity of our Shares, as compared to the limited liquidity of our Shares that are privately held before the [REDACTED]. Our Directors seek to optimise our Company’s capital structure and take the view that the [REDACTED] will give our Group the flexibility in doing so.

Our Directors had considered and evaluated different [REDACTED] venues including Hong Kong and Singapore and have concluded that Hong Kong is the suitable platform for our [REDACTED] after taking into account the ease of access to fundraising exercises for the business growth and future development of our Group. For further details, please refer to the section headed “Future Plans and Use of [REDACTED] — Reasons for [REDACTED]” of this document.

Our Directors believe that, for the following reasons, international investors would be interested in investing in our Group despite the fact that our Group is currently only operating in Singapore:

- During the Track Record Period, our Group had undertaken high profile projects such as Project Tanjong Pagar Mixed Development, Project Sengkang General Hospital 1 and 2 from customers which are multinational corporations such as Samsung and Penta-Ocean. Our Directors believe that given the international background of our customers, who are not only distinguished within the local community in Singapore but also receive high acclaim internationally, investors would be attracted by our Group’s customer profile to invest in our Group;
- Our Group is the first Singapore-based formwork subcontractor to be [REDACTED] in Hong Kong which, to our Directors’ belief, offers a significant niche as a participant in the Hong Kong Stock Exchange;
- According to the Euromonitor report, the public sector construction demand accounted for approximately 31.0% in 2012 and increased to approximately 60.5% in 2016. Correspondingly, the revenue generated from public sector projects of our Group accounted for approximately 21.8%, 72.5% and 91.5% for the two years ended 31 December 2016 and for the four months ended 30 April 2017, respectively, which reflected our Group, with the foresight of our management, was able to leverage the changing market trend.

SUMMARY

THE OFFER STATISTICS

	Based on the minimum indicative [REDACTED] of [REDACTED] per [REDACTED]	Based on the maximum indicative [REDACTED] of [REDACTED] per [REDACTED]
Market capitalisation of our Shares (<i>Note 1</i>)	[REDACTED]	[REDACTED]
Unaudited pro forma adjusted combined net tangible assets of our Group per Share (<i>Note 2</i>)	[REDACTED] (equivalent to approximately [REDACTED])	[REDACTED] (equivalent to approximately [REDACTED])

Notes:

- The calculation of the market capitalisation of our Shares is based on [REDACTED] Shares in issue immediately after completion of the [REDACTED] but does not take into account any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued pursuant to [REDACTED].
- The unaudited pro forma adjusted combined net tangible assets of our Group per Share has been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this document for further details.
- The unaudited pro forma adjusted combined net tangible assets of our Group in the table above has not been adjusted to show the effect of the special dividend of approximately S\$4,500,000 proposed by IEPL on 19 April 2017 (the “**Dividend**”) and declared on 13 October 2017 to its then shareholder. The unaudited pro forma adjusted combined net tangible assets of our Group after taking into account of the Dividend is set out below. The per share effect is based on [REDACTED] shares as set out in note 1 above.

	Unaudited pro forma adjusted combined net tangible assets of our Group after taking into account of the Dividend S\$'000	Unaudited pro forma adjusted combined net tangible assets of our Group per Share after taking into account of the Dividend S\$	Unaudited pro forma adjusted combined net tangible assets of our Group per Share after taking into account of the Dividend HK\$
Based on the [REDACTED] of [REDACTED] per Share	[REDACTED]	[REDACTED]	[REDACTED]
Based on the [REDACTED] of [REDACTED] per Share	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND USE OF [REDACTED]

Our Directors estimate that the [REDACTED] from the [REDACTED] (after deducting the [REDACTED] commission and estimated expenses payable by our Company in connection with the [REDACTED]), but assuming the [REDACTED] is not exercised) will be approximately [REDACTED] (equivalent to approximately [REDACTED] based on the [REDACTED] of [REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range between [REDACTED] and [REDACTED] per [REDACTED]). We intend to apply the [REDACTED] as follows:

Plans	From the Latest Practicable Date to 31 December 2017 HK\$'000	For the six months ending		Total HK\$'000	Approximate % of [REDACTED]
		30 June 2018 HK\$'000	31 December 2018 HK\$'000		
Acquiring property for our dormitory and cut and bend factory	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Renovating the new dormitory and cut and bend factory	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Purchasing one single production line of cut and bend system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

The remaining [REDACTED], approximately [REDACTED] of the [REDACTED], will be used to supplement our Group’s general working capital, particularly when we undertake main contractor work. For details, please refer to the section headed “Future Plans and Use of [REDACTED]” of this document.

SUMMARY

RISK FACTORS

Our Group believes that there are certain risks and uncertainties involved in its operations, some of which are beyond our Group’s control. Our Group has categorised these risks and uncertainties into: (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to the [REDACTED]. Some of the major risks generally associated with our business include the following:

- Our revenue was primarily generated from contracts awarded by our top five customers and any significant decrease in the number and/or the contract amount of projects with our major customers and any liquidity problems of our major customers may materially and adversely affect our financial condition and operating results.
- Our revenue is mainly derived from projects which are non-recurring in nature and our Group may not be able to secure new customers or projects continuously.
- Contract prices may not reflect the actual construction costs involved. The revenue and profitability of our Group are vulnerable to fluctuations in material costs and subcontracting costs.
- Failure to provide timely and quality services could materially affect our financial performance as well as tarnish our reputation.
- Our plan of setting up regarding our cut and bend factory and dormitory may not be successfully implemented.
- We could be negatively affected by the performance by our subcontractors.
- Our role as a main contractor may expose us to risk of prosecution and additional financial burden.
- Our role as a main contractor may expose us to liquidity risks.
- Our role as a main contractor may increase our subcontracting charges.
- We may experience weak liquidity in the future as we had recorded net cash outflow from our operating activities in the past.
- Our operations may subject us to claims or we are exposed to litigation or dispute.
- Our workforce is largely made up of foreign workers and any adverse change in the government policies in relation to foreign workers could materially affect our operations and financial performance.

MATERIAL NON-COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had the following non-compliance incidents: (i) failure to submit accounts, tax computation and the relevant form; (ii) failure to timely repatriate foreign ex-employees; (iii) failure to ensure health and safety of a worker; (iv) failure to submit incident reports of work injury in a timely manner; (v) late payment of CPF contribution; (vi) not holding annual general meetings within the stipulated time; (vii) failure to pay salary to workers in a timely manner; and (viii) failure to obtain a clearance certificate from PUB before commencement of work. For details of our non-compliance, please refer to the section headed “Business — Regulatory non-compliance” of this document.

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the date of this document, there had been no material adverse change in the financial or trading or prospects of our Group since 30 April 2017, being the date to which our latest audited financial information was prepared, and there had been no event since 31 August 2017 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document.

EXCHANGE RATE CONVERSION

Unless otherwise specified and for illustration purpose only, conversion of (i) US\$ into HK\$; and (ii) S\$ into HK\$ in this document are based on the exchange rates set out below:

$$\text{US\$1.00} = \text{HK\$7.80} \text{ and } \text{S\$1.00} = \text{HK\$5.54}$$

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